



Transparency International New Zealand
P.O.Box 5548, Lambton Quay, Wellington 6145

2008

ANNUAL REPORT

**TRANSPARENCY INTERNATIONAL NEW
ZEALAND**

1 July 2007 – 30 June 2008



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CHAIR'S REPORT

As a Chapter of the global network of Transparency International, New Zealand has an important role to play in leading the fight against private and public sector corruption. Since receiving the NZAID contribution our efforts have necessarily been concentrated on the Pacific but in February 2008 the visit of Transparency International's global chair, Dr Huguette Label, provided an opportunity to undertake high profile discussions with the Minister of Justice and senior officials, New Zealand's internal anticorruption activities.

I accompanied Dr Labelle to Fiji to take part in a well attended panel discussion on the funding of political parties at the University of the South Pacific.

All chapters -- including New Zealand -- are facing an uphill battle in raising awareness of corruption in their communities and in organising effective measures to prevent it. TI Pacific Chapters are fully aware of this growing problem and representatives came to Suva to discuss with Huguette the issues involved and what they are doing.

In Suva all Pacific representatives gave unanimous support for the New Zealand programme stating that without the funding and management advice provided by New Zealand they would be unable to sustain their activities. Papua New Guinea and Vanuatu have shown great courage in publicly criticizing the corrupt practices of their respective governments as well as undertaking programmes designed to raise the awareness in their communities of the pernicious effects of corruption. Both Fiji and Solomon Islands have also maintained a consistent anti corruption message often in the face of government hostility.

Marcus Peltó, Executive Officer in the first three months, and Paul Browne in the period following have shown what can be achieved when a New Zealand-based organisation listens to the Pacific and implements programmes in a way which is acceptable both to Pacific chapters, NZAID and the TINZ Board. Paul Browne's experience in the Pacific and in senior management positions in New Zealand has been critical in developing a positive relationship with our key partners and consolidating the Pacific programme.

That consolidation has allowed the Board time to focus on corruption in New Zealand. Members will recall that last year we undertook a very successful Symposium at Victoria University on the funding of political parties. Party funding remains an ongoing issue but three other areas have been identified as matters which need attention;

- corporate prudence
- money laundering
- conflicts of interest

We have a Board sub-committee, Chaired by Trevor Roberts, which is reviewing money laundering legislation and we anticipate being well placed to make informed comment on possible changes to legislation.

We have been successful in obtaining a €4,000 grant from the Transparency International Secretariat for the development of membership. The funds will be largely allocated for upgrading our website and to improve our communication with Members through regular additions to the website, Member newsletters, and a subscription email service to provide regular updates on national and international transparency and corruption matters.



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We plan to hold a 2 day seminar March 2009 which will highlight the current and emerging corruption and transparency issues in New Zealand. We are planning to attract internationally recognised speakers for the seminar and will organise a membership drive around the symposium.

Corporate Prudence and Money Laundering are the two issues which the board considers to have the potential to seriously compromise New Zealand's top place on the Transparency International Corruption Perception Index.

Lack of resources -- financial and personnel -- have always been a problem for us as a voluntary NGO. We establish *ad hoc* committees, chaired by board members, to take responsibility for action on designated issues. The chair will ask a small number of experts to join his Committee and assist in producing a report on the subject. I stress that it is the aim of the committee's report is to publicise the problems involved in the issue and to act as a catalyst in achieving action. Throughout, we shall keep our membership informed through the publication of regular Newsletters. I would also stress that the Board would be very happy if members wished to volunteer their services for the ad hoc committees.

The past year for TINZ has been one of transition from a more informal organisation to a focused operation. The \$500,000 NZAID grant has had to be professionally managed and rendered effective in the complex Pacific environment. We have also decided that if we are to achieve recognition in the wider community we must frame appropriate policies and programmes. Certainly New Zealand can no longer rest on its laurels.

In referring to this transition period I want to recognize the work done by the TINZ board as we have all focused on corruption issues in New Zealand and the needs of Pacific chapters. The sound judgement and advice provided by David Macdonald especially in our critical discussions with NZAID is greatly appreciated. Claire Johnstone as Deputy Chair has a given valuable support. Hugh Templeton, Trevor Roberts, Murray Petrie, Marcus Peltó (in Tonga) and Rodger Spiller (in Auckland) have all provided that high-quality support so necessary to the functioning of a voluntary NGO in New Zealand where funds are short, needs long and good people are hard to attract.

I have been privileged to serve as chair of this Chapter.

Gerald McGhie
Chairman



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This report is presented under the four major areas of work and reporting;

1. **Management:** A review of management and administration changes and performance during the 2008 year, including management of the TINZ Pacific Support Programme.
2. **Governance:** Summary of Board activities
3. **Membership:** Report on current membership
4. **Secretariat and International:** TINZ's ongoing links with other chapters and with the TI Secretariat in Germany.

Management

Pacific Support Programme

The TINZ Pacific Support Programme is the main project of the TI-NZ chapter. The Programme is funded by NZAID and provides capacity building technical and financial assistance to Transparency International chapters in the Pacific. Currently the chapters are Papua New Guinea, Solomon Islands, Vanuatu and Fiji. We have also been working with a small group in Tonga to see if it is viable for a chapter to be established in that country.

During the six month period from July - December 2007, the TI-NZ Pacific Programme, in conjunction with NZAID, undertook a major internal review of the Programme. This period was also notable for significant changes in project management personnel.

Transparency International New Zealand (TINZ), the programme administrators, initiated an internal review of the programme on the departure of the previous Programme Manager (Shane Cave) on 31 July 2007. The review was conducted by the incoming Programme Manager (Marcus Pelto), who acted in the position of TINZ Executive Officer from August 2007 to January 2008. The review was conducted in close consultation with the primary stakeholders – the programme funder NZAID, the participating TI Pacific chapters, and the management committee of the TINZ Board. The review sought to determine how the programme could be conducted more efficiently and more effectively.

A 'State of Play' report submitted to stakeholders during September and October of 2007 stated that, "Overall the programme design appears to be sound, and there is a narrative of success, with some chapters making more progress than others. Notably it can be said with the support of anecdotal evidence that the current capacity of the TI Pacific chapters has been noticeably strengthened by this programme. However, it is noted that there are two areas in particular that require immediate attention – a systematic approach to monitoring and evaluation and a restructuring of programme management / governance to provide greater quality assurance."

The above two recommended actions were incorporated into a Letter of Variation between NZAID and TINZ dated 18 December 2007.

In mid January Marcus Pelto left for Tonga and the current Executive Office/Programme Manager (Paul Browne) started in a contracted capacity. The contract agreement with the Executive Officer is for a 188 days for work associated with the Programme Management of the TINZ Pacific Support programme and additional days, as agreed and on an as-needs basis for the management of the Transparency International New Zealand chapter.



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TINZ's 6 month report to NZAID for the period July-December 2007 was submitted and accepted by NZAID in March 2008. TINZ's 6 month report for the period January-June 2008 was submitted to NZAID on 31 August.

The TINZ Pacific Support Programme is a major project and has a total budgeted value of \$629,000 in the 2008-09 financial year.

New Zealand Activities

TINZ made written and verbal submissions to two select committees during the report period – the Foreign Affairs, Trade and Defence Committee's review of NZ's Pacific Policy, and the Parliamentary committee considering the controversial Electoral Finance Bill. Our submission

Financial Management

Throughout the year Alison Smith has been contracted to manage financial matters relating to TINZ and including the TINZ Pacific Support Programme. Alison's steady and systematic approach to TINZ's financial management has resulted in considerable improvements to the manner in which we have managed and acquitted for project finances, and the manner in which we are now able to report to partners and members.

It is also important to acknowledge the ongoing support we have received from KPMG in auditing the TINZ accounts at no cost to the Society.

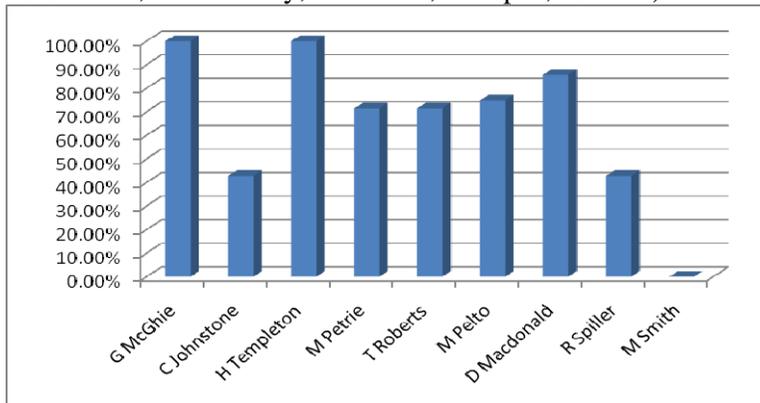
Governance

The Board Members and Officers appointed at the 2007 AGM were G McGhie (Chair), C Johnstone (Deputy Chair), Hugh Templeton, Murray Petrie, David Macdonald, Trevor Roberts, Rodger Spiller, Marcus Pelto, Mel Smith.

Distance does limit board meeting attendance for two members - Marcus Pelto and Rodger Spiller. They are invited to contribute to board discussion through email comment or, occasionally, through teleconference link and are considered to be in attendance if they have contributed to board discussions in this way.

On 17 April the Board moved that David Binning also be invited to the Board. As with all mid-year appointments, they must be ratified by the next AGM meeting.

In the period covered by this report the Board held 7 meetings (23 August, 19 September, 18 October, 21 February, 20 March, 17 April, 19 June). Board attendance was as follows;





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Membership

In March 2008 the board accepted agreed to clarify membership by linking membership to a specific financial period, rather than to the anniversary of joining. This has administrative advantages which are especially important with very limited staff resources.

As at 30 August 2008 the membership of TINZ is;

Individual Members: 29 members

Corporate Members: 5 members

The Board's Membership sub-committee is chaired by Trevor Roberts. Strategies for improving membership focus on increasing awareness in New Zealand of corruption and transparency issues. Key strategies include printing of a new brochure (to be available from October 2008); updating and making the website more relevant (to be completed by December 2008); coordinating a symposium with major international and national speakers (planned for March 2009)

Secretariat and International

During the report period there have been two international meetings which have been attended by representatives of TINZ. In both cases the Secretariat meetings have allowed the opportunity for holding a Pacific Advisory Group (PAG) meeting of all chapters involved in the TINZ Pacific Support Programme. The chapters (or emerging chapter) involved in these meetings have been Papua New Guinea, Solomon Islands, Vanuatu, Fiji, New Zealand, Australia, Secretariat, and Tonga (emerging).

In October 2007 Marcus Pelto and Gerald McGhie attended the Annual Membership Meeting (AMM) in Bali and in May 2008 Paul Browne and Gerald McGhie attended the TI Asia Pacific regional Meeting in Manila/Tagaytay. For both meetings the TI Secretariat provided funding for the travel cost of representatives. The TI Secretariat policy of providing funding for two representatives to attend regional and global meetings is under review and for this year's Annual Membership Meeting funding is only available for one person to attend.

Finally I would like to record my thanks to our Finance Officer, Alison Smith, for her competent support during the year; to the Chair for his willingness to always make time available for TI issues and for his support and strategic advice; to Board members who continue to provide sound advice and comment; and to my predecessor, Marcus Pelto, for his work in reviewing the Pacific Support Programme which ensured we had a sound base for our continued relationship with the TI Pacific chapters and with NZAID.

Paul Browne

Executive Officer.