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Transparency International is a not-for-profit, non-government organisation, which aims to counter corruption in international and national business transactions and government decision making.

Transparency International is politically non-partisan and does not undertake direct investigation of alleged corruption or expose individual cases.

There are over 90 National Chapters of TI worldwide. Each chapter is an autonomous body supported by a global Secretariat based in Berlin

NZ's Satisfaction with its Public Service

The State Services Commission has recently released the 2009 *Kiwis Count* survey. The survey, which was last completed in 2007, is modelled on the Canadian *Citizens First* survey and is designed to measure New Zealanders' experiences of public services.

The 2009 survey was completed by 3,724 people, slightly more than in 2007. There is no target or perfect score related to the survey and its principle use is provide a means for the government to identify areas in need of improvement.

The main highlights of the survey as published in the official report are as follows:

Service quality is improving

- New Zealanders experienced a small improvement in service quality from public services overall in 2009 compared to 2007.
- Nine services had significant increases in service quality while four services had significant decreases.

Trust in public services is improving

- New Zealanders trusted public services more in 2009 than they did in 2007.
- New Zealanders indicated higher levels of trust when asked about their own experiences, rather than their perceptions, which can be influenced by family, friends or the media.

What New Zealanders want from their dealings with public services

- The Kiwis Count surveys in 2007 and 2009 show that we consistently value the same things in public services.
- New Zealanders want their expectations met, they want the staff they deal with to be competent and to keep their promises, they want to be treated fairly and to have their individual circumstances taken into account, and they want to feel that services are providing good value for their tax dollars.

New Zealanders use a range of ways to find information about and to access public services

- Internet is the most popular way to look for information about public services, although telephone is still widely used. People prefer to carry out transactions in person.
- Making online services user-friendly, providing follow-up confirmation to avoid misunderstandings, protecting privacy and improving online security could encourage greater use of online services.

In regards to the overall score for the public service there was a slight increase from 2007's score of 68 to 69.

Areas for improvement

The survey identified the following as areas in which improvements could enhance overall performance:

- Select the right people for the job. Services need front line staff who want to help, have good people skills and are solutions focused.
- Ensure staff are adequately trained in how to deal with customers. Training should cover how to greet and treat customers with politeness and respect, how to determine people's needs, how to deal with difficult customers and how to treat each customer as an individual.
- Make certain staff have the knowledge and experience to meet customer needs. This means staff are well trained across the range of service enquiries they will receive, and that adequate back up is in place when an unexpected or more complicated situation occurs.
- In situations where customers are dealing with several agencies, ensure staff are trained to handle basic enquiries about other government agencies.
- Ensure all communications are clear and easy to understand.
- Where a promise has been broken or a mistake has been made, an apology should be given. There should also be an explanation of what happened and, if possible, an outline of what has been done to ensure it won't happen again.

Standards of integrity and conduct

From the survey, it was apparent that the majority of respondents did not know that those working in the public sector are required to meet set standards for integrity and conduct. This is disappointing: it is important for New Zealanders to be aware of the obligations and expectations required of our public servants. There was also an indication that New Zealanders would like to have a complaints process implemented within government agencies to enable them to report infringements of standards for integrity and conduct.

You can download the full survey at the following link:

<http://www.ssc.govt.nz/display/document.asp?docid=7621&pagetype=content&pageno=8>



The TI(NZ) Members' Update page invites one of our members to share their thoughts on corruption and on the role of TI(NZ).



Dr Chris Eichbaum

Dr. Chris Eichbaum is a Senior Lecturer in Public Policy, and Director of Master's Programmes, at Victoria University's School of Government. He is the author of a range of academic papers and research reports and has previously worked in both the New Zealand and Australian public service. His doctoral dissertation, which he completed in 1999, examined central banking reforms in New Zealand and Australia in the 1980s and 1990s. He is a non-executive Director on the Board of the Reserve Bank of New Zealand.

1) How do you think corruption affects New Zealand?

I think that we are very lucky in New Zealand in as much as we seem to be freer from corruption than almost any other society in the world. That is one of the great things about Transparency International and the Corruption Perceptions Index (CPI). It allows us to actually have a look and see where we are placed in an international context.

But are we in New Zealand 100% free from corruption? No we are no. Can we afford to be complacent? Certainly not, there is always the risk for corruption to occur. Because we are acutely aware of the threat and of the need to proactively manage the risk of it, this tends to limit the incidence of corrupt practices. When it does occur it is detected, and that is one of the strengths of New Zealand's institutional arrangements, and reflects a strong sense of ethical standards on the part of those who serve the public

2) How do you think we minimise corruption in New Zealand?

Luckily, we have the public sector architecture in New Zealand that allows us to minimise the incidence of corruption. In terms of what steps we can take to safeguard us, we can continue with the kind of institutional arrangements that we have at present. By this I mean legislation, conventions and a culture which places significant weight on transparency and on openness. The fact that we have an Official Information Act in New Zealand is a great asset. I also think that the existence of Officers of Parliament is a very, very important aspect of maintaining high levels of integrity of those in public office. For example the Auditor General and Ombudsman both possess a measure of independence from the executive branch by reporting directly to the legislative branch. This gives them the ability to go into places that others can't go. . So we have these sorts of institutions and an institutional typography that means that there are offices and officers who are tasked with ensuring that we maintain the highest levels of integrity in public affairs.

However, the risk of complacency still exists and we need to on the one hand, celebrate our high standards, while also working to further encourage a culture of vigilance and non-acceptance of any measure of corruption. Culture is especially important for those in the public service as it ensures that individuals internalise a sense of responsibility and of a duty owed to the New Zealand public.

Why do you feel that Transparency International is an important organisation?

Well, it plays the role of providing both a measure of oversight of, and support for those responsible for safeguarding standards and behaviour. Although I have talked about New Zealand being fortunate in having such good institutional architecture and strong ethos, I feel there is still a need for a monitoring body which enjoys a measure of independence from the government of the day. As a non-governmental organisation Transparency International provides a platform for citizens to come together with a shared commitment to the mission of Transparency International. The other thing about it is of course is that TI is responsible for country case studies, the CPI and for providing someone like myself as a teacher of public policy and administration with high quality, reliable and up to date information that I can then pass onto my students.

4) What do you think the focus of Transparency International New Zealand should be in New Zealand?

I think the focus should continue to be of providing oversight and generating the kind of evidence and data that feeds into things like the CPI so that the issues are kept in front of the public at large, public servants and legislators.

It also strikes me that at the moment in New Zealand there is a bit of a credibility issue at the sub-national level of government. At times one hears indictments at the level of performance going on at the level of local body politics. Now it is not necessarily corruption but it is to do with the effectiveness of governance. I think

that it would be a very rare thing indeed for someone involved in local government, either as an elected officer or an official, to be directly accused of corruption, however from time to time there is an accusation that some interests are more dominant than others. So I think it is important that there is an assessment of the quality of governance not just at a national government level but also of our sub-national institutions. This is something that perhaps TI (NZ) might focus on in the future.

5) How does corruption in other countries impact on New Zealand?

I think it impacts on New Zealand in a variety of ways. We are not an island, we are a trading nation and our future rests on our ability to add value to the natural endowments we have in this country and our ability to take them out to the world. Therefore, we do need to have the confidence that when you are involved in international business transactions that there is that level of integrity of, institutions, processes and of individual behaviour that can give New Zealand enterprises a sense of confidence. Without the confidence you are not going to invest in overseas markets, you are not going to get market penetration or growth in those markets and subsequently New Zealand will not see the returns from these markets.

But corruption is also important from the point of view of New Zealanders, and particularly young New Zealanders who travel overseas and their ability to feel secure and free from arbitrary abuse of power from officials. When I am teaching I sometimes ask my students if anyone has ever encountered corruption. A number of those who have travelled overseas will often put their hands up.

So there are ranges of different ways in which corruption can impact on New Zealand. It has the potential to compromise the integrity of trade, and to compromise individual safety and security.



MPs' Payout Worries Solomons Corruption Watchdog

Source: Australia Network News

<http://australianetworknews.com/stories/201004/2886064.htm?desktop>

The Transparency International chapter in Solomon Islands has expressed disbelief at the \$US 1.2 million pay-out to members of parliament by the Taiwanese government.

Chairman of Transparency Solomon Islands, Bob Pollard says the payment to the MPs just as parliament was being dissolved last week, was a source of corruption.

He says while Taiwan may have good intentions for the Rural Constituency Development Funds payment, its consequences are a problem for the country.

Payrise probed

Transparency Solomon Islands says it's also investigating the \$10 million increase awarded to Parliamentarians last week.

The TSI chairman Bob Pollard, has told the Solomons Broadcasting Corporation, the significant pay rise politicians gave themselves could distort the role of MPs and encourage corruption.

He says his office will shortly release a detailed statement regarding the 11 per cent salary increase for MPs as well as the boost to their death benefits and transport and fuel allowances.

Meanwhile, Trade Union National Secretary, Tony Kagovai, says they are still considering a nationwide general strike in protest.

Tonga's Attorney-General Resigns

Source: Australia Network News

<http://australianetworknews.com/stories/201004/2886846.htm?desktop>

Tonga's attorney-general has resigned in protest over what he has called government curbs on judicial independence and attempts to interfere with cases following a ferry disaster that killed 74 people.

John Cauchi, an Australian citizen, was appointed as the Pacific island kingdom's first independent attorney-general in the middle of last year.

"It is with regret that I have today tendered my resignation from the office of attorney-general," Mr Cauchi said in a statement.

"The action of the government against my role and the independent judiciary has meant that my resignation is the best way for me to show that the government's interest in independence is a highly qualified one."

The Tongan government had removed most of his responsibilities and these had been taken over by the Minister of Justice or the cabinet, he said.

"This is not the independence the government said it wanted to achieve when it created the new attorney-general's position."

Mr Cauchi also accused Prime Minister Feleti Sevele's government of interfering with attempts to prosecute those found

responsible by a commission of inquiry for the sinking of the Princess Ashika ferry in August last year.

Earlier this month, the commission's report found the state-owned shipping company and the government shared the blame for buying a "rust bucket" ferry, which sank on its fourth voyage in Tonga. Mr Cauchi alleged that the government had declined to support appointing independent prosecutors for the ferry cases, and had attempted to modify the commission's terms of reference before the final report was released.

He also accused the Tongan government of unconstitutional behaviour for abolishing the country's Judicial Services Commission.

Decision to quit 'regretted'

The Tongan government says it regrets John Cauchi's resignation.

Information Minister Eseta Fusitua says the reasons Mr Cauchi gave for stepping down were based on incorrect information.

Ms Fusitua described Mr Cauchi's allegation that one judge was appointed directly by the executive branch of the Tongan government as "very unfortunate".

"That is just not correct," she said.

She admitted the government had paid some of the judge's salary but said this had been done to bring his wage into line with those of his fellow Supreme Court

judges, and rejected suggestions it might have led the judge to be biased in his views.

"We are all beholden to the government. He (Cauchi) is beholden to the government. I really don't see the logic of that argument."

Ms Fusitua also rejected Mr Cauchi's allegation that the Tongan Cabinet decided against appointing two independent special prosecutors to investigate the Princess Ashika sinking.

"The matter was not to put to Cabinet at all, and that's all right if the Attorney General decided to put it to Cabinet at a later time," she said.

"I have not seen a paper to Cabinet from the Attorney General giving Cabinet the specifics. So asking whether Cabinet is going to approve or not, Cabinet can't respond because Cabinet has not seen."

"At the same time, what we have read in the media, that he wishes to appoint special prosecutors - we have no problem with that, but still, we cannot respond officially until he gives it to us officially."

"To say that Cabinet did not support it - how can Cabinet support what it was not advised about?"





U.S. Department of Justice: Stepping up the fight against bribery

Source: <http://www.reuters.com/article/globalNews/idUSTRE6342MO20100405>

The U.S. Department of Justice has once again sent out a message to companies that corrupt practices will no longer be tolerated. In one of its most recent investigations the FBI performed an undercover sting which resulted in the simultaneous arrest of 17 mid- and senior-level managers from various companies under the Foreign Corrupt Practices Act (FCPA). Using an undercover FBI agent posing as a sales agent representing an African country's defence minister the group were secretly videotaped at a meeting in which they agreed to pay a 20 per cent "commissions". The meeting and arrests took place at a shooting and hunting trade show in Las Vegas on January the 17th.

However, the FBI's operation did not stop there. At the same time as the 17 managers were being arrested in Las Vegas one hundred FBI agents were busy executing search warrants all across the U.S. The case is groundbreaking and highlights just how significantly attitudes have changed towards corrupt practices in the private sector. The FCPA has existed in the U.S since 1977 and for many years it was considered a dormant piece of legislation. However, recently the U.S Department of Justice has been keen to send out the message that corruption will no longer be tolerated and in the last three years more cases have been brought for violations under the FCPA than in its entire history combined. Some have argued that the million dollar settlements between companies and the DoJ may sound astronomical but when com-

pared to the money these companies have gained through corruption the companies still come out on top. However, others are keen to point out that the financial penalties are just the tip of the iceberg for companies and that in reality companies face other consequences such as accounting and legal fees, damage to their reputation as well as the cost of the court imposed independent monitoring.² All of these costs mean that any company registered with the U.S stock exchange can no longer feel confident that corrupt practices will go unhindered. In fact quite the opposite. The use of undercover "sting" techniques for the first time clearly signals that the DoJ is determined to aggressively seek out and punish corruption in the private sector and that companies and their employees can no longer afford to be complacent.

Recent U.S Bribery Cases. **Source:** <http://www.reuters.com/article/idUSTRE6342N420100405>

Date	Case
February 12	French engineering firm Technip set aside 245 million euros for possible fines resulting from a Nigeria bribery case.
February 19	Franco-American telecoms equipment maker Alcatel-Lucent said it had set aside 93 million euros to resolve a long-running investigation of bribe payments in Costa Rica, Taiwan and Kenya.
March 1	British defense contractor BAE Systems PLC pleaded guilty to lying to U.S. government agencies about its compliance with FCPA and settled for \$400 million. While the company did not plead guilty to bribery as such, court documents outlined a long-running practice of making "suspicious payments" to officials in Saudi Arabia, the Czech Republic and Hungary.
March 18	British specialty chemical company Innospec Inc said it would pay \$40.2 million to settle allegations it paid bribes to Iraqi and Indonesian government officials and violated the U.S. embargo against Cuba.
April 1	German car maker Daimler AG and three subsidiaries agreed to pay \$185 million to settle allegations they bribed foreign officials in at least 22 countries in return for contracts to sell Daimler vehicles. Two of the subsidiaries pleaded guilty. Daimler and another subsidiary entered into deferred prosecution agreements.

Comprehensive U.K Bribery Act gains Royal Assent

Sources: <http://www.guardian.co.uk/uk/2010/apr/11/law-bribery-bae-overseas> & <http://www.nortonrose.com/knowledge/publications/2010/pub27154.aspx?lang=en-gb>

On the 8th of April the new British Bribery Act received Royal Assent after having successfully passed through pre-legislative scrutiny. The Bill goes a long way in terms of tightening British control on bribery and corruption. The Act replaces the previous vague and complicated legal framework provided by common law and in the Prevention of Corruption Acts 1889-1916. Some of the key points of the Act include:

- The creation of a new **strict liability** offence for corporate and partnerships who fail to prevent bribery occurring within their organisation. The only defence for the offence is if an organisation can prove that they had "adequate procedures" implemented in their organisation.
- The above strict liability offence is wide-reaching and has **extra territorial jurisdiction**. As long as an organisation carries out some or part of its business in the UK it may be prosecuted for violation of the offence.

Transparency International UK issued a statement congratulating the UK Parlia-

ment on "their resolve to pass this historic and long overdue legislation" and observed that "This Act sends out a strong message to UK plc and the rest of world – the UK will not tolerate bribery. Ethical practices must be firmly embedded in all echelons of business. The era of 'business as usual' is over."

To read more about the Bribery Bill please go to the following link:

<http://www.transparency.org.uk/component/content/article/132>

Links & Papers of Interest



<http://www.globalfocus.org.nz/infoservices/justchange/>

Just Change is a New Zealand magazine



<http://www.nzcbesd.org.nz/>

The New Zealand Centre for Business Ethics and Sustainable Development (NZCBESD) was founded in 1998 by Auckland University of Technology, the University of Auckland, and the Manukau Institute of Technology. The organisation's main aim is to provide a link between business and education in order to promote business ethics and sustainable development. Much of its work is based on PhD research conducted by Dr. Rodger Spiller in which he developed his Four P's of ethical business: purpose, principles, practices and performance measurement. Dr. Spiller is also the current Executive Director of the centre. The website has a variety of useful articles as well as a very good document outlining the 60 best practices which form part of the Ethical and Sustainable Development Scorecard used by the centre to identify exemplary companies.



<http://www.cmi.no/publications/file/3537-profiting-from-corruption.pdf>

U4 Brief

“Profiting from corruption: The role and responsibility of financial institutions”

Written by Robert Palmer a campaigner with the Global Witness organisation, this U4 Brief assesses how banks facilitate illicit capital flows from developing countries. The shortcomings of the existing regulatory frameworks are discussed, and recommendations are made for donor governments on what can be done to curb the flow of corrupt money out of the developing world.

