

Compensation suggested for Ministry of Transport fraud whistleblowers



MoT whistleblowers 'disadvantaged' says State Services Commission report.

Whistleblowers who flagged fraudulent activity by former Ministry of Transport boss Joanne Harrison should be offered compensation, according to a State Services Commission report.

Harrison, 50, was jailed for three years and seven months in February after the Serious Fraud Office discovered she had stolen \$726,386 from taxpayers over more than three years to pay off credit cards and her mortgage.

Staff who alerted ministry bosses to Harrison's behaviour and conduct were made redundant, and while the report says that was not directly related to Harrison getting rid of them, what followed was alarming, State Services Commissioner Peter Hughes said on Thursday.

CHRIS SKELTON/STUFF

Former Transport Ministry manager Joanne Harrison, who stole more than \$720,000 of taxpayers' money, was jailed in February.

"While there is no definitive evidence that Joanne Harrison engineered the process to exit these staff, the convergence of events that took place and her involvement in providing advice gives me cause for concern."

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The staff were made redundant as part of a restructure just before Christmas, and seven months earlier than they needed to be, the report found. The timing of their redundancies were based on advice from Harrison.

CAMERON BURNELL/STUFF

Head investigator Sandi Beatie said staff wanting to blow the whistle on Harrison saw it as the "nuclear" option.

"These public servants should never have been disadvantaged because they did the right thing," Hughes said.

"It is vital that public servants can raise concerns about suspected wrong-doing safely and without fear of punishment or reprisal."

Hughes described Harrison as a "highly manipulative" individual who "wreaked havoc" within the ministry.

CAMERON BURNELL/STUFF

State Services Commissioner Peter Hughes said fraudster Joanne Harrison a "highly manipulative individual who wreaked havoc" within the Ministry of Transport.

His organisation was working on ways of modernising how whistleblowers could alert authorities, via the Protected Disclosures Act, he said.

Ad Feedback

The investigation was handled by former deputy State Services Commissioner Sandi Beatie.

She recommended the former staff members receive an apology and that the State Services Commission (SSC) should offer compensation.

Hughes said the three employees made redundant would get redress, which would make up for the salary they lost, as well as compensation for the hurt and humiliation they suffered.

"I have met with these former staff members and their families," he said. "I thanked them for their public service and apologised to them for the treatment they received after raising genuine and well-founded concerns. I repeat that apology publicly."

It was clear they were "salt of the earth, loyal public servants" who Hughes had a great deal of sympathy for.

"What they did took great courage, and I'm satisfied that we've done the right thing as far as we can ... to put things right," he said.

Harrison, also known as Joanne Sharp, joined the Transport Ministry in 2011 and was appointed general manager of organisational development in July 2013.

Her crimes came to light in July 2016 after the Serious Fraud Office investigated dubious contracts she was involved in. It was later revealed she was first questioned about suspicious contracts at least two years earlier.

Harrison fled to Canada after being fired from the ministry. She returned and was arrested at Auckland International Airport in August last year.

A DEEP SENSE OF BETRAYAL

In her report, Beatie said she encountered a deep sense of betrayal created by Harrison's actions, which was still fresh in the minds of those who worked closely with her.

There was a clear sense of being let down by her. When it came to blowing the whistle some individuals described it as the "nuclear" option and feared repercussions.

A former member of the ministry's legal team was also targeted by Harrison, who stopped them getting a pay-rise. The Transport Ministry was now making sure that employee got the pay rise they had earned, Hughes said.

Beatie's report also found two other cases where ministry staff may have been treated badly by Harrison, but they were not whistleblowers, so fell outside Beatie's investigation.

The first was an employee who wanted to go to a professional development course. This was approved by their manager, but declined by Harrison.

The second employee, who worked in Harrison's group, came back from sick leave to find they had been demoted.

Those matters have been referred to Transport Ministry chief executive Peter Mersi, who stepped into that role after Harrison's committed her fraud.

Mersi welcomed the report on Thursday and said he was committed to making sure his staff could raise concerns safely.

"These former staff members did the right thing and they should never have been disadvantaged because of that. I apologise to these people for what happened."

COMPENSATION SHOULD BE 'SUBSTANTIAL'

Wellington employment lawyer Alan Knowsley said the ministry might also consider an ex gratia payment given the way the staff were treated.

"It's very important for employers to take note of issues like this and not shoot the messenger, and properly investigate and deal with it," he said.

Labour MP Sue Moroney said she was happy with the SSC's findings, but was "really disappointed" that the process had dragged on for so long.

The whistleblowers were veteran public servants who were just doing their job, she said.

Moroney believed compensation for the former ministry staffers should be "substantial" given the humiliation and hurt they suffered.

Even though the reasons for the redundancies had been found to be legitimate, Harrison had "twisted the knife" in was already a difficult situation, she said.

HEAT NOW ON AUDITOR-GENERAL

The State Services Commission report now puts heat on Auditor-General Martin Matthews, who was Harrison's boss at the time.

Matthews stood down from that role in March, pending the results of a separate inquiry into his suitability for the position, which was ordered by a cross party committee of MPs.

A spokeswoman for Speaker of the House David Carter said a committee of MPs had received the draft report written by Sir Maarten Wevers on July 6, and it had been sent to Matthews for his comments.

"The committee has made no decision about when or if the report will be released but is aware this matter must be finalised before Parliament is dissolved," she said.

Matthews could not be reached for comment on Thursday.

- Stuff