



12 JUN 2018

Dear [REDACTED]

On 24 April 2018, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- *How many reports of benefit fraud MSD received in 2017.*
 - *How many of these reports resulted in:*
 - *Action taken against the beneficiary reported.*
 - *Legal action taken against the beneficiary reported.*
 - *Benefit sanction(s) against the beneficiary reported.*
 - *A full benefit cut for the beneficiary reported.*
 - *Action taken against the person who reported the alleged benefit 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 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.

No action is taken against people who report alleged benefit fraud. Also the majority of allegations received by the Ministry are anonymous. When an allegation 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, because there is insufficient information to warrant further action. Some cases may be referred to Service Centres for Case Managers to have follow-up conversations with clients about the allegation received.

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 investigation.

The following table shows data relating to allegations, investigations and prosecutions for the 2016/17 financial year.

	2016/17
Allegations received from all channels	8,968
Investigations completed	5,992
Overpayments established	1,829
Prosecutions completed	448
Successful prosecutions	431

Notes:

- Investigations completed do not relate directly to the allegations recorded, as investigations may not be completed in the same year that they are received.
- Overpayments established indicate an action was taken however there are an unknown number of cases where the benefit may be adjusted but no overpayment established.
- When an investigation is completed and an overpayment established, it does not mean that the client has committed fraud. There are situations where overpayment occurs but no fraud.
- Prosecutions do not relate directly to the investigations completed as prosecutions may not be completed in the year that investigations are completed.
- Allegations received can be from members of the public, internal staff, and in some cases from external agencies.
- The number of allegations received is less than the number of calls received through the allegation line, as some allegations are screened out before information is entered into our systems, because for example the person about whom the allegation made is not receiving income support.

The Ministry has 276,041 clients, and received around 7 million calls to its contact centres and performed around 1.9 million face to face client interactions at front line offices last year. Benefit fraud represents a very small percentage of the overall numbers. The Ministry successfully prosecuted 96 per cent of the cases it took in 2016/17.

On 1 May 2018, you clarified that your request relating to 'benefit sanctions', as referring to consequences for committing fraud, for example whether a client is required to repay a fraud debt at a higher rate.

The Ministry is vigilant when dealing with clients who have previously committed benefit fraud and extra requirements are placed on these clients requiring them to meet with us face to face and provide additional verification when they've told us about a change in their circumstances. When the Ministry determines a debt is owed, it is required to be repaid. The rate of repayment is negotiated with the client taking into account their individual circumstances. However where a case is prosecuted, the Court may order reparation to be paid at a different rate.

As noted about the data above, the establishment of an overpayment or the decision to prosecute, are an indication that action was taken due to an allegation. However, there will be cases where a benefit may be adjusted or cancelled but no overpayment is established or the client is not prosecuted. For example, if after discussion with the client it is determined that the new relationship has similar characteristics to being in a relationship in the nature of marriage, a clients entitlement is reviewed. Depending on the stage of the new relationship entitlements may be adjusted going forward but no overpayment established.

When an investigation has been completed and it is determined that a client has no ongoing entitlement to their benefit, it will be cancelled.

In order to provide you with the number of allegations where action was taken and the number of benefit cancellations due to an investigation, Ministry staff would have to manually review thousands of files. As such I refuse this part of your request under section 18(f) of the Official Information Act. The greater public interest is in the effective and efficient administration of the public service.

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

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, 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



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