



10 FEB 2020

Dear [REDACTED]

On 30 September 2019, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982, the following information:

- 1. The number of cases of fraud investigated by the Ministry of Social Development since June 2018, broken down by region, age, gender, and ethnicity. Please also include a breakdown of this data by quarter.*
- 2. The total number of individuals receiving a benefit from MSD broken down by relationship status, i.e. those on a single benefit rate and those receiving a couple benefit rate.*

I apologise for the time it has taken to respond to your request.

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. The Ministry has dedicated teams of specialist fraud staff throughout the country, and an Intelligence team that identifies emerging fraud risks and trends. The Ministry works with other government agencies to identify and reduce incidents of fraud and investigate cases which arise through allegations from members of the public.

Each year the Ministry receives around seven million calls to its contact centres, and performs nearly two million face to face client interactions at front line offices. Allegations of benefit fraud represent a very small percentage of these overall numbers.

The Ministry is increasing its focus on fraud prevention. We want to make it easier for clients to tell us about changes and also harder for clients to get it wrong and maybe end up in debt to us.

The Ministry's fraud teams are increasingly focusing their engagement on helping clients to understand how changes in their circumstances might affect their entitlements. This can then help them decide whether their situation means their entitlements may have changed and needs to be adjusted. This increasing focus on fraud prevention is illustrated by the introduction of a new three tier approach implemented across our fraud teams.

The three-tier approach was implemented between November 2018 and February 2019 to help 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.

*Tier One - Early Intervention – Making it easier for clients to do the right thing*

Tier One is about ensuring clients are aware of the information the Ministry has received about them, their entitlements and obligations, and letting them make a decision about their entitlement to a benefit payment. This involves a letter and/or phone conversation with the client. The Ministry's aim is to identify the correct entitlement going forward, rather than establishing an overpayment.

*Tier Two - Facilitation – Providing clients with an opportunity to do the right thing*

Tier Two is about working with the client to help them do the right thing. It's about having a more in-depth, face to face conversation with a client about their situation, entitlements and obligations so the client can self-assess whether they are receiving their correct entitlements. Again, the Ministry's aim is to identify the correct entitlement going forward, rather than establishing an overpayment.

*Tier Three - Investigation – Protecting the integrity of the benefit system*

Tier Three is about undertaking an investigation into a client's entitlement where the Ministry believes they may be committing fraud. The outcome in these cases could be an overpayment, the imposition of a penalty, or in the most severe cases, prosecution.

You should know that intervention at an earlier stage through the three-tier approach has influenced the reduction in overpayments and number of prosecutions.

Please find enclosed **Table One** which shows the number of people involved in fraud cases for the 2018/2019 financial year, broken down by quarter and activity. You will note that a breakdown by activity is only reported from January 2019 due to system changes. As such an accurate breakdown by activity is not available prior to 2019.

With regard to question one of your request, please find enclosed the following four tables:

- **Table Two:** Number of people involved in fraud cases for the 2018/2019 financial year, broken down by quarter and region.
- **Table Three:** Number of people involved in fraud cases for the 2018/2019 financial year, broken down by quarter and gender.
- **Table Four:** Number of people involved in fraud cases for the 2018/2019 financial year, broken down by quarter and age group.
- **Table Five:** Number of people involved in fraud cases for the 2018/2019 financial year, broken down by quarter and ethnicity.

The ethnicity classification used to construct these tables does not align with the current Statistics New Zealand classification of ethnicity. Ethnicity details recorded in the Ministry's systems have been gathered under a variety of classification schemes as clients came into contact with the Ministry over time. Additionally, ethnicity is not a compulsory field and is not always specified. The Ministry recognises the disproportionate representation of Māori clients among those involved in fraud cases:

- Māori represent a higher proportion of Work and Income clients than their proportion of the total population, approximately 35 per cent of all main beneficiaries are Māori, and approximately 47.7 per cent of recipients of Sole Parent Support are Māori.
- Māori are also more likely to spend a longer time in receipt of a benefit. The Ministry's 2017 Benefit System Performance Report, available here: [www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/2017-benefit-system-performance-report-june-2018.pdf](http://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/2017-benefit-system-performance-report-june-2018.pdf) reported the finding that Māori clients aged 20 to 29 years who are work ready and in receipt of Jobseeker Support were predicted to spend an average of 14.2 future years on benefits, compared to 9.8 years for New Zealand Europeans (page 51).

Clients who have committed fraud and have been in receipt of a benefit for a longer duration, are more likely to have committed this fraud over a longer period. The length of offending is a significant factor in determining which cases the Ministry investigates and prosecutes as it is correlated with both an increased number of times that the client may mislead the Ministry and to a larger cumulative overpayment.

To prioritise the Crown's relationship with Māori and to address inequities for Pacific People, the Ministry has launched its Māori strategy, Te Pae Tata, and Pacific strategy, Pacific Prosperity - Our People, Our Solutions Our Future in order to be more responsive to the needs of Māori and Pacific clients. This will include development for staff to help them better understand the needs of Māori and Pacific clients, which aligns to our intent to improve the equity of outcomes, particularly for Māori.

The Ministry also recognises that females are disproportionately represented in prosecution statistics. This is largely due to the similar disproportionate representation of females amongst those in receipt of a benefit. As at the end of September 2018, 56 per cent of all main beneficiaries were female, and 92 per cent of recipients of Sole Parent Support were female.

With regard to question two of your request, please find enclosed **Table Six** showing the number of current clients as at the end of June 2019, broken down by quarter and apportionment.

You may be interested to read the Ministry's current guidelines on identifying the relationship status of clients, including de facto relationships, which are available at: [www.workandincome.govt.nz/map/income-support/core-policy/relationship-status-for-benefit/index.html](http://www.workandincome.govt.nz/map/income-support/core-policy/relationship-status-for-benefit/index.html).

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 and attachments 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](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding benefit fraud cases investigated by the Ministry of Social Development, 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.

Yours sincerely

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

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

**Table One: Number of people involved in fraud cases for the 2018/2019 financial year, broken down by quarter and activity**

Activity	Quarter ending				Grand Total
	September 2018	December 2018	March 2019	June 2019	
Early Intervention	-	-	988	803	-
Facilitation	-	-	509	566	-
Investigation	-	-	729	575	-
No Fraud Activity	-	-	149	147	-
<b>Grand Total</b>	<b>1,771</b>	<b>2,239</b>	<b>2,375</b>	<b>2,091</b>	<b>8,476</b>

**Notes:**

- Activity types are only reported from January 2019 due to system changes,
- this is a count of people not fraud cases as an investigation may include multiple people,
- a client may appear more than once in the fiscal year and be represented in multiple quarters,
- not all subjects of a case are clients of MSD. Some of the people investigated may never have been clients of MSD and therefore MSD may have no demographic records for these people,
- the subject of a case can also include providers, businesses and other legal persons,
- marriage type relationship cases are a subset of all cases,
- a case may change its characteristics during the course of the case,
- the case type reported here is as at date of extract.

**Table Two: Number of people involved in fraud cases for the 2018/2019 financial year, broken down by quarter and region**

Region	Quarter ending			
	September 2018	December 2018	March 2019	June 2019
Auckland Regional Office	345	642	533	543
Bay of Plenty Regional Office	194	284	273	261
Canterbury Region	292	347	246	278
Central Regional Office	157	108	154	171
East Coast Regional Office	138	86	152	104
Northland Regional Office	117	140	251	144
Southern Regional Office	192	181	376	217
Taranaki Regional Office	104	124	94	95
Waikato Regional Office	148	230	229	203
Wellington Regional Office	84	97	67	75
<b>Total</b>	<b>1,771</b>	<b>2,239</b>	<b>2,375</b>	<b>2,091</b>

**Notes:**

- Geographic breakdowns are only available by the MSD Service Centre responsible for the client's case management. A client may not necessarily reside in the same area as their service centre,
- some people may be represented across multiple quarters and may appear more than once in a year,
- this is a count of people not fraud cases as a case may include multiple people,
- not all subjects of a case are clients of MSD. Some of the people investigated may never have been clients of MSD and therefore MSD may have no demographic records for these people,
- the subject of a case can also include providers, businesses and other legal persons,
- marriage type relationship cases are a subset of all cases,
- a case may change its characteristics during the course of the case.

**Table Three: Number of people involved in fraud cases for the 2018/2019 financial year, broken down by quarter and gender**

Gender	Quarter ending			
	September 2018	December 2018	March 2019	June 2019
Female	970	1,255	1,351	1,157
Male	775	946	1,005	914
Unspecified	26	38	19	20
<b>Total</b>	<b>1,771</b>	<b>2,239</b>	<b>2,375</b>	<b>2,091</b>

**Notes:**

- This is a count of people not fraud cases as a case may include multiple people,
- some people may be represented across multiple quarters and may appear more than once in a year,
- some of the people investigated may never have been clients of MSD and therefore MSD may have no demographic records for these people. As such they appear as unspecified in the table above,
- the subject of a case can also include providers, businesses and other legal persons,
- marriage type relationship cases are a subset of all cases,
- a case may change its characteristics during the course of the case,
- a high percentage of the Ministry's overall clients are women and therefore are over-represented in these figures.

**Table Four: Number of people involved in fraud cases for the 2018/2019 financial year, broken down by quarter and age group**

Age Group (yrs)	Quarter ending			
	September 2018	December 2018	March 2019	June 2019
<= 17	28	42	20	25
18-19	25	25	29	38
20-24	190	286	288	254
25-29	350	381	464	402
30-34	299	413	393	380
35-39	236	283	330	309
40-44	193	221	223	183
45-49	160	197	227	163
50-54	114	134	160	120
55-59	74	119	102	92
60-64	54	65	72	67
65+	48	73	67	58
<b>Total</b>	<b>1,771</b>	<b>2,239</b>	<b>2,375</b>	<b>2,091</b>

**Notes:**

- This is a count of people not fraud cases as a case may include multiple people,
- some people may be represented across multiple quarters and may appear more than once in a year,
- some of the people investigated may never have been clients of MSD and therefore MSD may have no demographic records for these people,
- the subject of a case can also include providers, businesses and other legal persons,
- marriage type relationship cases are a subset of all cases,
- an investigation may change its characteristics during the course of the investigation.



**Table Five: Number of people involved in fraud cases for the 2018/2019 financial year, broken down by quarter and ethnicity**

Ethnic Group	Quarter ending			
	September 2018	December 2018	March 2019	June 2019
Maori	643	896	966	783
NZ European	592	631	830	851
Pacific Island	125	244	169	133
Other	411	468	410	324
<b>Total</b>	<b>1,771</b>	<b>2,239</b>	<b>2,375</b>	<b>2,091</b>

**Notes:**

- This is a count of people not fraud cases as a case may include multiple people,
- some people may be represented across multiple quarters and may appear more than once in a year,
- some of the people investigated may never have been clients of MSD and therefore MSD may have no demographic records for these people. As such they may be included in the "Other" category which also includes other ethnic groups not otherwise specified,
- the subject of a case can also include providers, businesses and other legal persons,
- ethnicity data is self-identified and multiple ethnicities may be chosen by an individual as fits their preference or self-concept,
- multiple selected ethnicities are then prioritised into a hierarchy. The Māori ethnicity has the highest priority in this hierarchy, followed by Pacific peoples. NZ European has the lowest priority. This is to ensure that smaller ethnic groups do not get overwhelmed by the larger ethnic groups. A single ethnicity is assigned to an individual based on this hierarchy. Ethnic groups do not currently align with Statistics New Zealand ethnicity groupings,
- marriage type relationship cases are a subset of all cases,
- a case may change its characteristics during the course of the case.

**Table Six: Number of working age main benefit, New Zealand Super and Veteran pensions recipients as at the end of June 2019, broken down by quarter and apportionment**

Quarter ending	Working Age Main Benefit		NZS And Veteran Pension				Total
	Apportionment		Apportionment				
	Married	Single	Married	Single	Single Living Alone	Single Sharing	
September 2018	19,230	265,085	473,845	28	191,520	101,108	<b>1,050,816</b>
December 2018	19,786	279,559	478,633	30	193,210	102,328	<b>1,073,546</b>
March 2019	18,534	267,916	483,403	30	194,712	103,614	<b>1,068,209</b>
June 2019	19,073	272,896	487,023	28	196,541	104,813	<b>1,080,374</b>

**Notes:**

- Marital status is determined by whether their benefit has been "apportioned" or not. Apportionment is the determined rate of benefit paid based on a person's relationship status,
- couples on the same benefit have the payments "apportioned," that is, split between the two,
- working age is 18 to 64 years,
- Main Benefits exclude NZ Superannuation, Veteran's Pension, Non-Beneficiary assistance, Orphan's Benefit and Unsupported Child Benefit,
- fraud can include those in receipt of Orphan's Benefit and Unsupported Child's Benefit, which provide an income top up to the caregiver of a child whose parents can't support them. It can be paid to both beneficiaries and non-beneficiaries. If it is paid to Beneficiaries they will be recorded here under their main benefit, for example; Domestic Purpose Benefit (DPB) Sole Parent. If they are a non-beneficiary, they will be recorded here under 'Other',
- it is not correct to describe all recipients of these payments as "supported by benefit,"
- Non-beneficiaries are those in receipt of assistance (for example, Accommodation Supplement), but not in receipt of a benefit. These are normally included under "Other" and are not reported in Table Six above.