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Tēnā koe e te rangatira

## **Netsafe briefing to incoming Minister of Commerce and Consumer Affairs - scams and online fraud**

Congratulations on your election and appointment as Minister of Commerce and Consumer Affairs. You're likely to be scanning briefings from officials to inform your thinking on priorities. As you do, please consider our briefing on scams and online fraud alongside briefings from your department. As Minister of Commerce and Consumer Affairs you have levers at your disposal to help prevent scams and assist New Zealanders who have been victims of online fraud.

The attached briefing to incoming ministers tells you about Netsafe, the work we do with government and community, and rising levels of online harm in Aotearoa New Zealand. In this letter we focus on issues for the Consumer Affairs part of your portfolio, the work we do to help New Zealanders avoid online scams, and how you can help.

### *Netsafe work on scams and fraud prevention*

Netsafe provides information on the latest scams, tips on how to avoid them and operates the busiest scam reporting hotline in the country. More than 15,000 mums and dads callers reach out to Netsafe for help with scams each year.

We also operate scam tools such as [CheckNetafe](#) and the [Little Black Book of Scams](#), and have partnered with Chorus to support seniors with scams. We are currently working with DDB NZ to revive Re:Scam, Netsafe's artificially intelligent email bot that replies to scam emails. This project will waste scammer's time with a never-ending series of questions.

There are significant costs associated with recording, reporting and referring scam/fraud incidents and helping with victim recovery work. None of the support we provide to consumers is funded by government or other organisations in the wider online fraud ecosystem (such as banks and utilities providers).

### *Scams are on the rise*

The volume and sophistication of scams is escalating. So much so that it is becoming increasingly difficult for citizens to distinguish between scams and legitimate communications.

In 2023 Netsafe partnered with the Global Anti-Scam Alliance to produce a country specific SCAMs report. We found that 62 percent of kiwis encounter a scam at least once per month, and 55 percent have experienced a rise in scams over the past 12 months. Most scams are received via email, with a range of approaches such as using credit card information to make unauthorised purchases, fake investment opportunities, online purchases that never arrive, and fraudulent requests for donations. Seventeen percent of the respondents lost money in a scam.

The full report is available at: <https://netsafe.org.nz/wp-content/uploads/2023/11/State-of-Scam-ResearchF2.pdf>.

The financial losses from online frauds and scams were estimated to be around **\$35m** in 2022. However, with Police data showing that 93 percent of fraud and deception and 97 percent of cybercrime not being reported, conservatively the true cost of online fraud could be over **\$305m a year**.

### *How you can make a difference*

Scammed citizens need immediate assistance followed by support to rebuild their online lives. Prevention and awareness raising are also important. In most like-minded jurisdictions scammed citizens have access to NGO-provided anti-scam support funded by government and industry. While government agencies and industry recognise the scam problem in New Zealand, there has been limited progress in advancing a solution. Netsafe provides some support to scammed citizens but is not currently funded to do so.

Netsafe recommends that the Government urgently start working with Netsafe and other members of the Fraud Interagency Working Group to develop and fund anti-scam initiatives. Options include:

- the establishment of a Government, law enforcement, NGO and industry cross discipline Anti Scam Centre that co-locates staff with an interest and ability to fight scams. Two models to draw on include Singapore's public private partnership co-located with law enforcement <https://www.gasa.org/post/anti-scam-centre-of-the-singapore-police-force-fighting-scams-is-a-community-effort> and Australia's Anti-Scam Centre established through Consumer Protection agencies the ACCC and ASIC and run by an Advisory Board <https://www.accc.gov.au/national-anti-scam-centre>
- investing in Netsafe's incident management channels like 0508 Netsafe and associated database and reporting infrastructure to better join up the scams and frauds data and intelligence ecosystem
- resourcing Netsafe to publish warnings and alerts and triage reports
- commissioning Netsafe to deliver community fraud and scam prevention education sessions.
- Resourcing Netsafe Lab to offer placements and residencies for technical specialists to deliver free consumer scam disruption tools and projects in collaboration with the private sector and support ongoing data analysis, intelligence gathering and disruption of scammers
- Resourcing Netsafe to provide scam victim remediation work including scam recovery programmes, asset recovery work and victim remediation activities.

### *A meeting to discuss*

Netsafe would very much appreciate a meeting with you to introduce ourselves and discuss online harm issues for Consumer Affairs. Barb Wright, our Executive Assistant can be contacted at [barbw@netsafe.org.nz](mailto:barbw@netsafe.org.nz) or by mobile phone +64 21 925 910 and she can setup meeting arrangements.

Congratulations again and I look forward to working with you and the incoming Government.

Ngā manaakitanga



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Brent Carey  
Chief Executive Officer