



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

29 MAR 2017

On 16 January 2017, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- *Figures showing the amount of Student Allowance fraud discovered between 2006 and 2016:*
 - *Please provide the total amount defrauded for each calendar year and the number of cases.*
 - *Also for each calendar year please also provide the top three amounts defrauded.*
 - *For 2016, please list how many Student Allowance fraud cases were discovered, and the total amount defrauded in each case.*
 - *For the 10 worst cases in 2016 please provide a brief summary (no identifying particulars are necessary if it will result in a privacy refusal under the OIA) of each case (e.g. lying about parental income.).*

The Ministry of Social Development does not tolerate fraud and misuse of taxpayers' money is taken seriously. The Ministry has a number of processes in place to ensure students are aware of their obligations when they receive student support and to reduce instances of deliberate fraud or accidental overpayment.

A debt for Student Allowance may be established for a number of reasons, including when a student's circumstances change and StudyLink is not notified, such as beginning employment, a change in enrolment details, increasing hours of employment or a change in relationship status.

As part of their application for a Student Allowance, students, and parents of applicants under 24 years of age, sign a declaration confirming that:

- the information they have provided to StudyLink is true and correct and
- they understand that if the information is not correct they will have to pay back any overpayment, plus collection costs and they may be prosecuted.

To validate the information provided by allowance applicants the Ministry undertakes electronic matching with:

- education providers to verify applicants' enrolment details
- the Ministry of Education to confirm returning students passed more than half of a full-time course the last time they received a Student Allowance
- Inland Revenue to identify students who may have received income they have not declared.

In addition to these measures, the Ministry also carries out further checks on a randomly selected sample of applicants.

When information is provided to the Ministry suggesting students may have made a false statement, or may not have advised StudyLink of a change in their circumstances which could affect their entitlement to Student Allowance, the allegation is always taken seriously and acted on.

To identify fraud StudyLink undertakes a number of actions including:

- A sample check of applications by receiving evidence of all income changes declared
- information matching with Inland Revenue, to detect students who may not be declaring PAYE income they have earned.

For the purposes of this response, the Ministry have defined fraud as cases investigated that are then successfully prosecuted.

The answers to questions one, two and three are provided in two tables below:

Table one: The number of clients who had an overpayment of Student Allowance that have been successfully prosecuted for fraud and the total dollar value of fraud, resulting from a prosecution, for calendar years from 2006 to 2016.

Calendar Year	Total Number of Successful Fraud Cases	Total Amount Defrauded (dollar value)
2006	14	\$184,885.62
2007	24	\$176,102.86
2008	14	\$110,914.25
2009	16	\$130,006.57
2010	7	\$71,440.47
2011	8	\$130,642.75
2012	6	\$14,994.36
2013	11	\$43,152.16
2014	8	\$30,909.60
2015	9	\$65,754.95
2016	10	\$39,992.81

Table two: The top three total dollar value amounts of fraud for clients who had an overpayment of Student Allowance that has been successfully prosecuted for fraud for the calendar years from 2006 to 2016.

Calendar Year	Highest Value (dollar amount)	Second Highest Value (dollar amount)	Third Highest Value (dollar amount)
2006	\$78,907.58	\$28,201.33	\$15,053.47
2007	\$16,406.88	\$12,249.90	\$11,536.84
2008	\$15,022.73	\$13,596.42	\$10,194.40
2009	\$20,107.95	\$17,010.96	\$11,602.06
2010	\$31,706.58	\$16,020.84	\$8,515.62
2011	\$30,358.74	\$25,960.00	\$23,253.27
2012	\$5,564.53	\$4,148.63	\$2,789.92
2013	\$14,212.16	\$9,067.02	\$6,202.44
2014	\$8,545.14	\$7,005.96	\$5,371.52
2015	\$30,752.50	\$17,833.62	\$4,427.30
2016	\$10,374.08	\$9,095.28	\$6,631.97

Note:

- There can be a lag between when a fraud debt is established and when the associated prosecution is completed. Accordingly, comparisons cannot readily be made between fraud prosecutions completed in a year and the fraud debt established in the same year.

In 2012, the Ministry implemented an improved method of reporting for prosecution outcomes, including the Student Allowance component, which is recorded on the Ministry's Investigation Management System (IMS). IMS captures fraud outcomes from 2012 onwards. Prior to 2012, fraud data was recorded in a separate database. For the purposes of this response, figures have been manually collated and may differ from that of previously reported data.

- *For the 10 worst cases in 2016 please provide a brief summary (no identifying particulars are necessary if it will result in a privacy refusal under the OIA) of each case (e.g. lying about parental income.).*

There were a total of 10 Student Allowance prosecutions in the 2016 calendar year. The reasons for these were:

- For not declaring that they were working and earning an income
- For not declaring their true relationship status
- For using an identity belonging to someone else to get a Student Allowance.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

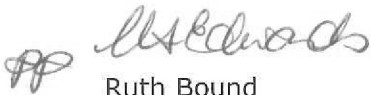
- to create greater openness and transparency about the plans, work and activities of the Government,
- to increase the ability of the public to participate in the making and administration of our laws and policies and
- to lead to greater accountability in the conduct of public affairs.

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 shortly. 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 with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response about Student Allowance fraud, 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.

Yours sincerely



Ruth Bound
Deputy Chief Executive, Service Delivery