



26 JUL 2019



Dear 

On 22 May 2019, you emailed the Ministry requesting, under the Official Information Act 1982, the following figures relating to the Ministry's fraud investigations for the 17/18 year:

1. *Allegation line calls answered*
2. *Public allegations recorded*
3. *Investigations completed*
4. *Investigations closed related to a marriage type relationship*
5. *Overpayments established*
6. *Prosecutions completed*
7. *Successful prosecutions*
8. *Total value of overpayments from successful prosecutions*
9. *Total value of overpayments*

On 10 July 2019, the Ministry provided you with the answers to your questions one through three and five through eight. On 12 July 2019 a Ministerial and Executive Services Advisor telephoned you to discuss your request. You advised that your questions were answered in the email sent on 10 July 2019 bar question four and question nine as listed above.

Your request was refined as outlined in the Notification of Decision as figures relating to the Ministry's fraud investigations for the below for the 17/18 year:

1. *Investigations closed related to a marriage type relationship*
2. *Total value of overpayments*

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 dedicated team of specialist fraud investigators throughout the country, and an Intelligence Unit that identifies emerging fraud risks and trends. The Ministry works with other government agencies to identify and reduce the incidence of fraud and also investigates cases which arise through allegations from members of the public. The Ministry aims to prevent fraud from occurring, with fraud investigations being an element of this work.

Overpayments may be established as a result of a benefit fraud investigation and data matching. At the same time, Fraud Intervention Services (FIS) are increasing their focus on fraud prevention and early intervention activities. For example, fraud investigators are working more closely with front line staff to assist them to have conversations with clients to ensure they understand their obligations to Work and Income, including communicating early about their changing circumstances as this could affect their benefit entitlement.

As at June 2019, the Ministry had 291,969 clients in receipt of a main benefit. Each year the Ministry receives around seven million calls to its contact centres, and performs nearly two million face to face client interactions at front line offices. Benefit fraud represents a very small percentage of the overall numbers.

When an allegation of fraud is received, the information is assessed based on the level of evidence available to substantiate the level of fraud and risk posed. Based on this assessment some cases will not be followed up, for example, when there is insufficient information to warrant further action. Many cases will not result in an investigation but instead we will contact the client to check with them that we understand their circumstances and they have their correct entitlement.

The Ministry wants to ensure that it provides clients with information that helps them understand what help they can receive and in turn encourage people to tell us when their situation changes.

Where the information provided by the alleged is more detailed and substantial, the case will be referred to a fraud team for review. A further assessment is then completed by the fraud team to determine what, if any, action they will take.

Investigations may end for a range of reasons, for example new information becoming available, not enough information being available or completion of the investigation with a finding made. As such, the Ministry has interpreted question one as the number of investigations that have been recorded as 'complete', because this is the data that is most statistically meaningful.

The Ministry is providing two sets of data in this response. You have previously been provided with data on all incidents of overpayments being looked into as investigations. This included cases which whilst labelled as investigations in our system, were not in fact investigations conducted by FIS, as well as incidents of internal fraud.

The Ministry now considers reporting on FIS data only to more accurately reflect the number of investigations completed and the outcome from those investigations. You are also provided with the FIS only data set in this response. For future requests, the Ministry will be reporting on benefit fraud statistics in this way.

The following table shows data relating to the total number of investigations completed with a relationship line of enquiry for the 2015/16 to 2017/18 financial years and the number of overpayments established in millions of dollars. Investigations completed may relate to several lines of inquiry, including a relationship line of inquiry.

**Table One: The total number of investigations completed with a relationship line of enquiry for the 2014/15 to 2017/18 financial years and the number of overpayments established in millions of dollars.**

Item	Year ending 30 June			
	2015	2016	2017	2018
<b>Overpayments established all Investigations</b>	1,619	2,250	1,829	1,664
<b>Overpayments established FIS Investigations</b>	1,599	2,234	1,829	1,663
<b>Value of Overpayments established from FIS Investigations</b>	\$51.7	\$48.5	\$43.9	\$35.7
<b>Investigations completed with a relationship line of enquiry</b>	6,131	3,724	3,042	3,094
<b>FIS Investigations completed with a relationship line of enquiry</b>	3,153	2,138	2,662	2,739

**Notes:**

- Overpayments established indicates that an action was taken. However, there is an unknown number of cases where the benefit may have been adjusted but no overpayment established.
- When an investigation is completed and an overpayment established, this does not mean that the client has committed fraud. There are situations where an overpayment can occur with no fraud.
- This data is a count of investigations completed, not a count of people. A person may have more than one investigation in a period and an investigation may involve multiple people.
- Investigations completed do not directly relate to allegations received and investigations may not be completed in the year that the allegation is received.

Not all investigations completed are serious high risk fraud. Over the period covered in the table, an average of around 2,300 serious high risk fraud cases (across all lines of enquiry) were investigated each year. This is about 17 percent of the 13,250 allegations we get every year.

These serious high risk investigations are not the only investigations we do, which is why the numbers supplied show an average greater than 2,300. Many investigations will not involve a formal investigation process, or the gathering of information from third parties. In terms of relationships, staff will often talk with the client to make sure they fully understand how their circumstances can affect their entitlements. If this discussion reveals that the new relationship has similar characteristics to being in a relationship in the nature of marriage, the client's payments will be adjusted. Depending on the stage of the relationship it often means the client's entitlement is adjusted going forward, instead of applying an overpayment.

The Ministry does not investigate lightly – 71 percent of investigations result in either the person having an overpayment or a change to their benefit rate. When we do prosecute (about 300 cases a year), over 95% percent of prosecutions are successful.

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](mailto:OIA_Requests@msd.govt.nz).

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



George Van Ooyan  
**Group General Manager, Client Service Delivery**