



13 MAY 2019

Dear [REDACTED]

Thank you for your email of 12 March 2019, in which you requested, under the Official Information Act 1982, information regarding investigations and prosecutions for benefit fraud. Specifically you requested:

- *How many people have been investigated for benefit fraud in the last year*
- *How many people have been prosecuted for benefit fraud in the last year*
- *The nature of those breaches - the specifics of what they were prosecuted for and how much money was involved*
- *A breakdown of how many people have been prosecuted for benefit fraud in the last three years - 2016, 2017, 2018*

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, National Fraud Teams and the Integrity Intervention Centre 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 good conversations with clients to ensure they understand their obligations to tell Work and Income early about their changing circumstances as this could affect their benefit entitlement.

As at the end of December 2018, the Ministry had 299,345 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, because 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 have their entitlement correct.

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. A further assessment is then completed by the fraud team to determine what, if any, action they will take.

The following table shows data relating to the total number of investigations and prosecutions for the 2015/16 to 2017/18 financial years and the resultant overpayments established.

	2015/16	2016/17	2017/18
Investigations completed (Total)	8,689	5,992	5,490
Investigation overpayments established	\$48.9m	\$44.2m	\$35.8m
Prosecutions completed	619	453	291
Prosecutions - successful	598	436	277
Prosecution – successful overpayments established	\$24.1,	\$19.1m	\$13.9m

Notes:

- Overpayments established indicate an action was taken. However, there are 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, 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.

As noted about the data above, the establishment of an overpayment or the decision to prosecute, indicates 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 client’s 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.

Clients who have committed fraud, and have been in receipt of a benefit for a longer duration, are more likely to have committed this fraud over a longer period. The length of offending is a significant factor in determining which cases the Ministry investigates and prosecutes as it is correlated with both an increased number of times that the client may have lied to the Ministry and to a larger cumulative overpayment.

You also asked for a breakdown of the nature of the breaches and the specifics of what they were prosecuted for and how much money was involved. It is not possible to report this in a meaningful way for a variety of reasons. The enclosed data is the

number of people, not prosecutions as a prosecution may include multiple people and the charge(s) that they were prosecuted for do not relate directly to the type of benefit being received. For example, charges may relate to someone providing a false statement, omitting to advise the Ministry of their true personal circumstances and using a false document; where the charges may relate to whatever benefits the person may have been receiving over a period of time. It is also not possible to attribute a value to each charge. As such, I am unable to provide this breakdown under section 18(g) of the Act as the information is not held in a way that it can be reported. However, I can advise that of the 291 prosecutions completed in 2017/18, in 180 cases the investigation included an element of marriage type relationship fraud.

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 and any attached documents available to the wider public shortly. The Ministry will do this by publishing this letter and attachments 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 concerning allegations of 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



George Van Ooyen
Group General Manager Client Service Support