



Cabinet paper material

Proactive release

Hon. Mark Mitchell, Minister of Police

Title: Report of the Anti-Corruption Taskforce

Date: 26 January 2026

These documents have been proactively released:

Cabinet paper – Report of the Anti-Corruption Taskforce

Date: 17 December 2025

Author: Office of the Minister of Police

Cabinet Committee Minute – SOU-25-MIN-0185

Date: 17 December 2025

Author: Cabinet Office

Cabinet minute – CAB-26-MIN-003

Date: 26 January 2026

Author: Cabinet Office

Material redacted

Some parts of this information release have been withheld as they are not appropriate for release. Where this is the case, the relevant sections of the Official Information Act 1982 (OIA) that would apply have been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it. If requested under the OIA, these sections would be reconsidered for release at that time.

In Confidence

Office of the Minister of Police

Cabinet Social Outcomes Committee

Report of the Anti-Corruption Taskforce pilot

Proposal

- 1 This paper seeks to inform Cabinet of the findings and potential next steps of the Anti-Corruption Taskforce Pilot led by the Serious Fraud Office, and supported by NZ Police and the Public Service Commission.

Relation to government priorities

- 2 This initiative supports the Government's stated priorities in the Budget Policy Statement 2025 to:
 - 2.1 Deliver more efficient, effective and responsive public services to all who need and use them - in particular, to restore law and order...; and
 - 2.2 Get the Government's books back in order and restore discipline to public spending.

Executive Summary

- 3 In July 2025, Minister Collins and I helped launch the Anti-Corruption Taskforce Pilot (the Taskforce), a joint initiative led by the Serious Fraud Office (SFO) and supported by NZ Police and the Public Service Commission (PSC).
- 4 The Taskforce set out to test a way to build a clearer, system-wide picture of corruption and fraud risks across the New Zealand public sector. The Taskforce pilot worked with six agencies¹ to assess their fraud and corruption controls, measure the volume of offending, and amount of money lost to fraud and corruption, establish an intelligence picture of corruption related activity across the public sector, and potentially identify cases for investigation.
- 5 When the Taskforce was launched, I wrote to leaders of Coalition partners to notify of its establishment as an operational initiative. The Taskforce Pilot Report (the Report – see Appendix 1) will be published in early 2026. The findings in the report include that:
 - 5.1 Detection and prevention measures varied from good to inadequate. Agencies that reported a lack of maturity in fraud and corruption measures had gaps in fundamental areas – such as not conducting

¹ Ministry of Social Development, Inland Revenue, Accident Compensation Corporation, Sport New Zealand, Land Information New Zealand, and the Department of Corrections.

ongoing due diligence reviews of third party suppliers, or providing training on fraud and corruption for staff at induction, even in high-risk roles.

5.2 Where agencies reported alleged cases of corruption during the pilot, these ranged in significance from misconduct (e.g. unauthorised access to information) to potential serious criminal behaviour (e.g. an alleged six-figure fraud). Overall, 464 instances of alleged corruption were reported by six agencies (the majority unclassified), and further offending is likely to be occurring undetected across the public sector.

Note: the correct figure is 446 as reflected in para 12

5.3 Some agencies did not consistently report alleged or attempted fraud and corruption, or instances of attempted bribery, to law enforcement. It is likely that further offending is occurring undetected across the public sector.

6 These findings represent a significant opportunity for New Zealand to address the slide we have experienced in the Corruption Perceptions Index, and improve the prudent use of public funds.

Background

7 While still considered one of the least corrupt countries in the world, New Zealand has seen a steady decline in its Corruption Perceptions Index rating, slipping from first equal in 2019 to fourth in 2024. Additionally, approximately 40% of the SFO's current caseload involves allegations of corruption, with a significant portion of that in the public sector.

8 Public sector agencies in New Zealand are not currently required to report on fraud and corruption that may be occurring, or what controls they have in place to prevent it. This means some agencies may be unable to identify vulnerabilities, meaningfully intervene at a system level, understand where to focus detection and prevention activities, or assess their effectiveness.

9 To address this, Minister Collins and I launched a pilot taskforce. The Taskforce is a joint initiative led by the SFO and supported by NZ Police and PSC. The Taskforce was launched on 18 July 2025, with the aim of testing a way to build a clearer, system-wide picture of corruption and fraud risks across the New Zealand public service.

10 The Taskforce Pilot involved six agencies, who have shown a willingness to engage openly on this difficult but important matter, which should be commended. The findings reflect the seriousness and commitment with which agencies approached the task.

11 It is estimated, based on comparable jurisdictions, that 0.45-5.6% of New Zealand's public funds are lost to fraud, corruption and error every year². Against Budget 25 expenditure, this represents potential annual losses of between \$823m and \$10.24 billion.

² UK Government Counter Fraud Function report: Fraud Loss in the New Zealand Public Sector. December 2021.

Cases of internal fraud and corruption are almost certainly being under-reported

- 12 A total of 446 alleged incidents of internal fraud and corruption were reported to the Taskforce for the 15-month period it covered. Due to the pilot's focus on corruption, these 446 incidents only include internal fraud and corruption (i.e. insider threat) and not wider incidents of fraud on the public purse by outsiders.
- 13 Most incidents couldn't be fully classified, with agencies reporting differences in categorising and recording incidents. The cases that were reported ranged from misconduct to potential serious criminal behaviour.
- 14 There were challenges in gaining an accurate picture. Given some agencies had inadequate detection and prevention controls in place, and with gaps in reporting, it is almost certain that more incidents are occurring undetected or unreported.

Some agencies are not appropriately prepared to prevent or detect fraud and corruption, while some agencies have strong controls in place.

- 15 Fraud and corruption controls varied across agencies. Every pilot agency reported at least some controls across both prevention and detection of fraud and corruption. Some agencies had good processes in place, and strong support from their leadership teams, but others lacked some controls needed to help prevent this offending.
- 16 Agencies that reported a lack of maturity in their fraud and corruption prevention and detection measures had gaps in fundamental areas – such as not conducting ongoing due diligence reviews of third party suppliers, or providing training on fraud and corruption for staff at induction, even in high-risk roles.
- 17 Overall, agencies prioritised detection over prevention and had a greater focus on external fraud rather than fraud and corruption committed inside their agencies. While detection of internal fraud and corruption is critical, implementing prevention controls is a more cost-effective approach than trying to investigate or recover losses later.

Gaps in the system may be leaving the sector vulnerable

- 18 The report notes that strengthening controls will likely lead to more cases being detected. While this may appear like a negative on the surface, it reflects the system doing its job.
- 19 Agencies felt that they did not have sufficient guidance as to what the threshold is for passing fraud and corruption cases on to law enforcement. This means that agencies may currently hold useful intelligence which could assist Police and the SFO should it be reported in the future.

Work is already underway to help address some of these issues

- 20 The report findings provide a strong basis for understanding where best to target support and resources for maximum impact, highlighting potential risks and vulnerabilities to better protect the public sector against the threat of fraud and corruption. The SFO, through its Counter Fraud Centre, will continue to provide targeted support to agencies, to ensure they have the right resources in place.
- 21 Agencies that participated in the pilot reported that it was a valuable process, despite requiring significant resourcing and capability. They are considering their findings and potential improvements. They will brief their Ministers as required.
- 22 PSC is also delivering an *Action plan to strengthen integrity* (EXP-25-MIN-0074 refers) to shift the system from reacting to poor behaviour to proactively preventing it. The action plan will help strengthen fraud and corruption prevention and detection controls by:
 - 22.1 Resetting expected standards of integrity and conduct across the system, including re-issuing the Public Service Code of Conduct and implementing mandatory baseline integrity training for all public servants;
 - 22.2 Strengthening conflict of interest identification and management through the Integrity Champions network and the use of standardised conflict of interest management plans; and
 - 22.3 Improving complaints management and ‘speaking up’ processes within agencies.

The Taskforce also identified further system improvements that will help tackle corruption

- 23 The Taskforce Report discusses possible capability-building actions, general guidance, and data and measurement tools to strengthen the public sector against corruption, for example:
 - 23.1 Development and promotion of a corruption risk assessment tool to help agencies understand and assess their individual risks, support consistent measurement and targeted interventions.
 - 23.2 Exploring improved reporting mechanisms for public sector employees to raise concerns anonymously.
 - 23.3 Developing guidance to better inform agencies of when to refer a matter to law enforcement.
 - 23.4 Promoting capability-building in agencies facing the highest risk exposure, including emerging risks, trends, and systemic vulnerabilities.

s9(2)(f)(iv)

25 Return-on-investment in these fraud and corruption counter measures has been high in overseas jurisdictions. The UK Public Sector Fraud Authority, undertaking similar tasks returned £373m of audited benefits for the 23/24 year.

26

s6(c)

s9(2)(f)(iv)

Cost-of-living Implications

27 This paper has no cost-of-living implications.

Financial Implications

28 There are no financial implications in this paper.

29 The improvement of anti-corruption and counter fraud reporting and controls should help to reduce Government expenditure and have an overall positive financial impact to the Crown. Similar schemes in international jurisdictions like the United Kingdom and Australia have been able to deliver quantifiable savings.

30 For example, the United Kingdom Public Sector Fraud Authority was made fully operational in 2022 and is now able to set and exceed tangible audited savings targets of £185m per year (actual savings for 2023/24 were £373m).

Legislative Implications

31 This paper is not proposing legislation.

Impact Analysis

Regulatory Impact Statement

32 This paper does not require a regulatory impact statement.

Climate Implications of Policy Assessment

33 A Climate Implications of Policy Assessment is not required.

Population Implications

34 This paper has no population implications.

Human Rights

35 This paper has no Human Rights implications.

Use of external Resources

36 No external resources were used to undertake the work of the Taskforce and production of this paper.

Consultation

37 The Anti-Corruption Taskforce Agencies – Serious Fraud Office, NZ Police, and Public Service Commission provided input into the paper. The participating Taskforce Pilot Agencies (Ministry of Social Development, Inland Revenue, Accident Compensation Corporation, Sport New Zealand, Land Information New Zealand, and the Department of Corrections) have also been consulted.

Communications

38 The final report of the Taskforce pilot will be published in early 2026. Minister Collins and I intend to make a joint statement on release of the report.

Proactive Release

39 I intend to proactively release this paper with any appropriate redactions in accordance with Cabinet Office Circular CO (23) 4, within 30 business days of the decision.

Recommendations

The Minister of Police recommends that the Committee:

- 1 Note that the Anti-Corruption Taskforce plans to release their report assessing fraud and corruption risks in the New Zealand public sector in early 2026.
- 2 Note that the key findings of the report will include that:
 - 2.1 Cases of internal fraud and corruption are almost certainly being under-reported.
 - 2.2 Some agencies are underprepared to prevent or detect internal fraud or corruption, while some agencies have strong controls in place.
 - 2.3 Gaps in the system may be leaving the sector vulnerable.

IN CONFIDENCE

- 3 Invite relevant Portfolio Ministers to discuss the report with pilot agency Chief Executives, and ensure appropriate action is taken to address any gaps identified in their fraud and corruption controls.
- 4 Note SFO will continue to provide support to pilot agencies to address identified shortcomings
- 5 s9(2)(f)(iv) 

Authorised for Lodgement

Hon Mark Mitchell

Minister of Police

Appendix A – Report of the Anti-Corruption Taskforce pilot



Cabinet Social Outcomes Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Anti-Corruption Taskforce Pilot

Portfolio **Police**

On 17 December 2025, the Cabinet Social Outcomes Committee:

- 1 **noted** that the Anti-Corruption Taskforce (the Taskforce) plans to release their report *Assessing fraud and corruption risks in the New Zealand public sector*, attached under SOU-25-SUB-0185, in early 2026;
- 2 **noted** that the key findings of the report will include that:
 - 2.1 cases of internal fraud and corruption are almost certainly being under-reported;
 - 2.2 some agencies are underprepared to prevent or detect internal fraud or corruption, while some agencies have strong controls in place;
 - 2.3 gaps in the system may be leaving the sector vulnerable;
- 3 **invited** relevant Portfolio Ministers to discuss the report with pilot agency Chief Executives, and ensure appropriate action is taken to address any gaps identified in their fraud and corruption controls;
- 4 **noted** that the Serious Fraud Office will continue to provide support to pilot agencies to address identified shortcomings;
- 5 s9(2)(f)(iv) [REDACTED]

Tom Kelly
Committee Secretary

Attendance: (See over)

Present:

Hon David Seymour
Rt Hon Winston Peters
Hon Nicola Willis
Hon Simeon Brown
Hon Erica Stanford
Hon Paul Goldsmith
Hon Louise Upston (Chair)
Hon Shane Jones
Hon Dr Shane Reti
Hon Mark Mitchell
Hon Matt Doocey
Hon Nicole McKee
Hon Karen Chhour
Hon Penny Simmonds
Hon Nicole Grigg
Hon Scott Simpson

Officials present from:

Officials Committee for SOU
Office of the Minister of Education
Office of the Minister of Police



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Social Outcomes Committee: Period Ended 19 December 2025

On 27 January 2026, Cabinet made the following decisions on the work of the Cabinet Social Outcomes Committee for the period ended 19 December 2025:

Out of Scope

Out of Scope

SOU-25-MIN-0185

Report of the Anti-Corruption Taskforce Pilot
Portfolio: Police

CONFIRMED

Rachel Hayward
Secretary of the Cabinet

Briefing: Pilot programme for an Anti-Corruption Taskforce

To	Minister responsible for the Serious Fraud Office		
Date Submitted	28 March 2025	SFO Ref	BR-25-02
Action Sought	Agree the SFO progress work to pilot an Anti-Corruption Taskforce to test potential for the wider roll out of a mandatory reporting system for fraud and corruption in the public sector		
Timeframe	11 April 2025		
Security Level	In Confidence		
Attachments	Attachment A: A3 on Anti-Corruption Taskforce		

Agency Contact	Dan Eaton Deputy Chief Executive, Strategy and Prevention	s9(2)(a)
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Minister's office to complete:

<input type="checkbox"/> Noted/Seen <input type="checkbox"/> Approved <input type="checkbox"/> Declined <input type="checkbox"/> Withdrawn
<input type="checkbox"/> Overtaken by Events <input type="checkbox"/> See Minister's Notes
Comments:

Purpose

1. Following our initial discussions with you on 14 March 2025, this briefing seeks your agreement to progress work to pilot a public sector Anti-Corruption Taskforce.
2. The taskforce would focus on a small group of representative agencies (agreed and instructed by relevant Ministerial direction), requiring them to report on volumes of offending, the controls they have in place to detect and prevent it, and engaging with them to build capability and lift their performance.
3. The focused pilot would test potential for wider roll out of a mandatory reporting system for fraud and corruption that exposes poor controls and lifts capability to detect and prevent criminal activity. The broader roll out would build an accurate intelligence picture to better target interventions and deter and disrupt criminals who target Government spending (either individually, or as an organised group).

Background and context

4. Up to \$12.97b (or 5%) of Government funds are estimated to be lost to fraud and error annually, according to a study conducted for the SFO by the UK Government Counter Fraud Function, based on comparable jurisdictions in 2020. Fraud against the government takes money from core services that New Zealanders rely on and diverts money that could otherwise be used to fund Government priorities.
5. The recent National Risk Assessment prepared by Police's Financial Intelligence Unit describes significant criminal behaviours generating illicit income that threaten New Zealand's financial system. It identified that fraud related crime and transnational money laundering (along with drug crime) are the highest threat - with fraud accelerating, and both 'defrauding' and the subsequent 'laundering' becoming more prevalent in NZ's financial system.
6. Previous and current cases of public sector fraud, bribery and corruption, along with international modelling of likely fraud and error, show us that fraud and corruption is occurring in NZ's public sector undetected. The low number of reported cases indicates that 'business as usual' efforts to respond to the insider threat of fraud and corruption within agencies result in low levels of detection and are insufficient to address this issue. While NZ remains one of the world's least corrupt countries, we can do better.
7. Currently, agencies are required to report on instances of fraud over \$500, as part of their Annual Report processing. While some individual agencies may have good processes in place to detect and prevent fraud and corruption, across the system these processes are immature, inconsistent, or reliant on self-reporting – and so agencies may believe no fraud is occurring, when the failure instead lies in their ability to detect it.
8. There is also no consistent external referral process for when fraud or corruption occurs, with agencies often opting to manage instances of suspected fraud or alleged corruption as internal disciplinary processes, or through engaging external, and costly consultants, rather than referring the matter to the SFO or NZ Police.
9. A lack of good data and intelligence has hampered the ability of agencies to effectively focus their fraud and corruption detection and prevention activities. These gaps in fraud data and intelligence obscure the extent of the fraud and corruption problem in New Zealand's public sector, and allow criminals to target government funds with big returns and little risk of getting caught.

We lag behind comparable jurisdictions by not having a mandatory reporting framework

10. While guidance from the NZ Office of the Auditor General (OAG) states that agencies are expected to refer 'all cases of suspected fraud' to their Auditor, who is in turn required to advise OAG. The low number of instances reported annually by OAG suggests that that initial reporting is largely not happening, prompting the need for a shift in public service culture to one of actively rooting out fraud and corruption and lifting capability. Further, there is currently no requirement to report these instances to a law enforcement agency.
11. Some recent high-profile cases suggest that even when a referral to a law enforcement agency is made, there can be significant delays between the initial internal flag being raised, and formal referral to law enforcement.
12. Analysis of similar jurisdictions indicates that New Zealand is lagging behind in requiring public sector agencies to be accountable for preventing fraud occurring internally and externally, including through processes such as procurement. One key initiative absent in the New Zealand system, but deployed by our closest comparable jurisdictions (including the United Kingdom and Australia) is a mandatory reporting framework.

We propose a pilot programme

13. We are proposing to pilot a cross-agency Anti-Corruption Taskforce as a first step to developing a wider response to the issue of fraud and corruption within and against the New Zealand public sector.
14. The pilot intends to focus on the issue of corruption (i.e., insider threat), in recognition of the high current interest in public sector integrity and that a low corruption reputation is vital for NZ to remain an attractive place to invest. However, we anticipate that the pilot will also include wider forms of fraud in the public sector, as the same systems and controls tend to address these coexisting crime types.
15. To support the taskforce in understanding the scale of offending, improve our intelligence picture, and uplift the public sector's resilience the pilot would require a representative selection of government agencies to undertake, with the assistance of the Taskforce, an assessment of their fraud and corruption control environment. The approach would also require agencies to measure and report the amount of offending they detect, prevent or recover funds from.
16. Having reviewed the work of our international partners in this space, we propose piloting an approach that:
 - a. establishes baseline measures of fraud and corruption prevention and detection maturity within the public sector (fraud and corruption are frequently related and coexisting crime types, and the same controls prevent both - there is little distinction between them in terms of public perception);
 - b. creates and facilitates guidance and tools to improve public sector resilience against those measures; and
 - c. requires mandatory reporting of offending prevented/suspected/recovered within the public sector.
17. Improving system controls across all agencies will prevent waste of public funds and shine a light on previously hidden offending within and against the public sector - in particular, identifying potentially corrupt behaviour and red flags.

The first set of reporting requirements will assess capability

18. We propose to ask agencies to complete an assessment to measure their fraud and corruption controls, activities, culture and response. The assessment is adapted from one currently undertaken within the Queensland State Government.
19. By assessing agency maturity, we will be able to identify those agencies with poor controls and facilitate improvement in practice to uplift to put systems in place and improve their fraud response. This will also ensure better fraud and corruption detection and disruption.

The second reporting set will measure scale

20. For the pilot we also propose to ask agencies about the size and scale of fraud and corruption that has occurred over the previous 12 months. Based on the United Kingdom Public Sector Fraud Authority approach, we propose to require agencies to report on three internal fraud and corruption measures (i.e., that which occurs within the agency):
 - a. Offending prevented – situations that agencies can identify where a counter-measure stopped a fraudulent payment being made.
 - b. Offending suspected – all money that agencies have identified as likely being lost to fraud and corruption.
 - c. Funds recovered – money that agencies were able to reclaim from fraud, corruption or payments made in error

21. We will also require agencies that distribute public funds to report on the amount of fraud and corruption that occurs in those processes (i.e., external fraud) ^{s9(2)(g)(i)}

Some agencies have existing external fraud reporting in place and may be more easily able to gather this data than others.

22. These three measures, plus reporting on external fraud, will give a clearer picture of agency resilience against fraud and corruption prevention and detection initiatives. This will include identifying trends, and threats, as well as any agencies that require targeted assistance and in particular, agencies that require support with anti-corruption training and controls.

A pilot programme will test the reporting process

23. It is likely that early reporting will be inconsistent across agencies. As this is a new initiative, we also need time to test whether we are asking the right questions and collecting the right data. This will include ensuring the assessment does not significantly overlap with any other assessment or reporting requirements that agencies are already required to undertake.
24. The proposed pilot programme will allow us to test in a manageable way agency capability in gathering the data, and the scale of the problem. We propose it would be managed within BAU, with limited cross agency resource from SFO, NZ Police and the Public Service Commission making up a taskforce to manage the responses and assess the programme.
25. The pilot would have two phases:
 - Phase 1, July-September: A three-month intensive programme working with 5-6 agencies to gather data and test the assessment and reporting processes.
 - Phase 2, October-December: Review data from the pilot to ensure agencies were asked the right questions, assess the resource required within agencies to prepare

the assessment responses, and determine what guidance SFO and other agencies would need to prepare to support possible wider rollout.

26. Phase 2 would conclude with a report for Ministers on the results of the pilot including recommendations. Should Ministers wish, a public report could be issued.
27. We anticipate that the pilot taskforce would be established within current baselines and comprise of around 5-8 people. We anticipate the taskforce would include representation from the SFO's Prevention and Detection Unit, which would be best supported with the addition of a smaller number of staff from NZ Police and PSC. We will work with PSC and Police to confirm resource availability to ensure a pilot is feasible and appropriately supported.
28. The taskforce would be coordinated through a high-level terms of reference agreed between the three agencies.

s9(2)(f)(iv)

[Redacted]

Risk assessment

30. Completing fraud and corruption assessments and reporting will require effort within public sector agencies and a change in mindset. s9(2)(g)(i)
[Redacted]
31. We aim to mitigate this by making the assessment as straightforward as possible. s9(2)(f)(iv)
[Redacted]
Drawing the assessment questions from existing international models means we can learn from their experiences and provide an estimate of the time and resource required to prepare responses, [Redacted]
s9(2)(f)(iv)
32. This programme will almost certainly result in savings for agencies greater than the cost of the programme.
33. s9(2)(f)(iv), s9(2)(g)(i)
[Redacted]
34. s9(2)(g)(i)
[Redacted]
35. While the maturity assessment and measurement activities will take time to work through, we anticipate the capability uplifts and heightened focus may start uncovering a number of cases right away. Should that occur, the taskforce would ensure referrals to the appropriate agencies.
36. There is a risk that announcing an anti-corruption taskforce may appear to acknowledge that New Zealand has a public sector corruption problem. However, no country is immune to this issue, as recent Corruption Perceptions Index data and OECD reporting shows.

Tackling perceptions that New Zealand is slipping require a highly visible response. This initiative will put us in step with our international counterparts.

Consultation

37. We have had initial discussions with the Public Service Commission and NZ Police, with both agencies indicating support for SFO leading a public sector fraud and corruption pilot program in the form of the proposed Anti-Corruption Taskforce.

Next Steps

38. If you decide to progress an Anti-Corruption Taskforce, we will work with Police and the PSC to determine resourcing requirements and availability to support the pilot phase of the initiative.

39. We propose that you provide a copy of this briefing to the Minister for the Public Service, as it reflects a time and resource commitment for agencies.

40. If agreed, we will provide you with a follow up briefing with details of the pilot programme, including design, proposed agency involvement, and launch plans.

41. We propose that agencies be directed to participate via Cabinet circular, or by joint Ministerial agreement with the Minister for the Public Service, and Ministers responsible for the pilot agencies. If agreed, we will work with your office to advance a joint Ministerial briefing or Cabinet Paper to secure that agreement.

We recommend that you...

		Decision
a)	Agree that the SFO undertake detailed policy work to bring a pilot Anti-Corruption Taskforce to Ministers for consideration	Yes/no
b)	Agree that SFO engage with the Public Service Commission and NZ Police to confirm agency resources and develop the initiative	Yes/no
c)	Agree to provide a copy of this briefing to the Minister for the Public Service	Yes/no
e)	Note that the title of this briefing will not be proactively released on the SFO website in the next four weeks	Noted

Sign:  Date: 28/3/25

Dan Eaton

Deputy Chief Executive, Strategy & Prevention
Serious Fraud Office

Sign:  Date: 3 /4/2025

Hon. Mark Mitchell

Minister responsible for the Serious Fraud Office

Stopping Criminals Taking Taxpayer \$\$

*Criminals targeting public sector spending.
Up to \$12.97bn lost annually.*

Anti-Corruption Taskforce Pilot



Mission

Getting under the hood of public sector agencies.

Exposing poor controls.

Lifting capability to detect and prevent criminal activity.

Building an accurate intelligence picture to target interventions.



Results

Deter criminals targeting Govt. spending.

Stopping theft and waste.

Potential for high return on investment / more money for Govt. priorities.

Support Govt. economic growth agenda.



What next?

Cabinet or Ministerial mandate for focussed 6-month pilot on 5-6 agencies.

Public report on results.

Refine approach and assess for wider roll out.

Briefing: Pilot programme for an Anti-Corruption Taskforce

To	Minister responsible for the Serious Fraud Office		
Date Submitted	13 June 2025	SFO Ref	BR-25-06
Action Sought	Agree to publicly launch an SFO led Anti-Corruption Taskforce pilot from 1 July to test a mandatory reporting system for fraud and corruption in the public sector		
Timeframe	24 June 2025		
Security Level	In Confidence		
Attachments	Attachment A: Draft Agency Terms of Reference		

Agency Contact	Dan Eaton Deputy Chief Executive, Strategy and Prevention	s9(2)(a)
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Minister's office to complete:

<input type="checkbox"/> Noted/Seen <input type="checkbox"/> Approved <input type="checkbox"/> Declined <input type="checkbox"/> Withdrawn
<input type="checkbox"/> Overtaken by Events <input type="checkbox"/> See Minister's Notes
Comments:

Background and Context

1. On 3 April 2025 you agreed that the Serious Fraud Office (SFO) should engage with the Public Service Commission (PSC) and NZ Police to design a cross-agency Anti-Corruption Taskforce pilot programme for the public sector (BR-25-02 refers).
2. That briefing noted the high current interest in public sector integrity, New Zealand's low corruption reputation, its recent decline in corruption perceptions ranking, and the recommendations of international bodies that NZ increase efforts to counter corruption.
3. It noted that the SFO, NZ Police and PSC have responsibilities for addressing corruption in the public sector, and proposed an Anti-Corruption Taskforce (the Taskforce) pilot involving a selection of agencies to test suitability for wider roll out of a programme designed to protect against the threat of fraud and corruption in the public sector.

Purpose

4. This briefing provides you with the details of the Taskforce design and seeks your agreement to commence a six-month pilot from 1 July 2025 – including a three-month assessment of pilot agencies, and three months of analysis and review by the Taskforce.
5. §9(2)(g)(i) [REDACTED]
[REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
6. If agreed, we propose that the Taskforce is launched in the week of 14 July (tentatively 15 July), by way of a media attended announcement in the Parliament Theatre – attended by Hon. Mark Mitchell, Hon. Judith Collins, and Taskforce Chief Executives (led by SFO Director Karen Chang).

Rationale for selection of pilot agencies

7. As indicated in our earlier briefing, the Taskforce will focus on a small group of representative agencies §9(2)(g)(i) [REDACTED]
8. The proposed pilot agencies have not yet been approached. With your agreement, the SFO Director and DCE Strategy and Prevention will approach agencies prior to the pilot commencement to discuss the relatively minor time and resource commitment required to complete the requested assessment and reporting. We do not anticipate agencies raising significant concerns about participation in the pilot.
9. The proposed pilot agencies cover a spectrum of workforce size and risk profiles. As law enforcement, welfare, and granting agencies face distinct, often divergent risks, we have included at least one agency from each category.
10. Our shortlisting criteria included the risk of corruption within procurement and granting systems, as well as the risk of corruption of enforcement officials. The criteria also assessed

agencies on their capacity to participate in the pilot self-assessment, ensuring a suitable standard of data.

11. s9(2)(g)(i) each agency also has representation in the SFO's Counter Fraud Centre Community of Practice (CoP) for government agencies. This established engagement will support agency participation in the pilot. s9(2)(g)(i)
12. We will ask pilot agencies to complete a guided self-assessment and report on volumes of offending, and the controls they have in place to detect and prevent fraud and corruption. We will engage with pilot agencies to build capability and lift their performance, and recognise good performance.
13. While the pilot focuses primarily on the public service, s9(2)(g)(i) has also been selected for the pilot to ensure the assessment tool and proposed reporting is also tested against Crown entities.
14. Other agencies were shortlisted and may be appropriate to substitute if any of the proposed pilot agencies are unsuitable. s9(2)(g)(i)

s9(2)(f)(iv)

The Pilot Assessment

17. A lack of good data and intelligence has hampered the ability of agencies to effectively focus their fraud and corruption detection and prevention activities. These gaps in fraud data and intelligence obscure the extent of the fraud and corruption problem in New Zealand's public sector, s9(2)(g)(i)
18. As previously indicated, we have designed an assessment tool for agencies to complete during the pilot period of 1 July – 30 September 2025.
19. The first set of reporting requirements will assess capability. The pilot will require agencies to complete an assessment to measure their fraud and corruption controls, activities, culture and response. By assessing agency maturity, we will be able to identify those agencies with poor controls, and facilitate improvement in practice to uplift resilience against fraud and corruption within those agencies.
20. Agencies will also provide data about the amount and volume of fraud and corruption that has occurred over the previous 12 months, across three measures – prevented, detected, and recovered. Additionally, we will require agencies to capture and report on any live instances of alleged internal fraud or corruption that occur during the pilot period.

21. These measures, plus reporting on external fraud, will give a clearer picture of agency resilience against fraud and corruption. This will include identifying trends, and threats, as well as any agencies that require targeted assistance and in particular, agencies that require support with anti-corruption training and controls. The pilot period will allow the taskforce to:

- establish a baseline measure of fraud and corruption prevention and detection maturity across the pilot agencies;
- test the guidance and tools that agencies may need to understand or complete the assessment; and
- begin to gather data about the amount and volume of fraud and corruption prevented/detected/recovered within the pilot agencies, which we can extrapolate out as a case study for the wider public sector.

22. The proposed pilot programme will allow us to test in a manageable way, agency capability in gathering the data, and the scale of the problem.

23. Improving system controls across all agencies will prevent waste of public funds and shine a light on previously hidden offending within and against the public sector - in particular, identifying potentially corrupt behaviour and red flags.

Live case referral management

24. Case evaluation staff from the three taskforce agencies will also meet regularly to discuss any live cases and ensure they are referred to the appropriate agency for investigation or other action. s9(2)(g)(i)

25. This will also allow us to establish the first public sector corruption intelligence picture. The newly established detection function within the SFO, will work with intelligence officers at Police and the PSC's integrity unit to establish how we can work together to utilise the information gained through the taskforce. As the pilot is only a small number of agencies this won't establish a complete intelligence picture but will give us the opportunity to test and develop a system s9(2)(f)(iv)

Participation in the pilot will be confirmed by Ministerial direction

26. Participation in the pilot will require a certain level of scrutiny and time/resource commitment from pilot agencies. To ensure full participation, we are seeking Ministerial agreement for agencies to be directed to participate by their respective Ministers. Agency participation will also be supported and encouraged by the Public Service Commissioner, as part of PSC's role in the Taskforce.

27. We propose that Minister Mitchell, as lead Minister, informally approach each responsible Minister to gauge their willingness to direct their agencies in this regard. The accountable Ministers for the pilot agencies are:

- s9(2)(g)(i)

s9(2)(g)(i)

28. s9(2)(g)(i)

Cabinet mandate not required

29. We consider that due to the small size of the pilot, a Cabinet mandate isn't required in order to advance the pilot phase of the Taskforce. s9(2)(f)(iv)

30. s9(2)(g)(i)

Pilot evaluation and reporting

31. At the conclusion of the three-month assessment period, the Taskforce will begin analysis of the results. We will provide a report to Ministers that summarises the key findings from pilot agency responses and resilience to fraud and corruption, focussing on the insider threat of integrity issues and corruption within the public sector. This will include:

- Agency performance on the assessment;
- loss and incident metrics; and
- comments about agency resilience against the threat of corruption.

32. We anticipate that this report will be made publicly available. However, there is a chance that due to the small sample size of the pilot there may be difficulties anonymising data and agencies feeling singled out or exposed to reputational risk. We will mitigate this risk by consulting with pilot agencies on the draft report before it is published.

33. Subsequent to the initial report, the Taskforce will undertake a rapid review of the programme and report back to Ministers. This review will analyse:

- the performance of the programme;
- whether it achieved its stated goals;
- feedback from agencies;
- potential improvements and modifications; and
- s9(2)(f)(iv)

Pilot Launch is proposed for 15 July

35. We propose that if agreed, the Anti-Corruption Taskforce Pilot is publicly launched at an announcement in the Beehive Theatre.

36. We are working with your office, and Chief Executives, to confirm availability for dates - with a tentative date of 15 July signalled as a possible launch date, after the reporting period of the pilot commences with participating agencies on 1 July. This will allow time for those agencies to prepare their own media statements, should they choose to do so.
37. This event would be led by Minister Mitchell and SFO Director Karen Chang, but attended by Minister Collins, and taskforce Chief Executives as available - Public Service Commissioner Sir Brian Roche, and Police Commissioner Richard Chambers.
38. We will provide your offices with a proposed communications plan and potential launch event details. We would also prepare speaking points for Ministers Mitchell and Collins in advance of the event as required.

Risk assessment and consultation

39. s9(2)(g)(i) To encourage fulsome participation and to properly test the assessment process, the public report will not link agency responses to a specific agency.
40. It will instead draw themes, and where appropriate, refer to an agency without identifying it. This will also protect against the risk of information being used to exploit weaknesses in an agency's corruption defences.
41. We anticipate that early reporting will be inconsistent across agencies - and as this is a new initiative, we will also be testing whether we are asking the right questions and collecting the right data.
42. This risk is mitigated by the assessment having been modelled on reporting successfully undertaken by the Queensland State Government Audit Office over the past 6+ years. The assessment has been tailored using the SFO's experience in investigating and prosecuting public sector fraud and corruption and tested through consultation with New Zealand's Office of the Auditor-General.
43. There is a risk that announcing an anti-corruption taskforce may appear to acknowledge that New Zealand has a public sector corruption problem. However, no country is immune to this issue, as recent Corruption Perceptions Index data and OECD reporting shows. Tackling perceptions that New Zealand is slipping require a highly visible response, and making a public announcement about the pilot and its findings will provide this visibility.
44. Starting with a pilot programme will help manage negative perceptions about agency preparedness, increase engagement and provide us with insights needed before a programme of mandatory reporting is rolled out more broadly.

Consultation

45. In addition to working with the Public Service Commission and NZ Police, we have also shared the assessment tool and proposed reporting process with the Office of the Auditor General (OAG). OAG provided feedback on the assessment tool and also highlighted additional guidance it has produced that may support agency responses. OAG has indicated it is interested in seeing the outcomes from the pilot programme.

Next Steps

46. As a first step, we are seeking Ministerial agreement to launch the pilot programme with the proposed pilot agencies on 1 July, and to publicly launch the Taskforce Pilot on 15 July 2025 at a media attended event at Parliament.

47. We propose that you meet with the accountable Ministers for each pilot agency, to seek their agreement to direct their agencies to participate in the pilot. Concurrently, SFO will lead engagement with the proposed pilot agencies to discuss the proposed pilot and participation.
48. If agreed, we will provide draft letters for Taskforce Ministers and the relevant accountable Minister to direct that agency's participation.
49. s9(2)(g)(i) [Redacted]

We recommend that you...

		Decision
a)	Agree to commence the Anti-Corruption Taskforce pilot from 1 July to 30 September 2025	<input checked="" type="radio"/> Yes/no
b)	s9(2)(g)(i) [Redacted]	
c)	Agree that the Anti-Corruption Taskforce will be publicly launched at a media attended event hosted at Parliament (tentatively, 15 July)	<input checked="" type="radio"/> Yes/no
d)	Agree to provide a copy of this briefing to the Minister for the Public Service	<input checked="" type="radio"/> Yes/no
e)	s9(2)(g)(i) [Redacted]	
f)	Note that the title of this briefing will be proactively released on the SFO website following the launch event	Noted



Date: 13/06/2025

Dan Eaton
Deputy Chief Executive, Strategy & Prevention
Serious Fraud Office



Date:
23/06/2025

Hon. Mark Mitchell
Minister responsible for the Serious Fraud
Office