



10 SEP 2018

Māmari Stephens  
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Dear Ms Stephens

On 9 July 2018, you emailed the Ministry requesting, under the Official Information Act 1982, the following information:

- *What percentage of all debt established between 2011 and the end of 2017 was the result of fraud?*

Between 2010/11 and 2016/17, seven per cent of debt created was a result of fraud. You will notice an increase in the proportion of debt established in 2013/14 that was a result of fraud. This follows the introduction of the Inland Revenue Information Sharing (IRIS) program which initially covered some cases over a longer period.

The table below shows a breakdown per year of the percentage of debt that was the result of fraud. Please note, these figures are where the fraud teams have assigned the breach code as "fraudulent". If a breach is not coded as "fraudulent" it is not determined by the Ministry to be classified as fraud. Not all fraudulent debt is associated with a prosecution as a range of factors go into determining whether prosecution action is taken.

<b>Financial year</b>	<b>Proportion of debt established resulting from fraud (%)</b>
2010/11	5.9
2011/12	6.2
2012/13	7.1
2013/14	11.2
2014/15	8.4
2015/16	6.0
2016/17	4.6

Benefit fraud represents a very small percentage of the overall numbers. The majority of debt that clients have with the Ministry is debt established for recoverable assistance such as Special Needs Grants or overpayments where payments haven't been adjusted in time to reflect peoples' changes in circumstances.

When an allegation is received, the information is assessed based on the quality of information available to assess the level of fraud risk posed. Some cases will not be followed up, for example, when the information provided is already known to the Ministry or 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 and their current circumstances.

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 they haven't let us know before the regular payment cycle has been completed.

It is worth noting that over 50 per cent of investigations result in an overpayment or an entitlement change. 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.

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, 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



Dwina Dickinson  
**Group General Manager, Client Service Support**