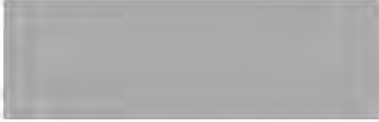




**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

13 NOV 2018



Dear 

On 10 September 2018, you emailed the Ministry requesting, under the Official Information Act 1982, information relating to Student Allowance fraud.

The Ministry has a number of processes in place to ensure students are aware of their obligations when they receive student support and to reduce instances of deliberate fraud or accidental overpayment.

A debt for Student Allowance may be established for a number of reasons, including when a student's circumstances change and the Ministry is not notified, such as beginning employment, a change in enrolment details, increasing hours of employment or a change in relationship status.

As part of their application for a Student Allowance, students, and parents of applicants under 24 years of age where applicable, sign a declaration confirming that:

- the information they have provided to the Ministry is true and correct and
- they understand that if the information is not correct they will have to pay back any overpayment, plus collection costs and they may be prosecuted.

To validate the information provided by allowance applicants, the Ministry undertakes electronic matching with:

- education providers to verify applicants' enrolment details
- the Ministry of Education to confirm returning students passed more than half of a full-time course the last time they received a Student Allowance
- Inland Revenue to identify students who may have received income they have not declared.

When information is provided to the Ministry suggesting students may have made a false statement, or may not have advised the Ministry of a change in their circumstances which could affect their entitlement to Student Allowance, the appropriate follow up action is taken.

For the sake of clarity, I will address your questions in turn.

I hear persistent reports of students under the age of 24 receiving Student Allowances even though their parents are very wealthy. The suggestion is that some people are using tax regulations and other methods to ensure their children can claim Student Allowances.

- 1) *Has MSD received reports or complaints about this issue in 2017 and 2018? If so, from whom and what action has it taken?*
- 2) *In each of 2018, 2017, 2016 and 2015, how many students lost their eligibility for allowances after MSD found their parents' income was misreported?*

When applying for a Student Allowance, the Ministry requires evidence of each student's parents' income derived in the relevant tax year, prior to approving their Student Allowance. As such, there are very few cases where a student's entitlement would change, unless an error occurred, or further evidence had been received.

Examples of evidence of a student's parents' income include:

- a recent payslip of at least four weeks' worth of income (computer generated payslips must be signed by the parent's employer)
- a letter or statement from the parent's employer stating the income earned for the relevant period
- a detailed statement from the parent's accountant or Inland Revenue, that shows all income derived for the relevant period
- a written statement or accountant's letter that shows rental income and expenses
- an Inland Revenue statement
- a tax assessment notice for the country/countries the parent received income from which must clearly state the before tax amount
- a full Financial Statement for parents who receive income from self-employment, trust, business or partnership.
- a fully completed Parental Income Worksheet.

Between the 2014/15 and 2017/18 financial years, the Ministry received 50 allegations of Student Allowance parental income fraud. Allegations are assessed based on the quality of the information received, to determine the relative risk of fraud. Where the risk of fraud was assessed as high, these allegations were referred to Fraud Intervention Services for investigation. Seven investigations were undertaken, three regarding allegations derived from members of the public, and four derived from internal initiatives in relation to possible fraud or incorrect payments issued. These investigations showed that two individuals had their Student Allowance cancelled due to parental income.

The table below shows a breakdown of the number of allegations received, and the number of fraud investigations between 2014/15 and 2017/18 for students investigated for Student Allowance fraud, where the fraud investigation included a student's parental income line of inquiry.

Financial Year	Number of allegations received	Number of fraud investigations
2014/15	21	1
2015/16	8	3
2016/17	8	2
2017/18	13	1
Total	50	7

In order to protect the privacy of natural persons, the Ministry is unable to provide you with information relating to who made a complaint or reported students defrauding the Student Allowance system in 2017 and 2018. As such, your request for this information is refused under section 9(2)(a) of the Official Information Act (the Act). The need to protect the privacy of these individuals outweighs any public interest in this information.

3) Has MSD reported to government ministers about this issue in the past 2 years? If so, can I have a copy of those reports?

The Ministry has not provided Ministers with information relating to students defrauding the Student Allowance system in 2017 and 2018. As such, your request for this information is refused under section 18(e) of the Act as this information does not exist or, despite reasonable efforts to locate it, cannot be found.

- 4) For each level of the neighbourhood deprivation index, what number and what percentage of Student Allowance recipients under the age of 24 have parents whose address is in that level? (ie: how many recipients have parents whose address is in level 1 of the index...)*
- 5) For each electorate, how many Student Allowance recipients under the age of 24 have parents with addresses in that electorate?*

The Ministry does not report on the neighbourhood deprivation index, or by electorate. As such, your request for this information is refused under section 18(g) of the Act as the information you have requested is not held by the Ministry and I have no grounds to believe that the information is held by another department or Minister of the Crown or organisation.

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 available to the wider public shortly. The Ministry will do this by publishing this letter on the Ministry of Social Development'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.

If you are not satisfied with this response regarding Student Allowance 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 or 0800 802 602.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'CWise', followed by a long horizontal line extending to the right.

Cassandra Wise
Team Manager, Issue Resolution