

# *Vote Serious Fraud*

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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 to Vote Serious Fraud the 2017/18 financial year covering the following:

- a total of \$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 \$940,000 for the purchase or development of assets and intangibles.

The Minister of Police is also responsible for a capital injection of \$840,000 for the Serious Fraud Office.

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

## Details of Appropriations and Capital Injections

### Annual and Permanent Appropriations

Titles and Scopes of Appropriations by Appropriation Type	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
<b>Departmental Output Expenses</b>			
<b>Investigation and Prosecution of Serious Financial Crime (M51)</b>	9,515	9,515	10,020
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.			
<b>Total Departmental Output Expenses</b>	9,515	9,515	10,020
<b>Departmental Capital Expenditure</b>			
<b>Serious Fraud Office - Capital Expenditure PLA (M51)</b>	130	130	940
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.			
<b>Total Departmental Capital Expenditure</b>	130	130	940
<b>Total Annual and Permanent Appropriations</b>	9,645	9,645	10,960

### Capital Injection Authorisations

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Serious Fraud Office - Capital Injection (M51)	-	-	840

## Supporting Information

### Part 1 - Vote as a Whole

#### 1.1 - New Policy Initiatives

Policy Initiative	Appropriation	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Case and Evidence Management System	<b>Investigation and Prosecution of Serious Financial Crime</b> Departmental Output Expense	-	555	295	295	295
	<b>Serious Fraud Office - Net Assets</b> Departmental Capital Injection	-	840	-	-	-
New Zealand contribution to the International Anti-Corruption Co-ordination Centre (IACCC)	<b>Investigation and Prosecution of Serious Financial Crime</b> Departmental Output Expense	32	135	-	-	-
<b>Total Initiatives</b>		32	1,530	295	295	295

## 1.2 - Trends in the Vote

### Summary of Financial Activity

	2012/13	2013/14	2014/15	2015/16	2016/17		2017/18			2018/19	2019/20	2020/21
	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
<b>Appropriations</b>												
Output Expenses	10,210	8,961	8,945	8,853	9,515	9,515	10,020	-	10,020	9,625	9,630	9,630
Benefits or Related Expenses	-	-	-	-	-	-	N/A	-	-	-	-	-
Borrowing Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditure	144	31	283	204	130	130	940	-	940	100	100	100
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	-	-	-	-	-
<b>Total Appropriations</b>	<b>10,354</b>	<b>8,992</b>	<b>9,228</b>	<b>9,057</b>	<b>9,645</b>	<b>9,645</b>	<b>10,960</b>	<b>-</b>	<b>10,960</b>	<b>9,725</b>	<b>9,730</b>	<b>9,730</b>
<b>Crown Revenue and Capital Receipts</b>												
Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Non-Tax Revenue	-	-	-	-	-	-	N/A	-	-	-	-	-
Capital Receipts	-	-	-	-	-	-	N/A	-	-	-	-	-
<b>Total Crown Revenue and Capital Receipts</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>N/A</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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 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*

The increase in funding for Vote Serious Fraud in 2012/13 to 2013/14 was to increase capacity to meet immediate operational demands arising from increased levels of detected serious financial crime, primarily in the finance company sector. In 2014/15 an additional \$1.500 million was allocated from the Justice Sector Fund, as a temporary measure, to maintain capacity at 2013/14 levels. From 2015/16 Vote funding has increased by \$2.030 million per year, representing permanent funding to maintain current operating levels and to enhance the corruption function.

A Budget 2017/18 initiative for a Case and Evidence Management System has been approved. This provides for \$555,000 operating and \$84,000 capital in 2017/18 with an additional \$295,000 operating expenditure in each outyear thereafter.

A Justice Sector Fund initiative to fund the New Zealand contribution to the International Anti-Corruption Co-ordination Centre (IACCC) is effective 12 April 2017. This provides for \$32,000 in 2016/17 and \$135,000 in 2017/18.

## 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*

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Total Appropriation	9,515	9,515	10,020
Revenue from the Crown	9,280	9,280	9,935
Revenue from Others	235	235	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*

	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Assessment of Performance			
<b>Complaints</b>			
Quantity: Number of evaluations initiated by the SFO commenced	15	15	Expire Measure
Timeliness: Percentage of complaints evaluated within 30 working days	80%	80%-90%	80%
<b>Enquiries</b>			
Quantity: Number of Part 1 enquiries commenced	30-40	25-30	30-40
Timeliness: Percentage of enquiries completed within three months	80%	80%	80%
<b>Investigations</b>			
Quantity: Number of investigations formally commenced	20-25	16-18	Expired
Quantity: Number of Part 2 investigations commenced	Revised Measure	Revised Measure	14-16
Timeliness: Percentage of cases investigated within targeted time	60% within 12 months	40%-60% within 12 months	Expired

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
Timeliness: Percentage of Part 2 investigations completed within targeted time (see Note 1)	Revised Measure	Revised Measure	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%
<b>Prosecutions</b>			
Quantity: Number of cases brought to prosecution	10-12	10-12	10-12
Quality: Percentage of defendants convicted	New Measure	New Measure	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 in the Annual Report.

### *Current and Past Policy Initiatives*

Policy Initiative	Year of First Impact	2016/17 Final Budgeted \$000	2017/18 Budget \$000	2018/19 Estimated \$000	2019/20 Estimated \$000	2020/21 Estimated \$000
Case and Evidence Management System	2017/18		1,395	295	295	295
New Zealand contribution to the International Anti-Corruption Co-ordination Centre (IACCC) initiative	2016/17	32	135	-	-	-
Share of costs for Budget 2015 whole-of-government initiatives	2015/16	(15)	(15)	(15)	(10)	(10)
"Right Sizing" The Serious Fraud Office	2015/16	2,030	2,030	2,030	2,030	2,030

### *Reasons for Change in Appropriation*

A Budget 2017/18 initiative for a Case and Evidence Management System has been approved. This provides for \$555,000 operating and \$84,000 capital in 2017/18 with an additional \$295,000 operating expenditure in each outyear thereafter.

A Justice Sector Fund initiative to fund the New Zealand contribution to the International Anti-Corruption Co-ordination Centre (IACCC) is effective 12 April 2017. This provides for \$32,000 in 2016/17 and \$135,000 in 2017/18.



## 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*

	2016/17		2017/18
	Final Budgeted \$000	Estimated Actual \$000	Budget \$000
Forests/Agricultural	-	-	-
Land	-	-	-
Property, Plant and Equipment	130	130	890
Intangibles	-	-	50
Other	-	-	-
<b>Total Appropriation</b>	<b>130</b>	<b>130</b>	<b>940</b>

#### *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*

Assessment of Performance	2016/17		2017/18
	Final Budgeted Standard	Estimated Actual	Budget Standard
The capital plan developed and managed throughout year	Capital plan for implementation by 30 June 2017	Completed by 30 June 2017	Capital plan for implementation by 30 June 2018

#### *End of Year Performance Reporting*

Performance information for this appropriation will be reported by the Serious Fraud Office in the Annual Report.

#### *Reasons for Change in Appropriation*

A Budget 2017/18 approved initiative for a new Case and Evidence Management System includes a capital injection of \$84,000 in 2017/18.

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

Details of Net Asset Schedule	2016/17 Estimated Actual \$000	2017/18 Projected \$000	Explanation of Projected Movements in 2017/18
Opening Balance	452	452	
Capital Injections	-	840	New Case and Evidence Management System
Capital Withdrawals	-	-	
Surplus to be Retained (Deficit Incurred)	-	-	
Other Movements	-	-	
<b>Closing Balance</b>	452	1,292	