



18 JAN 2019

Dear [REDACTED]

On 2 November 2018, you emailed the Ministry requesting, under the Official Information Act 1982, information regarding recoverable assistance, Accommodation Supplement and prosecutions for overpayments of benefits. Your questions are addressed in turn below.

- *The overall average debt owed from recoverable assistance grants;*
- *The total number of people that owe debt from recoverable assistance grants;*

Recoverable assistance provides beneficiaries and people on low incomes with interest free loans to help them meet an immediate need for essential items, like paying late utility bills or rent, buying essential household appliances, or meeting urgent needs for children. Repayment arrangements are agreed at the outset, taking their circumstances and financial situation into account. The Ministry aims to ensure that clients make the best decisions regarding recoverable assistance to avoid creating debt.

As at the end of June 2018, \$557.8 million of recoverable assistance debt was owed by 335,971 people. This includes both current clients and those who have left the benefit system carrying a debt.

- *The number of people that owe debt from recoverable assistance grants, broken down by gender;*
- *The number of people that owe debt from recoverable assistance grants, broken down by ethnicity;*
- *Other material relevant to the demographic break down (age/gender/ethnicity/family status/housing status) of those with recoverable assistant debt;*

The Ministry has a variety of reporting tools available to look at debt. Each reporting method has its own strengths and limitations and serves different purposes for the Ministry.

In the Ministry's record system that contains client demographics, when a client changes the benefit that they are receiving, or exits the benefit system, any debt they had is rolled into one total debt and this debt cannot then be disaggregated. As such, this system cannot be used to break debt down by debt type.

The Ministry's record system that can be used to break down the debt that current and former clients have by debt type, does not contain demographic information about clients.

Consequently, neither system can be used to address your request for the number of people who owe debt from recoverable assistance grants, broken down by the current and former clients' demographics. Your request for this information is refused under section 18(f) of the Act as in order to provide you with this information Ministry staff

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would have to manually review hundreds of thousands of client files. The greater public interest is in the effective and efficient administration of the public service.

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

- *The number of people currently receiving an Accommodation Supplement;*
- *The number of people receiving an Accommodation Supplement, in the last three financial years, by year;*
- *The total amount of money paid in Accommodation supplements in the last three financial years, by year;*

Please refer to Table 1 enclosed that shows the number of clients receiving Accommodation Supplement and the weekly amount paid, as at the end of September 2016, 2017 and 2018. September is the most recent quarter for which this reporting is available.

- *A regional breakdown of people receiving an Accommodation Supplement;*

As you were advised on 6 November 2018, this information is publically available in the Ministry's Benefit Fact Sheets, which are updated quarterly. These Fact Sheets are available from the Ministry's website here: [www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/). National level data is available from the Excel spread sheet titled 'National Level Data Tables' in the tab 'Supplementary – Last 5 years'. Regional level data is available from the Excel spread sheet titled 'Work and Income Regions Supplementary Assistance Data Tables'.

- *A breakdown by gender of those receiving Accommodation Supplements;*
- *A breakdown by ethnicity of those receiving Accommodation Supplements;*
- *A breakdown by age of those receiving Accommodation Supplements;*
- *Other material relevant to the demographic break down (age/gender/ethnicity) of those receiving Accommodation Supplements;*
- *The number of people receiving accommodation supplements that are also receiving other benefits, if possible by kind of other benefit;*

Please refer to tables 2 to 5 enclosed which show clients in receipt of Accommodation Supplement broken down by the demographic details you have requested.

- *The number of people that have been prosecuted by the Ministry of Social Development ("MSD") for overpayments of benefits;*
- *The number of people that have been prosecuted by MSD for overpayments of benefits by gender;*
- *The number of people that have been prosecuted by MSD for overpayments of benefits by ethnicity;*

Tables 6 and 7 enclosed show the number of people prosecuted for benefit fraud broken down by ethnicity and gender.

There are three main types of benefits (Jobseeker Support, Sole Parent Support and Supported Living Payments), as well as a wide range of additional help. This includes assistance such as Accommodation Supplement, Disability Allowance and Childcare Assistance. Most forms of additional assistance are income tested and the amount a person will receive can vary with changes in their income or in the costs considered.

If people's circumstances change then these changes need to be reported and captured by Work and Income at the time they occur. If that does not happen, then a person may receive more or less assistance than they were entitled to.

The vast majority of overpayments established by the Ministry are not cases of criminal fraud. They are simply cases where a client's circumstances have changed and they have not let Work and Income know in time before a payment has been made. This may happen because the client forgets to tell Work and Income, may not understand they need to let Work and Income know, or have not let Work and Income know before the regular payment cycle has been completed.

In these cases Work and Income's case managers talk with clients to let them know what they need to do and payments are adjusted in the next payment cycle. This is a straightforward, business as usual process that clients are very used to and which is very different from a fraud investigation.

For example, John receives Jobseeker Support and works part time. His benefit is abated in line with how much extra income he receives from employment. He received his payslip on Friday for the period ending Wednesday that week. He notes that he had worked three more hours than usual and advised Work and Income of this through his online MyMSD account.

This meant that John's benefit was overpaid for that week and an overpayment debt was established. The Ministry has some discretion in determining the method and rate of recovery, or in some cases temporarily deferring recovery. When managing debt recovery from current and former clients, Work and Income considers their financial situation when negotiating repayments to avoid causing further hardship. In this example, Work and Income in conjunction with John will set a repayment rate, taking into consideration his personal situation.

The Ministry has a legislative duty to take all practicable steps to recover debt, with exceptions to this duty only where the debts are: caused by administrative error; uneconomic to recover; remitted or suspended under regulations; or written off for public finance purposes. Debt that is written off is provisional and in some circumstances may be reactivated.

The Ministry takes its responsibilities very seriously in the administration of public expenditure to provide income assistance and services to more than one million New Zealanders each year. Overpayments may be established as a result of a benefit fraud investigation and data matching between government agencies. The Ministry works hard to protect the integrity of the welfare system to ensure it remains fair for all New Zealanders, which can include prosecution where clear evidence of fraud exists.

The Ministry uses the Solicitor-General's Prosecution Guidelines as the main reference point when making a decision about prosecution. As a government agency, any criminal prosecution action brought by the Ministry must be in accordance with the 'Test for Prosecution' set out in the Guidelines.

There are two factors to the 'Test for Prosecution': a case must meet the requirements of the 'Evidential Test' where the evidence gathered must be sufficient to provide a realistic prospect of gaining a conviction; and if the case meets the 'Evidential Test' requirements, the Ministry applies the 'Public Interest Test' to determine if it is in the public interest to prosecute.

While it will always be appropriate to prosecute some people due to the nature of their offending, the Ministry is conscious that prosecution can negatively impact clients and families who are already in a vulnerable and difficult situation. It is important that the Ministry makes considered and sound decisions on which cases should be prosecuted.

The decision to prosecute is often a complex one. The Ministry must balance considerations of a client's alleged dishonest actions against their personal circumstances and the effect a prosecution might have on their ability to attain independence and maintain health and wellbeing.

The Fraud Prosecution Review Panel was established in May 2018 and makes the final decision on whether cases are to be prosecuted. The Panel approach to making prosecution decisions strengthens the process by making sure that responsibility for that decision is broadly shared. In addition, cases considered for prosecution by the Panel are assessed blindly, without gender or ethnicity being declared to the Panel. By having wide representation from around the Ministry, including Māori representation, the Panel approach helps to provide a broader view of "public interest".

You will note that the number of clients prosecuted for fraud has decreased over the time period reported. As improved data matching is picking up more cases of undeclared income earlier, fewer of these cases require prosecution. We have also been increasing our focus on fraud prevention and our response to allegations of possible fraud. This centres on early intervention to make it easier for clients to work with us to address their situation if appropriate, and to do what is needed to ensure that they are receiving the correct entitlement, without the need for a full investigation or possible prosecution.

The Ministry recognises the higher representation of Māori clients among those prosecuted for fraud.

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 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 have provided incorrect information to the Ministry and to a larger cumulative overpayment.

In recognition of the over representation of Māori and Pacific Peoples across the benefit system, the Ministry is working on a Māori and Pacific Strategy and action plan that will include training for staff to help them better understand the needs of Māori and Pacific clients.

The Ministry's 2018 to 2022 Statement of Intent, available here: [www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/statement-of-intent/2018/statement-of-intent-2018-2022-online-version.pdf](http://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/statement-of-intent/2018/statement-of-intent-2018-2022-online-version.pdf), also includes improving the equity of outcomes, particularly for Māori, as part of the impacts that the Ministry wants to achieve.

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.

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 shortly. 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 Accommodation Supplement and prosecutions, 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



Jason Dwen

**Acting Group General Manager, Client Service Support**

**Table 1: The number of clients receiving Accommodation Supplement and the weekly amount paid as at the end of September 2016, 2017, and 2018.**

Year (as at the end of September)	Number of clients	Sum total weekly amount	Average weekly amount per client
<b>2016</b>	291,352	\$20,723,947	\$71
<b>2017</b>	285,485	\$20,400,413	\$71
<b>2018</b>	292,006	\$27,986,909	\$96

**Notes:**

- All amounts shown are rounded to the nearest whole number. The sum total weekly amount is calculated on the actual non-rounded amounts.
- On 1 April 2018, the maximum rates for Accommodation Supplement increased. Further information is available about this increase on the Work and Income website here: [www.workandincome.govt.nz/about-work-and-income/news/2017/families-package.html](http://www.workandincome.govt.nz/about-work-and-income/news/2017/families-package.html).

**Table 2: The number of clients receiving Accommodation Supplement as at the end of September 2016, 2017, and 2018, broken down by ethnicity.**

Ethnic Group	Year (as at the end of September)	
	2016	2017
<b>Māori</b>	87,100	86,046
<b>Pacific People</b>	19,791	19,166
<b>NZ European</b>	120,874	118,082
<b>Other</b>	54,422	52,665
<b>Unspecified</b>	9,165	9,526
<b>Total</b>	<b>291,352</b>	<b>285,485</b>

**Notes:**

- 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. A single ethnicity is assigned to an individual based on this hierarchy.
- Ethnic groups do not currently align with Statistics New Zealand ethnicity groupings.

**Table 3: The number of clients receiving Accommodation Supplement as at the end of September 2016, 2017, and 2018, broken down by gender.**

Gender	Year (as at the end of September)		
	2016	2017	2018
Female	172,266	168,714	170,627
Male	119,086	116,771	121,379
<b>Total</b>	<b>291,352</b>	<b>285,485</b>	<b>292,006</b>

**Table 4: The number of clients receiving Accommodation Supplement as at the end of September 2016, 2017, and 2018, broken down by age group.**

Age Group	Year (as at the end of September)		
	2016	2017	2018
16	496	461	408
17	1,261	1,182	1,065
18-19	7,822	7,170	7,524
20-24	31,936	29,180	28,998
25-29	34,782	33,871	34,588
30-34	29,703	29,187	30,960
35-39	27,452	26,989	27,978
40-44	27,304	25,687	25,940
45-49	26,805	26,404	26,778
50-54	23,518	22,971	23,301
55-59	20,563	21,235	21,895
60-64	18,351	18,348	19,054
65+	41,359	42,800	43,517
<b>Total</b>	<b>291,352</b>	<b>285,485</b>	<b>292,006</b>

**Table 5: The number of clients receiving Accommodation Supplement as at the end of September 2016, 2017, and 2018, broken down by benefit type.**

Benefit Group	Year (as at the end of September)		
	2016	2017	2018
Emergency Benefit	4,083	3,435	2,891
Emergency Maintenance Allowance	592	489	448
Jobseeker Support related	92,402	90,684	97,192
Jobseeker Support Student Hardship	63	75	63
New Zealand Superannuation or Veteran's Pension	38,127	39,816	40,753
Non-beneficiary assistance	57,377	56,220	57,857
Supported Living Payment related	49,293	49,232	49,178
Sole Parent Support	47,203	43,027	41,490
Youth Payment and Young Parent Payment	2,212	2,507	2,134
<b>Total</b>	<b>291,352</b>	<b>285,485</b>	<b>292,006</b>



**Table 6: Number of prosecutions for fraud completed during the period 1 July 2015 to 30 June 2018, broken down by gender.**

Gender	Financial year ending		
	June 2016	June 2017	June 2018
Female	373	293	191
Male	241	154	100
Unspecified	2	1	0
<b>Total</b>	<b>616</b>	<b>448</b>	<b>291</b>

**Notes:**

- Gender is that recorded as at the date of the completed prosecution.
- For the financial year ending June 2018, this table does not include cases that were withdrawn beyond the Ministry's control.
- This table does not include prosecutions for internal fraud.
- This table is a count of all prosecutions. This includes successful and unsuccessful prosecutions. Prosecutions are counted in the year they are completed.
- This is a count of prosecutions, not clients prosecuted; a client may have more than one prosecution in a period.

**Table 7: Number of prosecutions for fraud completed during the period 1 July 2015 to 30 June 2018, broken down by ethnic group.**

Ethnic group	Financial year ending		
	June 2016	June 2017	June 2018
Māori	277	190	151
Pacific Peoples	205	148	94
New Zealand European	78	65	29
Other/Unspecified	56	45	17
<b>Total</b>	<b>616</b>	<b>448</b>	<b>291</b>

**Notes:**

- Ethnicity is prioritised ethnicity recorded as at the date the prosecution was completed.
- 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. A single ethnicity is assigned to an individual based on this hierarchy. Ethnic groups do not currently align with Statistics New Zealand ethnicity groupings.
- For the financial year ending June 2018, this table does not include cases that were withdrawn beyond the Ministry's control.
- This table does not include prosecutions for internal fraud.
- This table is a count of all prosecutions. This includes successful and unsuccessful prosecutions. Prosecutions are counted in the year they are completed.
- This is a count of prosecutions, not clients prosecuted; a client may have more than one prosecution in a period.