



Tēnā koe

On 9 June 2021, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- 1. The total value of debt currently held by beneficiaries.*
- 2. The number of benefit fraud investigations each year, broken down by gender, ethnicity, type of benefit fraud, and outcome, from 2015.*

There is a range of reasons people might owe the Ministry money. A debt may be established as a result of recoverable assistance, an overpayment or fraud.

Recoverable assistance provides people with interest free loans to help them meet an immediate need for essential items or services, like paying late utility bills or rent, buying essential household appliances, or meeting other urgent needs. The Ministry grants this assistance to eligible people who are not able to meet the cost from their own resources, or other sources. Repayment arrangements are agreed with the client at the time assistance is granted, taking their individual circumstances and financial situation into account.

An overpayment is established when a person has received benefit payments from the Ministry to which they were not entitled. Additionally, in some cases, overpayments are established as a result of receiving new client information from other Crown agencies or following a fraud investigation. If a client has been overpaid, Ministry staff will discuss this with them on a case-by-case basis. There is no interest charged on an overpayment.

For the sake of clarity, the Ministry will answer your requests in turn.

- 1. The total value of debt currently held by beneficiaries.*

Please see below **Table One** which shows the amount of debt balances, broken down by fraud, overpayment and recoverable assistance for the financial year 2020/2021.

Debt balances	F2021
Fraud	\$143,575,957
Overpayment	\$1,024,907,994
Recoverable assistance	\$826,752,937
Total debt balance	\$1,995,236,889

2. *The number of benefit fraud investigations each year, broken down by gender, ethnicity, type of benefit fraud, and outcome, from 2015.*

Since 2015, the Ministry has been strengthening its fraud prevention focus. This saw the introduction from 2018 of new non-investigative approaches to responding to lower risk allegations of fraud, 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 has a three-tier graduated model to respond to allegations of benefit fraud:

- early intervention – a conversation with the client 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.
- 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.

This approach was discussed with beneficiary advocates and the Welfare Expert Advisory Group (WEAG). In their final report, released on 3 May 2019, WEAG recommended to endorse the model and noted that they "support this three-tier approach and believe it fits well with a more preventative way of responding to, and reducing, potential fraud."

Overall, the number of cases responded to across the Ministry's three-tier model has remained stable over the last five years. A greater proportion are now responded to without investigation or prosecution.

Over the 2019/20 and 2020/21 financial years, investigations and prosecution numbers have been impacted by responding to the Privacy Commissioner's inquiry¹, which meant pausing and reassessing investigations and prosecutions underway in light of the inquiry's findings, and by the need to support the COVID-19 response, which includes Wage Subsidy investigations.

Please see enclosed **Appendix A** which shows the number of interventions, including investigations, per financial year from 2015 broken down into gender, ethnicity, as well as successful prosecutions outcomes in the following tables:

- **Table One:** The number of investigations completed between 01 July 2014 and 30 June 2021 by financial year and gender,
- **Table Two:** The number of investigations completed between 01 July 2014 and 30 June 2021 by financial year and ethnic group,
- **Table Three:** The number of successful prosecutions completed between 01 July 2014 and 30 June 2021 by financial year,
- **Table Four:** The number of Early Intervention responses between 01 July 2018 and 30 June 2021 by financial year and ethnic group,

¹ The Office of the Privacy Commissioner's *Inquiry into the MSD's Exercise of Section 11 (Social Security Act 1964) and Compliance with the Code of Conduct* can be found on their website at <https://www.privacy.org.nz/publications/commissioner-inquiries/inquiry-into-msd-exercise-of-section-11-social-security-act-1964-and-compliance-with-the-code-of-conduct/>

- **Table Five:** The number of Early Intervention responses between 01 July 2018 and 30 June 2021 by financial year and gender,
- **Table Six:** The number of Facilitation responses between 01 July 2018 and 30 June 2021 by financial year and ethnic group, and
- **Table Seven:** The number of Facilitation responses between 01 July 2018 and 30 June 2021 by financial year and gender.

Please note that the type of benefit fraud for each individual investigation conducted by the Ministry, and outcomes other than prosecutions, is not centrally held information, therefore I am unable to provide you with this information as it is held in notes on individual case files. In order to provide you with this information, Ministry staff would have to manually review thousands of files. As such, I refuse your request 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.

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. 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 regarding benefit fraud investigations with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response, 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.

Ngā mihi nui



George Van Ooyen
Group General Manager
Client Service Support

Appendix A.

Table One: The number of investigations completed between 01 July 2014 and 30 June 2021 by financial year and gender

Financial year	Gender			Total
	Female	Male	Unknown	
2014/2015	2,649	2,310	375	5,334
2015/2016	2,496	2,616	213	5,325
2016/2017	2,460	2,199	195	4,854
2017/2018	2,412	2,145	195	4,755
2018/2019	1,125	627	9	1,761
2019/2020	609	480	3	1,089
2020/2021	354	297	3	654

Table Two: The number of investigations completed between 01 July 2014 and 30 June 2021 by financial year and ethnic group

Financial year	Ethnic group					Total
	Māori	Pacific Peoples	NZ European	Other	Unspecified	
2014/2015	1,992	504	1,911	486	444	5,334
2015/2016	2,493	573	1,533	441	285	5,325
2016/2017	2,262	333	1,536	384	339	4,854
2017/2018	2,109	351	1,539	396	363	4,755
2018/2019	792	153	579	189	51	1,761
2019/2020	516	114	318	111	27	1,089
2020/2021	306	45	219	63	24	654

Table Three: The number of successful prosecutions completed between 01 July 2014 and 30 June 2021 by financial year

Financial year	Number of prosecutions
2014/2015	924
2015/2016	597
2016/2017	432
2017/2018	279
2018/2019	123
2019/2020	66
2020/2021	57

Table Four: The number of Early Intervention responses between 01 July 2018 and 30 June 2021 by financial year and ethnic group

Financial year	Ethnic group					Total
	Māori	Pacific Peoples	NZ European	Other	Unspecified	
2018/2019	639	132	777	210	66	1,827
2019/2020	867	114	1,029	279	81	2,370
2020/2021	939	114	1,020	264	114	2,451

Table Five: The number of Early Intervention responses between 01 July 2018 and 30 June 2021 by financial year and gender

Financial year	Gender				Total
	Diverse	Female	Male	Unknown	
2018/2019	0	1,239	573	18	1,827
2019/2020	0	1,545	810	18	2,370
2020/2021	3	1,497	939	18	2,451

Table Six: The number of Facilitation responses between 01 July 2018 and 30 June 2021 by financial year and ethnic group

Financial year	Ethnic group					Total
	Māori	Pacific Peoples	NZ European	Other	Unspecified	
2018/2019	618	90	471	111	48	1,335
2019/2020	459	108	510	141	33	1,254
2020/2021	492	84	480	129	42	1,227

Table Seven: The number of Facilitation responses between 01 July 2018 and 30 June 2021 by financial year and gender

Financial year	Gender			Total
	Female	Male	Unknown	
2018/2019	975	348	12	1,335
2019/2020	906	342	6	1,254
2020/2021	888	333	6	1,227

Notes for all tables:

- The Ministry's financial year commences on the 1st of July and ends at the 30th of June.
- This data excludes Internal Fraud.
- A client can be included more than once in the same year under and within the different responses (Early Intervention, Facilitation, and Investigation)
- A prosecution concerns only one person. But the same person can be prosecuted twice in a year.
- A prosecution is successful if there is at least one sentence or one of the court findings is 'S106 Discharge without conviction' under the Sentencing Act 2002.
- Ethnicity data is self-identified and multiple ethnicities may be chosen by an individual, as fits their preference or self-concept.
- Ethnic groups do not currently align with Statistics New Zealand ethnicity groupings.
- From 2 December 2019, the Ministry has three options to record gender: Female, Gender Diverse, or Male.
- To protect confidentiality, the Ministry 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.