

23 May 2016

Transparency International New Zealand

Shewan Inquiry: Ensure New Zealand is not supporting money laundering, tax fraud, reputation cleansing and hiding of illicit assets

Transparency International New Zealand has made its submission to the Shewan Inquiry, calling on the government to widen the *Inquiry's* terms of reference to future proof our laws following the release of the 'Panama papers'.

New Zealand's international reputation for integrity generates immense returns to the economy, including a major contribution to the billions of dollars that make up our foreign exchange earnings. By assuming an aggressive leadership role in international efforts to eliminate misuse of trusts and corporate entities, New Zealand stands to enhance both its reputation and the return to the economy.

The looseness of New Zealand's disclosure rules undermines international efforts to combat the illicit financial and asset flows which enable organized crime, tax evasion, funding of terrorism, money laundering, corruption and impunity.

"Our submission urges firm action to thwart corrupt politicians, organized criminals, fraudsters, bribe payers, arms dealers and terrorists from using New Zealand's loose regulatory environment to support their activities," says Transparency International New Zealand (TINZ) Chair, Suzanne Snively.

Specific recommendations by TINZ to the Shewan Inquiry include

1. Establish a comprehensive and accurate register of the beneficial owners of all types of legal constructs including foreign trusts and companies. This requires the registration of all trusts and companies, whether foreign or domestic, the maintenance of accurate and up-to-date information, resourcing of the capability to interrogate in domestic and international criminal investigations,

and integration with the international Common Reporting Standard initiative to proactively report on foreign nationals' activities.

2. Extending the New Zealand Anti-money Laundering and Countering Financing of Terrorism (AML/CFT) Act (2009) to cover all professionals, including lawyers, accountants and real estate agents who are engaged in setting up or managing assets of New Zealand corporate vehicles and trusts.

TINZ is confident that the scope of the inquiry can be widened because of the substantial government policy work already done in this area. This means seeking genuinely effective solutions to tackle the broader spectrum of financial crime risks associated with New Zealand companies and trusts.

Positive initiatives include the existing AML/CFT regime, the Common Reporting Standard initiative, participation in the International Anti-Corruption Law Enforcement Coordination Centre and New Zealand's support for the UN Convention against Corruption.

These initiatives will actually be weakened if known gaps, now internationally publicised as 'system failings' in New Zealand's framework of rules, are not corrected, and, seen to be corrected.

Suzanne Snively says, "New Zealand is well-placed to take its own expert officials' advice and through this to show leadership in tackling international corruption by going much further than simply processing a light touch, lightly resourced, poorly conceived review."

The full Transparency International New Zealand submission can be found at [transparency.org.nz/docs/2016/TINZ Submission Shewan Inquiry 20 May 2016.pdf](https://transparency.org.nz/docs/2016/TINZ_Submission_Shewan_Inquiry_20_May_2016.pdf)

Background information for journalists

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2. **Transparency International**

Transparency International is a global civil society coalition leading the fight against corruption. It compiles a number of measures of different aspects of corruption including the Corruption Perceptions Index, the Global Corruption Barometer, and the Bribe Payers Index. Information on Transparency International can be found at www.transparency.org and detailed information on the Corruption Perceptions Index can be found at www.transparency.org/cpi.

3. **About TINZ**

Transparency International New Zealand (TINZ) is the local chapter of the global organisation - <http://www.transparency.org.nz/>. TINZ works to actively promote the highest levels of transparency, accountability, integrity and public participation in government and civil society in New Zealand and the Pacific Islands.

Transparency International New Zealand provides a free [Anti-Corruption Training Tool](http://transparency.org.nz/Anti-Corruption-Training) (transparency.org.nz/Anti-Corruption-Training) designed by leading experts in the field, and enables organisations to provide training for their personnel. This was developed in partnership with the Serious Fraud Office and BusinessNZ.

Transparency International New Zealand published the [*Integrity Plus 2013 New Zealand National Integrity System Assessment*](#) and is actively engaged in the implementation of its recommendations.