

VOTE *Serious* *Fraud*

Serious Fraud

Overview

The Appropriation sought for Vote Serious Fraud in 2001/02 totals \$5.027 million. This is intended to be spent on the detection, investigation and prosecution of cases of suspected serious or complex fraud offending brought to the attention of, or detected by, the Serious Fraud Office.

It includes the completion of sufficient investigative work to enable the Director to determine in each case whether or not to prosecute the alleged offender(s) and where criminal charges are to proceed, the subsequent preparation of a well-researched and documented prosecution case.

Details of how the appropriation is to be applied appear in Parts B1 and C of this Vote.

Serious Fraud

VOTE MINISTER: Attorney-General

ADMINISTERING DEPARTMENT: Serious Fraud Office

The Attorney-General is the Responsible Minister for the Serious Fraud Office

Part A - Statement of Objectives and Trends

A1 - Objectives for Vote Serious Fraud

Related Government Outcomes

The appropriation in Vote Serious Fraud will contribute to the Government's strategic objectives of:

- developing an innovative economy that adapts to change, provides opportunities and increases employment, and
- restoring trust in government, building safe communities and promoting community development,

by:

- reducing and deterring the incidence of “white collar” fraud offending
- improving the quality of the regulatory environment
- encouraging economic growth and development with an honest capital market conducive to the fair and efficient conduct of business
- encouraging savings and investment within a stable and neutral investment environment.

Output Class

To achieve these objectives, the appropriation will fund:

- the investigation and prosecution of serious or complex fraud.

Links Between the Output Class and the Government's Outcomes

This output not only tackles the offenders of white collar crime but by such enforcement action deters other offenders. The ramifications of serious fraud offending undoubtedly shatter social cohesion, affecting, as they do, entire social networks, individual relationships and the performance of public, private and social institutions. An effective investigatory and prosecutory department is an essential component of white collar crime prevention, and of building trust in the fabric of society and a safer community.

In terms of the goal of “growing an inclusive innovative economy”, honest capital markets are crucial to maintaining a strong and internationally competitive economy. As fraud undermines investor confidence in the commercial marketplace, an effective investigatory and prosecutory department is a key factor in encouraging investment.

A2 - Trends in Vote Serious Fraud

The structure of the Vote was changed in the 1999/2000 financial year with the merging of the two former output classes (refer Part B1) into the one output class – “the investigation and prosecution of serious or complex fraud”.

This did not represent a substantive change in the role of the Serious Fraud Office but simply eliminated the former arbitrary division of the work between “investigation” and “prosecution”.

Apart from appropriation increases in 1995/96 and 1996/97 to meet the extraordinary costs associated with departmental representation at the *Commission of Inquiry into Certain Matters Relating to Taxation* (the Winebox Inquiry), the 1998/99 financial year was the first in which there was an increase in appropriations for the principal work of the Office.

This increase was to ensure that the Office remained effective and fully committed to investigating and, where appropriate, to prosecuting serious and/or complex fraud by:

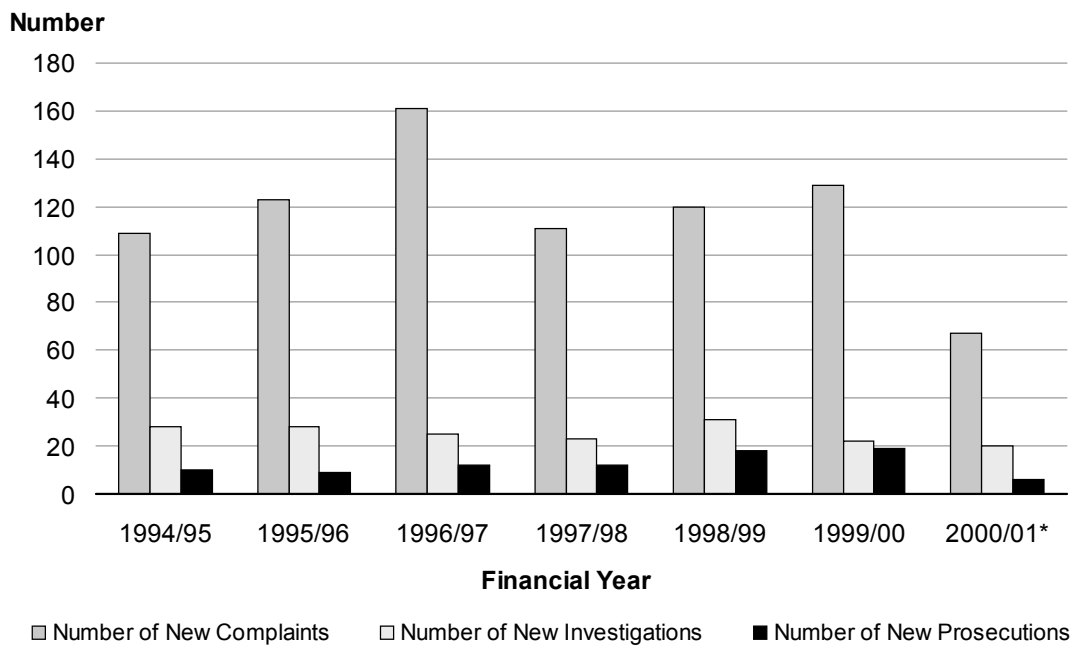
- ensuring that staff keep up to date with the growing complexity of fraud offending and maintain an edge in dealing with serious or complex fraud offending
- retaining key staff and building on the investment that has already been made in them.

These continue to be high priorities for the Office.

To monitor output performance, target completion timelines are set against which performance is measured and the use of time and resources assessed. These measures have assisted in the management of cases and in ensuring that the desired level of expedition is achieved.

As the trends in Figure 1 below indicate, there has been some fluctuation in the number of new complaints received but this statistic alone is not a sound measure of workload as the nature of the complaints can vary significantly. Moreover, some complaints fall outside the “serious or complex” category and are more properly referred immediately to other agencies.

The more appropriate indication of the workload of the Office is the number of cases moving to a full investigation and then, ultimately, to a prosecution. This trend, which has been steadily maintained with around 25 new investigations being undertaken each year and at least 12 new prosecution cases (several with multiple offenders) being commenced, is expected to continue as the 2000/01 statistics confirm a similar level of new investigations and prosecutions.

Figure 1 – Trends in Workload

*NOTE: The 2000/01 figures are as at 30 March 2001 and indications are that the workload figures for the full year will approximate the preceding two years.

Trends in Vote Serious Fraud – Summary of Appropriations and Crown Revenue

Types of Appropriation	1996/97	1997/98	1998/99	1999/2000	2000/01		2001/02 Appropriations to be Used				
	Actual \$000	Actual \$000	Actual \$000	Actual \$000	Budget \$000	Estimated Actual \$000	By the Department Administering the Vote		For Non-Departmental Transactions		Total \$000
							Annual \$000	Other \$000	Annual \$000	Other \$000	
Operating Flows											
Classes of Outputs to be Supplied	5,332	4,653	4,827	5,050	5,031	5,031	5,027	-	-	-	5,027
Benefits and Other Unrequited Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-
Borrowing Expenses	-	-	-	-	-	-	N/A	N/A	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-
Capital Flows											
Capital Contributions	-	-	-	-	-	-	-	-	-	-	-
Purchase or Development of Capital Assets	-	-	-	-	-	-	N/A	N/A	-	-	-
Repayment of Debt	-	-	-	-	-	-	N/A	N/A	-	-	-
Total Appropriations	5,332	4,653	4,827	5,050	5,031	5,031	5,027	-	-	-	5,027
Total Crown Revenue and Receipts	-	-	-	-	-	-	N/A	N/A	N/A	N/A	-

Part B – Statement of Appropriations

B1 – Details of 2001/02 Appropriations

	2000/01				2001/02		Description of 2001/02 Appropriations
	Vote		Estimated Actual		Vote		
Appropriations	Annual \$000	Other \$000	Annual \$000	Other \$000	Annual \$000	Other \$000	
Departmental Output Classes (Mode B Gross)							
D1 Investigation and Prosecution of Complex or Serious Fraud	5,031	-	5,031	-	5,027	-	The detection, investigation and prosecution of cases of suspected serious fraud offending brought to the attention of, or detected by, the Serious Fraud Office.
Total Appropriations for Departmental Output Classes (Mode B Gross)	5,031	-	5,031	-	5,027	-	
Total Appropriations	5,031	-	5,031	-	5,027	-	

Part C - Explanation of Appropriations for Output Classes

C1 - Departmental Output Class

For more detailed analysis of the Departmental Output Class, including financial and non-financial performance measures, please refer to the Serious Fraud Office's Departmental Forecast Report (DFR).

Output Class – Detection, Investigation and Prosecution of Complex or Serious Fraud

Description

The output class involves the investigation and prosecution of cases of serious or complex fraud brought to the attention of, or detected by, the Serious Fraud Office.

Following a complaint and acceptance that the matter is properly one for the Serious Fraud Office an investigation continues until the Director makes a decision on whether or not any criminal charges should be laid.

The prosecution of a case requires the preparation of a well-researched and documented prosecution case. This encompasses: the filing of all court documents; the preparation, researching and collating of all documentary and oral evidence; and appearing as Counsel at all preliminary court hearings and as Junior Counsel at trial.

This output class includes the briefing of the outside counsel engaged for trials, the giving of evidence at trials and the provision of expert advice throughout the course of trials.

Part E - Explanation of Appropriations for Capital Flows

E1 - Capital Contributions

There is no appropriation for Part E1.

Net Worth of Entities Owned

Statement of Estimated and Forecast Net Worth

	Balance Date	Estimated Net Worth 2001 \$ million	Forecast Net Worth 2002 \$ million
Serious Fraud Office	30 June	0.388	0.388