

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 2020/21 financial year covering the following:

- a total of nearly \$13 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.

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	2019/20		2020/21
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Departmental Output Expenses			
Investigation and Prosecution of Serious Financial Crime (M51)	10,164	10,164	12,509
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.			
Total Departmental Output Expenses	10,164	10,164	12,509
Departmental Capital Expenditure			
Serious Fraud Office - Capital Expenditure PLA (M51)	175	175	226
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.			
Total Departmental Capital Expenditure	175	175	226
Total Annual Appropriations and Forecast Permanent Appropriations	10,339	10,339	12,735

Capital Injection Authorisations

	2019/20		2020/21
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Serious Fraud Office - Capital Injection (M51)	-	-	126

Supporting Information

Part 1 - Vote as a Whole

1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2019/20 Final Budgeted \$000	2020/21 Budget \$000	2021/22 Estimated \$000	2022/23 Estimated \$000	2023/24 Estimated \$000
'Protecting New Zealand as a Safe Place to Do Business' initiative	Investigation and Prosecution of Serious Financial Crime (M51)	-	2,320	2,376	2,435	2,522
Anti-Corruption Work Programme	Investigation and Prosecution of Serious Financial Crime (M51)	285	570	579	-	-
Total Initiatives		285	2,890	2,955	2,435	2,522

1.2 - Trends in the Vote

Summary of Financial Activity

	2015/16	2016/17	2017/18	2018/19	2019/20		2020/21			2021/22	2022/23	2023/24
	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	8,853	9,418	10,099	10,185	10,164	10,164	12,509	-	12,509	12,574	12,054	12,141
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	204	122	825	205	175	175	226	-	226	140	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	9,057	9,540	10,924	10,390	10,339	10,339	12,735	-	12,735	12,714	12,194	12,281
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's 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 more staff vacancies being filled throughout the year, cover for staff on secondment to other government agencies and hosting the biennial Fraud and Corruption Conference.

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

Additional expenditure of \$490,000 in 2018/19 was due to the implementation of a national Anti-Corruption Work Programme. The Serious Fraud Office 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) cost \$91,000. Other items of additional expenditure included assistance to the Vanuatu Office of Public Prosecutors and provision of a multi-agency Electronic Forensic Investigator.

In 2019/20, multi-agency commitments to a national Anti-Corruption Work Programme and an Electronic Forensic investigation service were continued. Assistance was provided to the Vanuatu Office of Public Prosecutors.

An increase in expenditure from 2020/21 will allow the Serious Fraud Office to meet existing demand for increasingly complex financial crime investigations and facilitate organisational resilience. The national Anti-Corruption Work Programme will continue for the next two years to 2021/22 at a cost of less than \$600,000 per annum.

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

	2019/20		2020/21
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	10,164	10,164	12,509
Revenue from the Crown	9,819	9,819	12,424
Revenue from Others	345	345	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

	2019/20		2020/21
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
Timeliness: Percentage of complaints evaluated within 30 working days	80%	90%-95%	80%
Quantity: Number of Part 1 enquiries commenced	30-40	26-30	28-32
Timeliness: Percentage of enquiries completed within three months	80%	50%-70%	80%
Quantity: Number of Part 2 investigations commenced	14-16	10-11	10-14
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	6-7	8-10
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 2020/21 Annual Report.

Current and Past Policy Initiatives

Policy Initiative	Year of First Impact	2019/20 Final Budgeted \$000	2020/21 Budget \$000	2021/22 Estimated \$000	2022/23 Estimated \$000	2023/24 Estimated \$000
'Protecting New Zealand as a Safe Place to Invest and Do Business' initiative	2020/21	-	2,320	2,376	2,435	2,522
Anti-Corruption Work Programme	2018/19	285	570	579	-	-
Case and Evidence Management System	2017/18	295	295	295	295	295
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 increase in this appropriation from 2020/21 will enable the Serious Fraud Office to meet existing demand for increasingly complex financial crime investigations, together with building organisational resilience. The Anti-Corruption Work Programme also continues through to the conclusion of 2021/22.

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

	2019/20		2020/21
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	129	129	164
Intangibles	46	46	62
Other	-	-	-
Total Appropriation	175	175	226

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 Serious Fraud Office'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

	2019/20		2020/21
	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 2019	Completed by 30 June 2019	Capital plan for implementation by 30 June 2020

End of Year Performance Reporting

Performance information for this appropriation will be reported by the Serious Fraud Office's 2021 Annual Report that will cover the 2020/21 financial year.

Reasons for Change in Appropriation

The increase in this appropriation for 2020/21 is due to IT infrastructure and forensics tools to meet existing demand for increasingly complex financial crime investigations.

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

Details of Net Asset Schedule	2019/20 Estimated Actual \$000	2020/21 Projected \$000	Explanation of Projected Movements in 2020/21
Opening Balance	1,112	1,112	
Capital Injections	-	126	Purchase of equipment to meet existing demand for increasingly complex financial crime investigations.
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
Closing Balance	1,112	1,238	