



27 July 2026

Tēnā koe

Official Information Act request

Thank you for your request of 29 June 2026, requesting information about the estimated cost of welfare fraud, and any information on the use of AI or automated fraud detection systems.

I have considered your request under the Official Information Act 1982 (the Act). Please find my decision on each part of your request set out separately below.

- 1. Details of all artificial intelligence, machine learning, predictive analytics, data-matching, risk-scoring, or automated fraud detection systems currently used by the Ministry in relation to benefit administration, compliance, investigations, or fraud prevention.*
- 2. Copies of any business cases, discussion papers, policy advice, reports, assessments, or briefings prepared since 1 January 2023 concerning the use of artificial intelligence or advanced analytics to identify welfare fraud or benefit misuse.*
- 3. Details of any proposals, pilot programmes, trials, feasibility studies, or projects currently underway or under consideration to expand the use of artificial intelligence for welfare compliance or fraud detection purposes.*
- 5. Copies of any correspondence, advice, reports, or communications between the Ministry and Ministers regarding the use of artificial intelligence to improve welfare compliance, detect fraud, reduce improper payments, or recover overpayments.*
- 6. Details of any concerns, limitations, risks, privacy considerations, legal barriers, or policy objections identified by the Ministry regarding the expanded use of artificial intelligence in detecting welfare fraud.*
- 7. Any comparisons, benchmarking exercises, or reviews undertaken by the Ministry concerning the use of artificial intelligence for fraud detection by Inland Revenue, overseas welfare agencies, insurance providers, financial institutions, or other public sector organisations.*
- 8. Details of any planned future investment in artificial intelligence, predictive analytics, or automated compliance technologies intended to improve the detection of welfare fraud or misuse of public funds.*

Your request for this information is refused under section 18(e) of the Act as the documents alleged to contain this information do not exist. The Ministry does not

currently employ A.I. models or automated fraud detection systems to detect and identify any potential fraud against the benefit system.

4. Any estimates held by the Ministry regarding:

(a) the annual cost of welfare fraud;

(b) the estimated value of undetected welfare fraud; and

(c) potential savings that could be achieved through increased use of artificial intelligence or automated detection systems.

The Ministry does not hold an estimate of the total amount of fraud and misuse in the welfare system, or potential savings that could be achieved through the use of A.I. or with automation.

Therefore, I am refusing your request under section 18(g) of the Act as the information you had requested is not held by the Ministry and I have no grounds to believe that the information is either held by or closely connected to the functions of another department, Minister of the Crown or organisation.

However, the Ministry is aware of work undertaken by the UK Government Counter Fraud Function to estimate loss to the New Zealand public sector, as commissioned by the Serious Fraud Office in 2021. A report on this work is publicly available and can be found here: www.sfo.govt.nz/assets/UKGCFF-NZ-Fraud-Evidence-Base-December-2021.pdf

I will be publishing this decision letter, with your personal details deleted, on the Ministry's website in due course.

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 my decision on your request, 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.

Ngā mihi nui

pp.



Anna Graham
General Manager
Ministerial and Executive Services