



15 JUN 2018

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Dear [REDACTED]

On 23 April 2018, you emailed the Ministry requesting, under the Official Information Act 1982, information regarding allegations of fraud. On 27 April 2018, you clarified your request to be for the following information:

- *For the past five financial years:*
  - *How many calls does the tip off line get each year?*
  - *How many of the calls are investigated?*
  - *How many are substantiated?*
  - *How many result in action being taken against a beneficiary?*
  - *How many allegations made via the tip-off line aren't substantiated?*
  - *How many of the calls made to the tip-off line relate to relationships?*

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.

At the same time, we are increasing our 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 good conversations with clients to ensure they understand their obligations to tell us early about their changing circumstances when this could affect their benefit entitlement.

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 between the financial years 2012/13 and 2016/17.

|   | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---|---------|---------|---------|---------|---------|
| Allegation Line calls answered                                | 16,772  | 14,587  | 14,647  | 13,940  | 11,834  |
| Public allegations recorded                                   | 16,008  | 14,736  | 11,592  | 8,898   | 8,393   |
| Investigations completed (Total)                              | 10,033  | 7,650   | 10,491  | 8,689   | 5,992   |
| Investigations closed related to a marriage type relationship | 5,834   | 4,562   | 6,117   | 3,838   | 3,100   |
| Overpayments established                                      | 1,902   | 2,270   | 1,619   | 2,250   | 1,829   |
| Prosecutions completed  | 957     | 888     | 951     | 616     | 448     |
| Successful prosecutions                                       | 906     | 865     | 922     | 595     | 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.
- Investigations "completed" are cases where the investigation has been finalised, however this would include cases where prosecution may be continuing but not yet finalised.
- Investigations "closed" includes all cases completed including those where a prosecution has been finalised.
- Allegations received can be from members of the public, internal staff, and in some cases from external agencies.
- The number of allegations recorded can be 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 it's 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.

The Ministry is unable to provide you with the number of allegations received from the Allegation Line that relate to relationships, as a relationship line of inquiry can be added to the record at any time following the allegation, eg during the subsequent investigation. In order to provide you with this information Ministry staff would need to review individual files to determine why the relationship line of inquiry was added and whether this has been recorded at the time the allegation was received. As such, this part of your request is refused under section 18(f) of the Official Information Act as The greater public interest is in the effective and efficient administration of the public service. The Ministry can however report data about the number of investigations closed with a marriage type relationship line of inquiry and this information is provided in the table above.

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 information regarding the number of allegations received through the Allegation Line that are substantiated and have resulted in action taken, Ministry staff would have to manually review thousands of files. As such I refuse these parts 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](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response concerning fraud allegations, 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



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