

Vote Serious Fraud

APPROPRIATION MINISTER(S): Minister of Police (M51)

APPROPRIATION ADMINISTRATOR: Serious Fraud Office

RESPONSIBLE MINISTER FOR SERIOUS FRAUD OFFICE: Minister of Police

Overview of the Vote

The Minister of Police is responsible for appropriations in Vote Serious Fraud for the 2019/20 financial year covering the following:

- a total of nearly \$10 million for detecting, investigating and prosecuting cases of serious financial crime. This includes activities directed at making the commission of financial crimes more difficult, and its detection and prosecution more effective, and
- a total of \$100,000 for the purchase or development of assets and intangibles.

Details of these appropriations are set out in Parts 2-4.

Details of Appropriations and Capital Injections

Annual Appropriations and Forecast Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Investigation and Prosecution of Serious Financial Crime (M51) This appropriation is limited to detecting, investigating and prosecuting serious financial crimes by the Serious Fraud Office, and includes activities directed at making the commission of financial crimes more difficult, and detection and prosecution more effective.	10,742	10,592	9,619
Total Departmental Output Expenses	10,742	10,592	9,619
Departmental Capital Expenditure			
Serious Fraud Office - Capital Expenditure PLA (M51) This appropriation is limited to the purchase or development of assets by and for the use of the Serious Fraud Office, as authorised by section 24(1) of the Public Finance Act 1989.	250	250	100
Total Departmental Capital Expenditure	250	250	100
Total Annual Appropriations and Forecast Permanent Appropriations	10,992	10,842	9,719

Capital Injection Authorisations

	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Serious Fraud Office - Capital Injection (M51)	-	-	-

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2018/19 Final Budgeted \$000	2019/20 Budget \$000	2020/21 Estimated \$000	2021/22 Estimated \$000	2022/23 Estimated \$000
Anti-Corruption Work Programme	Investigation and Prosecution of Serious Financial Crime (M51)	490	-	-	-	-
Total Initiatives		490	-	-	-	-

1.2 - Trends in the Vote

Summary of Financial Activity

	2014/15	2015/16	2016/17	2017/18	2018/19		2019/20			2020/21	2021/22	2022/23
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Final Budgeted \$000	Estimated Actual \$000	Departmental Transactions Budget \$000	Non- Departmental Transactions Budget \$000	Total Budget \$000	Estimated \$000	Estimated \$000	Estimated \$000
Appropriations												
Output Expenses	8,945	8,853	9,418	10,099	10,742	10,592	9,619	-	9,619	9,619	9,619	9,619
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	283	204	122	825	250	250	100	-	100	100	140	140
Intelligence and Security Department Expenses and Capital Expenditure	-	-	-	-	-	-	-	N/A	-	-	-	-
Multi-Category Expenses and Capital Expenditure (MCA)												
<i>Output Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other Expenses</i>	-	-	-	-	-	-	-	-	-	-	-	-
<i>Capital Expenditure</i>	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Appropriations	9,228	9,057	9,540	10,924	10,992	10,842	9,719	-	9,719	9,719	9,759	9,759
Crown Revenue and Capital Receipts												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
Total Crown Revenue and Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-

Note - where restructuring of the vote has occurred then, to the extent practicable, prior years information has been restated as if the restructuring had occurred before the beginning of the period covered. In this instance Total Appropriations for the Budgeted and Estimated Actual year may not equal Total Annual Appropriations and Forecast Permanent Appropriations and Multi-Year Appropriations in the Details of Appropriations and Capital Injections.

Adjustments to the Summary of Financial Activity Table Due to Vote Restructuring

There have been no restructuring adjustments to prior year information in the Summary of Financial Activity table.

1.3 - Analysis of Significant Trends

Total Vote: All Appropriations

Increased Output Expenses in 2016/17 were the result of additional personnel costs of \$456,000. This was due to in part to more staff vacancies being filled throughout the year and cover for staff on secondment to other government agencies. Another contributing factor was the biennial Fraud and Corruption Conference that cost \$88,000.

A Budget 2017/18 initiative for a Case and Evidence Management System provided for \$730,000 operating and \$660,000 capital in 2017/18, with an additional \$284,000 operating expenditure in each outyear thereafter.

In 2018/19, additional expenditure of \$490,000 was due to the implementation of a national Anti-Corruption Work Programme. The Serious Fraud Office (SFO) hosted the biennial Fraud and Corruption Conference and an Economic Crime Agencies Network meeting with a combined cost of \$133,000. The New Zealand contribution to the International Anti-Corruption Co-ordination Centre (IACCC) continued in 2018/19 costing \$91,000. Other items of additional expenditure included assistance to the Vanuatu Office of Public Prosecutions and provision of a multi-agency Electronic Forensic Investigator.

Part 2 - Details of Departmental Appropriations

2.1 - Departmental Output Expenses

Investigation and Prosecution of Serious Financial Crime (M51)

Scope of Appropriation

This appropriation is limited to detecting, investigating and prosecuting serious financial crimes by the Serious Fraud Office, and includes activities directed at making the commission of financial crimes more difficult, and detection and prosecution more effective.

Expenses and Revenue

	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	10,742	10,592	9,619
Revenue from the Crown	10,110	10,110	9,534
Revenue from Others	632	482	85

What is Intended to be Achieved with this Appropriation

This appropriation is intended to increase business and investor confidence in the integrity of New Zealand's financial markets and increase the public and victims' confidence that those who commit financial crime are held to account in order to achieve the outcome of a confident business environment and a just society that is largely free of serious financial crime.

How Performance will be Assessed and End of Year Reporting Requirements

	2018/19		2019/20
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Timeliness: Percentage of complaints evaluated within 30 working days	80%	80%-90%	80%
Quantity: Number of Part 1 enquiries commenced	30-40	28-30	30-40
Timeliness: Percentage of enquiries completed within three months	80%	60%-80%	80%
Quantity: Number of Part 2 investigations commenced	14-16	13-14	14-16
Timeliness: Percentage of Part 2 investigations completed within targeted time (see Note 1)	Cat.A: 50% within 18mths Cat.B: 60% within 12mths	Cat.A: 50-60% under 18mths Cat.B: 40-60% under 12mths	Cat.A: 50% within 18mths Cat.B: 60% within 12mths
Quality: Percentage of formal post-investigation reviews that meet SFO quality criteria	90%	90%	90%
Quantity: Number of cases brought to prosecution	10-12	8-10	10-12
Quality: Percentage of defendants convicted	80%	100%	80%
Quality: Percentage of formal post-prosecution reviews that meet SFO quality criteria	90%	90%	90%

Note 1 - Category A cases are those that involve high complexity. For example a case that may contain one or more of the following: a significant number of victims, large scale loss or a long period of alleged offending; multiple alleged suspects; inter-agency cooperation; international assistance; legal complexity.

Category B cases are all other cases.

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Serious Fraud Office's 2019/20 Annual Report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2018/19 Final Budgeted \$000	2019/20 Budget \$000	2020/21 Estimated \$000	2021/22 Estimated \$000	2022/23 Estimated \$000
Anti-Corruption Work Programme	2018/19	490	-	-	-	-
Case and Evidence Management System	2017/18	295	295	295	295	295
New Zealand contribution to the International Anti-Corruption Co-ordination Centre initiative	2017/18	91	-	-	-	-
Share of costs for Budget 2015 whole-of-government initiatives	2015/16	(15)	(15)	(15)	(15)	(15)
'Right Sizing' the Serious Fraud Office	2015/16	2,030	2,030	2,030	2,030	2,030

Reasons for Change in Appropriation

The decrease in this appropriation for 2019/20 is due to a return to base operating expenditure following completion of prior year initiatives, being the Anti-Corruption Work Programme and national contribution to the International Anti-Corruption Co-ordination Centre.

2.3 - Departmental Capital Expenditure and Capital Injections

Serious Fraud Office - Capital Expenditure PLA (M51)

Scope of Appropriation

This appropriation is limited to the purchase or development of assets by and for the use of the Serious Fraud Office, as authorised by section 24(1) of the Public Finance Act 1989.

Capital Expenditure

	2018/19		2019/20
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	240	240	90
Intangibles	10	10	10
Other	-	-	-
Total Appropriation	250	250	100

What is Intended to be Achieved with this Appropriation

This appropriation is intended to ensure that assets and intangibles required to support the delivery of the SFO's services are routinely renewed and maintained. Expenditure is in accordance with the SFO's capital expenditure plan.

How Performance will be Assessed and End of Year Reporting Requirements

	2018/19		2019/20
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
The capital plan developed and managed throughout year	Capital plan for implementation by 30 June 2018	Completed by 30 June 2018	Capital plan for implementation by 30 June 2019

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Serious Fraud Office's 2019/20 Annual Report.

Reasons for Change in Appropriation

The decrease in this appropriation for 2019/20 is due to the variable amount and cost of assets required to be replaced in any given year in accordance with the asset replacement programme.

*Capital Injections and Movements in Departmental Net Assets***Serious Fraud Office**

Details of Net Asset Schedule	2018/19 Estimated Actual \$000	2019/20 Projected \$000	Explanation of Projected Movements in 2019/20
Opening Balance	1,112	1,112	
Capital Injections	-	-	
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	1,112	1,112	