



15 June 2022

Tēnā koe

On 16 May 2022, your request to the Office of Hon Carmel Sepuloni was transferred to the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- *How many investigations of Benefit Fraud has there been under the Social Security and the Crimes Act over the past 5 years (2017-2022)*
- *Over that same period (2017-2022), how many prosecutions have there been under the Social Security and the Crimes Act?*
- *What has been the ethnic makeup of those who have been investigated under the same time period (2017-2022) under the Social Security and Crimes Act?*
- *What has been the ethnic makeup of those who have been prosecuted (2017-2022) under the Social Security and Crimes Act?*

The Ministry works hard to protect the integrity of the welfare system to ensure it remains fair for all New Zealanders. It is vital that the public has trust and confidence in the Ministry to ensure people receive their correct entitlement and do not take advantage of the welfare system.

Benefit recipients are obliged to advise the Ministry of any change in circumstances that might affect their entitlement to a benefit. Allegations of benefit and social housing fraud can be made by members of the public, or by Ministry staff undertaking reviews of a client's benefit entitlement, and these are assessed for the appropriate level of response.

Since 2015, the Ministry has been strengthening its fraud prevention focus. This saw the introduction of new non-investigative approaches to responding to lower risk allegations of fraud from 2018, and the establishment of a prosecution panel to support decision making in serious fraud cases where prosecution is recommended.

The Ministry's overall approach is to intervene early when concerns are raised, to make it easy for clients to do the right thing and avoid unnecessary

overpayments and debt while still responding appropriately to serious fraud. The Ministry's Client Service Integrity group has a three-tier graduated model to respond to allegations of benefit and social housing fraud:

- early intervention – engaging with clients early to discuss any integrity issues raised, confirm obligations, and adjust entitlements where appropriate
- facilitation – working more intensively with a client to assess their situation against their entitlements and adjust these entitlements where necessary. This could mean an overpayment for a client in some situations, and
- investigation – gathering information and acting on serious client integrity issues, which could result in an overpayment and in the most serious cases prosecution. Prosecutions are considered in line with the Solicitor General's guidelines, taking into account the full circumstances of each individual case.

The three-tier approach helps the Ministry better manage fraud activity. All allegations of potential fraud or abuse of benefit payments are responded to in a manner proportionate to the nature of the information received and the potential seriousness of offending.

There will always be cases of serious fraud which will be fully investigated and prosecuted where it is appropriate to do so.

This approach has been endorsed by the Welfare Expert Advisory Group report.

Overall, the number of cases responded to across the Ministry's three-tier model has remained stable over the last five years. However, a greater proportion are now responded to with early intervention and facilitation, without the need to proceed to investigation or prosecution.

You will notice a significant decrease in prosecutions in the 2019/20 and 2020/21 years. This should not be attributed solely to the introduction of the three-tier model. Over the 2019/20 and 2020/21 financial years, investigation and prosecution numbers have been impacted by responding to the Privacy Commissioner's inquiry, which meant pausing and reassessing investigations and prosecutions underway in light of the inquiry's findings. Additionally, the need to support the COVID-19 response which includes Wage Subsidy investigations, has and will continue to impact on the level of benefit system investigations and prosecutions.

The Ministry notes that in relation to prosecutions, the most recent year contains a relatively small number of prosecutions as it is not a full financial year. As a result of the relatively small number, there is a higher chance of statistical variation and outliers.

The Ministry is unable to provide a breakdown based on whether the investigations and prosecutions occurred under the Crimes Act 1964 or Social Security Act 2018, as this information is not centrally recorded. A client could be prosecuted under a number of Acts, and the Ministry would have to manually review a substantial number of files in order to provide you with this information. As such, a breakdown of prosecutions by Act is refused under section 18(f) of the Act. The greater public interest is in the effective and efficient administration of the public service.

I have considered whether the Ministry would be able to respond to your request given extra time, or the ability to charge for the information requested. I have concluded that, in either case, the Ministry's ability to undertake its work would still be prejudiced.

In response to your request, please find enclosed **Appendix A**, which contains the following Tables:

- **Table One:** The number of people with a completed fraud investigation case from 1 July 2016 to 31 March 2022, broken down by financial year and ethnicity.
- **Table Two:** The number of people with a successful prosecution from 1 July 2016 to 31 March 2022, broken down by financial year and ethnicity.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter on the Ministry's website. Your personal details will be deleted, and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding investigation of benefit fraud, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Ngā mihi nui

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

George Van Ooyen  
**Group General Manager**  
**Client Service Support**



## Appendix A

**Table One: The number of people with a completed fraud investigation case from 1 July 2016 to 31 March 2022, broken down by financial year and ethnicity.**

| Financial Year                     | Investigation |          |                 |       |       |       |             | Total number of people | Total number of investigations |
|------------------------------------|---------------|----------|-----------------|-------|-------|-------|-------------|------------------------|--------------------------------|
|                                    | Māori         | European | Pacific Peoples | Asian | MELAA | Other | Unspecified |                        |                                |
| 2016/2017                          | 3,519         | 3,495    | 720             | 219   | 57    | 63    | 234         | <b>7,632</b>           | <b>4,854</b>                   |
| 2017/2018                          | 3,402         | 3,519    | 780             | 201   | 66    | 72    | 300         | <b>7,686</b>           | <b>4,755</b>                   |
| 2018/2019                          | 1,287         | 1,323    | 348             | 105   | 63    | 51    | 102         | <b>2,970</b>           | <b>1,761</b>                   |
| 2019/2020                          | 747           | 705      | 204             | 51    | 24    | 30    | 54          | <b>1,620</b>           | <b>1,089</b>                   |
| 2020/2021                          | 435           | 432      | 93              | 33    | 9     | 12    | 39          | <b>936</b>             | <b>654</b>                     |
| 2021/2022<br>(up to 31 March 2022) | 183           | 210      | 51              | 12    | 9     | 3     | 15          | <b>435</b>             | <b>324</b>                     |

### Notes for Table One:

- A person can be counted more than once during the reporting period under different fraud investigations and fraud activity.
- A benefit fraud case may involve more than one person.
- Prior to 2018/19, all cases were recorded as investigations.
- This table excludes cases managed through 'Early Intervention' and 'Facilitation' responses since 2018/19. Prior to 2018/19 all cases were categorised as Investigations.

**Table Two: The number of people with a successful prosecution completed from 1 July 2016 to 31 March 2022, broken down by financial year and ethnicity.**

| <b>Financial Year</b>           | <b>Māori</b> | <b>European</b> | <b>Pacific Peoples</b> | <b>Asian</b> | <b>MELAA</b> | <b>Other</b> | <b>Unspecified</b> | <b>Total successful prosecutions</b> |
|---------------------------------|--------------|-----------------|------------------------|--------------|--------------|--------------|--------------------|--------------------------------------|
| 2016/2017                       | 183          | 186             | 78                     | 12           | 3            | 6            | 3                  | <b>432</b>                           |
| 2017/2018                       | 141          | 120             | 36                     | 6            | 3            | 6            | 3                  | <b>279</b>                           |
| 2018/2019                       | 51           | 66              | 15                     | 3            | 3            | 0            | 3                  | <b>120</b>                           |
| 2019/2020                       | 30           | 30              | 9                      | 3            | 0            | 3            | 0                  | <b>63</b>                            |
| 2020/2021                       | 30           | 27              | 3                      | 3            | 0            | 0            | 0                  | <b>54</b>                            |
| 2021/2022 (up to 31 March 2022) | 21           | 6               | 3                      | 0            | 0            | 0            | 0                  | <b>27</b>                            |

**Notes for Table Two:**

- A prosecution concerns only one person. But the same person can be prosecuted multiple times in a year.
- Successful prosecution refers to people who have been convicted of offences.
- Prosecutions completed do not relate directly to Investigations Completed (Table 1) because prosecutions may not be completed in the same year that the investigation is completed.

**Additional Notes for Tables One and Two:**

- This data excludes Internal Fraud.
- The Ministry of Social Development's financial year commences on the 1st of July and ends at the 30th of June.
- Ethnicity data is self-identified and multiple ethnicities may be chosen by an individual as fits their preference or self-concept.
- Total response ethnicity means that if a person identifies with more than one ethnic group, they are counted in each applicable group.
- The Ministry of Social Development is in the process of changing our reporting to total response, so ethnicity results may differ from previous or other reporting.
- Ethnicity 'MELAA' refers to Middle Eastern, Latin American and African.
- To protect confidentiality the Ministry of Social Development uses processes to make it difficult to identify an individual person or entity from published data.
- These data tables have had random rounding to base three applied to all cell counts in the table.
- A value of one or two may be rounded to zero or three.

- The impact of applying random rounding is that columns and rows may not add exactly to the given column or row totals.
- The published counts will never differ by more than two counts.