

6 September 2016

[REDACTED]

Dear [REDACTED]

OIA Request - Joanne Harrison

I refer to your request dated 27 July 2016, pursuant to the Official Information Act 1982, seeking:

"All internal communications as well as all correspondence and advice to the Minister of Transport about the alleged fraud at the Ministry of Transport this year.

This should include all emails, briefing notes and meeting minutes as covered under the OIA. Specifically I would like to know when the Ministry became aware of the alleged fraud.

I would like to know what the annual budgets are for the Ministry of Transport's organisational development general manager. Can you please provide a breakdown for each year that Joanne Harrison was in this position.

Please include the amount that could be spent by organisational development general manager without needing sign off. I would also like to know the total amount spent by Ministry of Transport's organisational development general manager."

The following documents fall within the scope of your request and are enclosed:

- Email from Peter Mersi to Ministry of Transport staff on 21 July 2016

As you are aware, Joanne Harrison has been charged by the Serious Fraud Office. Other internal communications are subject to court proceedings, and I am therefore refusing the request under section 6(c) of the Official Information Act, which relates to prejudice to the maintenance of the law.

Although they are subsequent to the date of your request, you may also find the following attached internal communications helpful:

- Email from Peter Mersi to Ministry of Transport staff at 3.11pm, 8 August 2016
- Email from Peter Mersi to Ministry of Transport staff at 5.17pm, 8 August 2016 (including attachment)
- Email from Peter Mersi to Ministry of Transport staff on 16 August 2016
- Speaking notes for Peter Mersi to update Ministry of Transport staff on 16 August 2016.

With regard to your other questions, concerns about invoices approved by Joanne Harrison were raised by auditors undertaking the Ministry's regular interim audit in mid-April 2016.

As a General Manager, Joanne Harrison was able to approve payment of invoices up to the level of her financial delegation. The financial delegation for a General Manager is \$100,000 (excluding GST).

The budget and amount spent by the Organisational Development Group - for which the General Manager Organisational Development is responsible - in each of the 2012/13 to 2015/16 financial years, excluding salary and other non-discretionary costs, is as follows:

Financial year	Budget	Actual
2012/13	1,278,429	1,222,278
2013/14	814,600	935,798
2014/15	887,386	777,103
2015/16	800,620	628,851

You have the right under section 28(3) of the Official Information Act 1982 to make a complaint to the Ombudsman, whose address for contact purposes is:

The Ombudsman
Office of the Ombudsman
P O Box 10-152
WELLINGTON

Yours sincerely



Peter Mersi
Chief Executive

Gavin Middleton

From: Peter Mersi
Sent: Thursday, 21 July 2016 4:16 p.m.
To: ALLMOT
Subject: In Confidence

Good afternoon

I would like to update you all on a serious matter that involves the Ministry. I would have liked to give you more information, but there are ongoing investigations which limit what I am able to say.

We expect people to act with the utmost honesty and integrity in the public service. Earlier this year, our auditors raised some questions which led Martin Matthews to commission two independent investigations into some of the actions of Jo Harrison.

Jo was stood down from her position as General Manager Organisational Development while the investigations were undertaken. With these investigations now concluded, I can confirm that Jo will not be returning to the Ministry.

The investigation reports have been provided to the Serious Fraud Office, which is conducting its own investigation.

I know this raises a lot of questions, but you'll appreciate that while there is an active investigation underway, I can't provide any more details about the matter.

I am confident the issues investigated are isolated to Jo, but it is critical that our systems and procedures are sound, and are always complied with.

Martin recently instituted some changes in our financial procedures to make them more robust. He also commissioned Deloitte to conduct a review of our internal control systems, and make further recommendations for improvements. We are also investigating the Ministry's recruitment processes.

This evening we expect that a story about Jo and the Ministry will run on One News, and I wanted to explain the situation to you in advance.

As a result of the media coverage, no doubt you will have friends and family asking you questions. At this stage, I suggest you limit your comments to confirming that Jo no longer works for the Ministry, and that the Serious Fraud Office is conducting an active investigation.

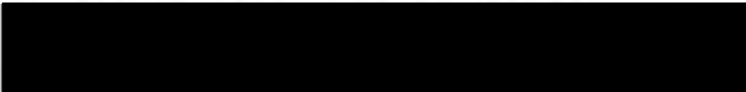
It is very important that we do not say or do anything that might jeopardise this investigation, or any further action which might eventuate. In particular, I urge you not to engage in speculation – including on social media.

If you receive enquiries from journalists, please direct them to Gavin Middleton, who can be contacted on 021 648 966 or g.middleton@transport.govt.nz.

Thank you all for your understanding and professionalism during this period.

Peter Mersi

Chief Executive
Ministry of Transport – Te Manatū Waka



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Gavin Middleton

From: Peter Mersi
Sent: Monday, 8 August 2016 3:11 p.m.
To: ALLMOT
Subject: News Article

Good afternoon

You may have seen some further speculation in the media today about Joanne Harrison. As this is still with the Serious Fraud Office we are not able to offer any further comment, but when we can, I will let you know.

Kind regards

Peter

Peter Mersi
Chief Executive
Ministry of Transport – Te Manatū Waka



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Gavin Middleton

From: Peter Mersi
Sent: Monday, 8 August 2016 5:17 p.m.
To: AIMOT
Subject: URGENT: Former Ministry of Transport employee arrested for fraud
Attachments: MoT statement - charges laid- Joanne Harrison.pdf

Importance: High

Hi everyone,

Following my earlier email, the Serious Fraud Office has issued a statement about the charges laid against Joanne Harrison. This statement is below. As the matter is now before a court, there is very little I am able to add at this time. However, I will continue to let you know information as soon as I am able.

In terms of what you can say, I have attached a copy of the press statement which is being given to media who are approaching us for comment.

Regards

Peter



Media Release

8 August 2016

Former Ministry of Transport employee arrested for fraud

A defendant in a Serious Fraud Office (SFO) investigation appeared at the Manukau District Court on Friday 5 August after returning to New Zealand.

Joanne Harrison (50) was arrested at Auckland International Airport on Friday and charged with three Crimes Act charges of 'Dishonestly taking or using a document'.

Ms Harrison was employed as a General Manager at the Ministry of Transport from April 2011 until leaving in 2016. Following questions raised by the Ministry's management team, an internal investigation found that suspicious payments had been made to various entities and the matter was referred to the SFO.

The SFO alleges that the Ministry of Transport paid approximately \$726,000 to entities associated with Ms Harrison.

Ms Harrison did not enter a plea and will next appear at the Manukau District Court on 16 August 2016.

ENDS

Issued by:

Andrea Linton
Serious Fraud Office
027 705 4550

Note to editors

Background to investigation

Joanne Harrison worked for the Ministry of Transport from April 2011 until leaving in 2016. Her role included responsibility for change, people and development; communication and external relations; administration and ministerial support; knowledge management and information and the shares services programme management.

Crimes Act offences

Section 228 Dishonestly taking or using document

(1) Every one is liable to imprisonment for a term not exceeding 7 years who, with intent to obtain any property, service, pecuniary advantage, or valuable consideration,—

- (a) dishonestly and without claim of right, takes or obtains any document; or
- (b) dishonestly and without claim of right, uses or attempts to use any document.

(2) Every person is liable to imprisonment for a term not exceeding 3 years who, without reasonable excuse, sells, transfers, or otherwise makes available any document knowing that—

- (a) the document was, dishonestly and without claim of right, taken, obtained, or used; and
- (b) the document was dealt with in the manner specified in paragraph (a) with intent to obtain any property, service, pecuniary advantage, or valuable consideration.

About the SFO

The SFO was established in 1990 under the Serious Fraud Office Act in response to the collapse of financial markets in New Zealand at that time.

The SFO's role is the detection, investigation and prosecution of serious or complex financial crime. The SFO's focus is on investigating and prosecuting criminal cases that will have a real effect on:

- business and investor confidence in our financial markets and economy
- public confidence in our justice system and public service
- New Zealand's international business reputation.

The SFO operates three operational teams; the Evaluation and Intelligence team along with two investigative teams.

The SFO operates under two sets of investigative powers.

Part 1 of the SFO Act provides that it may act where the Director “has reason to suspect that an investigation into the affairs of any person may disclose serious or complex fraud.”

Part 2 of the SFO Act provides the SFO with more extensive powers where: “...the Director has reasonable grounds to believe that an offence involving serious or complex fraud may have been committed...”

In considering whether a matter involves serious or complex fraud, the Director may, among other things, have regard to:

- the suspected nature and consequences of the fraud and/or;
- the suspected scale of the fraud and/or;
- the legal, factual and evidential complexity of the matter and/or;
- any relevant public interest considerations.

The SFO’s Annual Report 2015 sets out its achievements for the past year, while the Statement of Intent 2014-2018 sets out the SFO’s strategic goals and performance standards. Both are available online at www.sfo.govt.nz

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**Ministry of Transport statement -
Joanne Harrison**

MEDIA
RELEASE

Date: 8 August 2016

Ministry of Transport Chief Executive Peter Mersi has welcomed confirmation the Serious Fraud Office has laid fraud charges against Joanne Harrison.

"I thank the Serious Fraud Office for investigating and acting quickly," Mr Mersi says.

"We expect people in the public service to act with the utmost honesty and integrity.

"We are pleased the courts will have an opportunity to consider these serious matters.

"As this is now before the court, we are unable to provide additional comments.

"It is prudent to confirm that our systems, processes and controls are robust. To that end, reviews of our internal controls and recruitment processes are well underway," Mr Mersi says.

Media contact: Gavin Middleton - 021 648 966

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Gavin Middleton

From: Peter Mersi
Sent: Tuesday, 16 August 2016 9:13 a.m.
To: AllMOT
Subject: Update on Joanne Harrison

Hi everyone

As some of you will be aware, Joanne Harrison is due to appear in court later today.

As I have already said, my aim is to keep you as informed as I can, while respecting the legal processes.

With this in mind, I will shortly send out one or two meeting requests for later this afternoon. At the meeting, I will update you on the outcome of Joanne's court appearance and, depending on how that goes, provide whatever further information I am able.

I will also let you know how we are progressing on the reviews of our recruitment processes and financial controls. These obviously now take on more importance given the decision by the Serious Fraud Office to charge Joanne with fraud.

I'd encourage you to talk about these events with your colleagues, but while this issue remains before the courts, I'd encourage you to refrain from speculating outside the Ministry about the case.

Thanks

Peter

Peter Mersi
Chief Executive
Ministry of Transport – Te Manatū Waka


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16 August speaking notes for Peter Mersi Joanne Harrison / Internal reviews

- Joanne entered no plea in court this morning, which means the information we are able to provide is still very limited.
- Given the charges against her, some of you may be concerned of 'guilt by association', or feel like you are 'tainted' in some way. I want to reiterate that there is no suggestion anyone here, or anyone who has recently left the Ministry, was complicit in Joanne's actions.
- We operate in a system of trust, and while it is prudent to have controls, checks and balances, it is also important that we know we can trust each other.
- As you know, we have two reviews underway, looking at our procurement and employment processes, respectively.
- We plan to be open with what they find, and implement their recommendations in a measured way, balancing the need to trust each other with sensible controls that reduce any potential for future events such as this.
- Both reviews are due to be complete in September, and it's too early to say at this point what they will recommend.
- I envisage that we will all have discussions about the reviews and their findings - and work together on the Ministry's response - so we are all aware of what's expected of us.
- Joanne is next scheduled to appear in court on 26 August, and I will call you together then if there is anything more I can tell you. If anything comes from our reviews in the meantime, I will also keep you informed.
- In the meantime, if you have any questions or concerns, please talk to me, your manager, or a member of the Ministry Leadership Team.

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