



14 AUG 2018



Dear 

On 4 July 2018, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- *The number of employees whose job involves dealing with alleged benefit fraud.*
 - *This should include all staff, whether full time or casual, and not just investigators but anyone involved in the process, for example call centre staff whose job involves answer calls alleging benefit fraud, and people whose job involves dealing with online form allegations.*
- *The number of FTE staff whose job primarily involves dealing with alleged benefit fraud.*
- *The number of dedicated specialist fraud investigators employed. This should include both full-time, part-time, contracted, and casual.*
 - *The total remuneration of these employees.*
- *The number of employees in the Intelligence Unit.*
 - *The total remuneration of these employees.*

Preventing fraud

The Ministry of Social Development (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. The Ministry works hard to protect the integrity of the system to ensure it remains fair for all New Zealanders.

The Ministry has a robust system to detect fraud. In 2016/17 the Ministry successfully prosecuted 431 out of 448 criminal cases, a 96 per cent success rate. The cases involved significant amounts of money that clients had criminally defrauded from the system, some cases occurring over a number of years. On-going investment such as the allegation line is needed to help prevent and detect fraud and protect the Government's investment in the welfare system.

Many overpayment cases the Ministry assesses are not cases of criminal fraud. They are simply cases where a client's circumstances have changed and they have not let the Ministry know. This may happen because the client forgets to tell the Ministry, may not understand they need to let the Ministry know, or haven't let us know before the regular payment cycle has been completed. The Ministry'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 an investigation.

The Ministry invests in fraud prevention because it delivers strong value for the Government and it helps make the system fair for the vast majority of our clients.

Employees who deal with alleged benefit fraud

The Ministry employs around 6,800 staff at more than 170 locations throughout New Zealand. All Ministry staff have some responsibility for being aware of the potential for and the prevention of fraud.

The Ministry has been focusing increased attention on fraud prevention and early intervention activities over recent years, such as providing more support to frontline staff to engage early with clients where they think the client may not be receiving their correct entitlement. The aim is to help the client to do the right thing early, before they incur an overpayment, which may result in an investigation and prosecution.

As the Ministry advised in your response dated 12 June 2018, allegations are assessed based on the level of evidence available to substantiate the level of fraud and risk posed. In some cases, allegations may be referred to a service centre for Case Managers to have follow-up conversations with clients about the allegation received, rather than to Fraud Intervention Services. The Ministry cannot identify how many of these service centre staff would be involved in responding to allegations.

All investigations that result from allegations are managed by dedicated fraud staff. It is important to note that more than 50 per cent of investigations result in an overpayment or an entitlement change. In the 2016/17 financial year, the Ministry established \$44.2 million in overpayments as a result of investigations completed.

I can advise that as at 30 June 2018, there are 180.1 Full Time Equivalent (FTE) staff whose job primarily involves dealing with alleged fraud. This includes staff at Fraud Intervention Services, Intelligence Unit, Allegation Line and Legal Services.

Of these, 98.6 FTE staff are Investigators, and receive a total remuneration of \$6,952,681. There are nine FTE staff in the Intelligence Unit with a total remuneration of \$795,581.

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

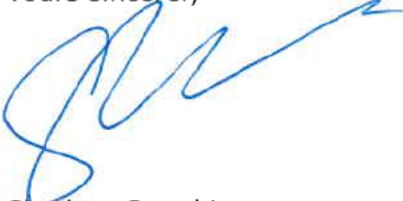
- to lead to greater accountability in the conduct of public affairs.

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 regarding Ministry employees whose job involves dealing with alleged benefit 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



Stephen Crombie
Deputy Chief Executive, Corporate Solutions