

Impacts of Public Sector Fraud

- ✓ We have identified nine key impacts of fraud and corruption in the public sector.
- ✓ While measuring financial loss is important, other impacts of public sector fraud can be just as damaging.
- ✓ Measuring the impact of fraud and not just the financial loss helps us understand our risk environment and make better decisions.



Human

Fraud against public bodies is not a victimless crime. The diversion of government funds mean they don't go where they should, impacting on individual's wellbeing. It also damages people's professional reputations and erodes trust in individuals and within organisations.



Industry

Fraud against public bodies can result in distorted markets where fraudsters obtain a competitive advantage and drive legitimate business out. It can also disrupt supply chains across markets for organisations.



Security

Fraud against public bodies can compromise national defence and security, putting service men and women, and citizens at risk. It can also damage a country's international standing.



Government outcomes

Fraud against public bodies compromises the government's ability to deliver services and achieve intended outcomes. Money and services are diverted away from the intended targets.



Government system

Fighting fraud drains government resources across multiple key areas such as welfare, health, education, trade, national security, and justice.



Environmental

Fraud against public bodies can lead to immediate and long-term environmental harm through pollution and damage to ecosystems and biodiversity. It can also result in significant clean-up costs.



Reputational

Fraud against government programmes can result in an erosion of trust in New Zealand's public institutions, which in turn can lead to a loss of international reputation.



Financial

Fraud against public bodies can result in the loss of between 0.5% and 5% of their spending, based on international estimates.



Business

Fraud against government programmes can result in significant business costs that go well beyond the direct financial loss.