



28 April 2022

Tēnā koe

On 28 March 2022, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- *Can I get figures on the number and value of welfare fraud investigations and prosecutions since 2015/16? (Broken down by year, to June)*
  - *How many investigations have been completed? (Including the most up to date figures for the 2021-22 period)*
  - *How many prosecutions for welfare fraud have been completed?*
  - *What was the conviction rate for these prosecutions?*
  - *How many prosecutions have led to custodial sentences?*
  - *How much has been spent on welfare fraud investigations and how much has been recovered by these investigations?*
  - *How many MSD staff were working on welfare fraud investigations?*

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 uses a range of ways to detect and prevent potential fraud against the benefit system. These cases may come from public allegations, referrals from our front-line staff, information matching or referrals from other agencies, or from analysis undertaken by our Intelligence team.

From 2018, the Ministry introduced a three-tier graduated model to respond to allegations of benefit fraud as part of an increased focus on fraud prevention, early detection and intervention. 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:

- 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.
- 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 were impacted by responding to the Privacy Commissioner’s inquiry<sup>1</sup>, 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.

For the sake of clarity, each of your questions are addressed in turn below.

- *How many investigations have been completed? (Including the most up to date figures for the 2021-22 period)*

Please see the **Appendix** for **Table One** showing the number of completed investigations for welfare fraud between the financial years 2015/2016 to 2020/2021.

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<sup>1</sup> 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/>

- *How many prosecutions for welfare fraud have been completed?*
- *What was the conviction rate for these prosecutions?*

Please see **Table Two** below, showing the number of completed prosecutions for welfare fraud between financial years 2015/2016 to 2020/2021.

Financial year	Number of completed prosecutions	Number of successful prosecutions (convictions)
2015/2016	618	594
2016/2017	450	432
2017/2018	291	276
2018/2019	126	120
2019/2020	66	66
2020/2021	60	54

Notes for **Table Two**:

- This data excludes internal fraud.
- A prosecution concerns only one person. But the same person can be prosecuted more than once 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.
- 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.

- *How many prosecutions have led to custodial sentences?*

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 approximately 900 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.

- *How much has been spent on welfare fraud investigations and how much has been recovered by these investigations?*

Please see the **Appendix** for **Table Three** showing the amount spent on welfare fraud investigations.

I am unable to provide you with the amount which has been recovered by investigations as information as it is not held centrally. In order to provide you with this information, Ministry staff would have to manually review a substantial number 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.

- *How many MSD staff were working on welfare fraud investigations?*

The Ministry's fraud area has a key role in supporting the COVID-19 response, including managing Wage Subsidy integrity checks, resolving complaints and conducting thorough investigations. This means we've had to reprioritise some of our work, affecting our ability to focus solely on benefit fraud. This included pausing benefit fraud investigations in 2020 to allow a full focus on Wage Subsidy integrity work, except where benefit fraud investigations and prosecutions were at critical stages.

Since early 2021 we have been gradually transitioning investigators back to benefit integrity work, and the Ministry continues to shift resources between benefit integrity and COVID-19 Economic Support integrity work as required.

The Ministry's Investigator resources are currently allocated as follows:

- 59 Full Time Equivalent Staff (FTE) focused on COVID-19 Economic Supports integrity, including progressing on-going investigations.
- 52 FTE focused on benefit investigations.

Additional Investigators have been recruited to support benefit integrity work, with further recruitment underway.

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.

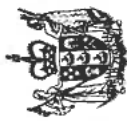
If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding benefit fraud investigations, 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



Geoff Cook  
**Acting Group General Manager**  
**Client Service Delivery**



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIAITO ORA

**Appendix**

**Table One:** showing the number of completed cases for welfare fraud between the financial years 2015/2016 to 2020/2021.

Financial year	Early Invention	Facilitation	Investigation	No Fraud Activity	Total cases completed
2015/2016	N/A	N/A	5,325	N/A	5,325
2016/2017	N/A	N/A	4,854	N/A	4,854
2017/2018	N/A	N/A	4,755	N/A	4,755
2018/2019	1,827	1,335	1,761	465	5,385
2019/2020	2,370	1,254	1,089	519	5,232
2020/2021	2,454	1,230	654	564	4,899

**Notes for Table One:**

- This data excludes internal fraud.
- The data is not able to be broken down for the financial years between 2015/2016 and 2017/2018. This is because from 2018, the Ministry introduced a three-tier graduated model to respond to allegations of benefit fraud as part of an increased focus on fraud prevention, early detection and intervention.
- This is a number investigations, not people investigated. A client can be included more than once in the same year under and within the different responses (Early Intervention, Facilitation, and Investigation)
- A benefit fraud case may involve more than one person.
- 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.

**Table Three:** Amount spent on welfare fraud investigations between the financial years 2015/2016 to 2020/2021.

Financial Year	The amount spent on staff costs	Other costs	The total annual cost of operating the fraud investigation unit
2015/2016	\$10,423,347	\$975,673	\$11,399,020
2016/2017	\$10,420,506	\$1,031,634	\$11,452,140
2017/2018	\$11,441,009	\$1,360,280	\$12,801,289
2018/2019	\$11,909,406	\$1,375,093	\$13,284,500
2019/2020	\$12,952,725	\$1,129,107	\$14,081,833
2020/2021	\$13,950,777	\$1,022,177	\$14,972,954

Notes for **Table Three:**

- 'Other costs' comprises of the non-staff personnel costs such as Office Administration costs, Telephone costs, Motor Vehicle costs, and Travel costs.

