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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

## TI(NZ) Board Members

From next month onwards, the Members' Update will include a commentary on the activities of the TI(NZ) Board. We are starting this regular feature with a brief introduction to the current members of the Board.

**Gerald McGhie, Chair of TINZ:** Gerald enjoyed a long career in the Dept of External Affairs. His overseas postings included; High Commissioner to Papua New Guinea; High Commissioner to Samoa; Ambassador to Korea, as well as two ambassadorial postings to USSR. Gerald was previously a director of the NZ Pacific Cooperation Foundation.



**Murray Petrie, Deputy Chair of TINZ:** Murray has worked for the NZ Treasury and the International Monetary Fund (IMF), and since 1997 has been a consultant on public management to NZ government departments and International Financial Institutions. Murray is an active member of the IMF's Panel of Fiscal Experts, and a contributor to the International Budget Partnership, a trans-national network of NGOs working for greater budget transparency. He has worked on financial management reform and fiscal transparency in over 20 countries. Murray was a founding member of TINZ



**Hon Hugh Templeton:** From 1954 to 1969 Hugh served with the New Zealand Department of External Affairs, first in London, and then in Wellington, before appointment as the last Deputy High Commissioner of Western Samoa with the special role to prepare for independence. He subsequently went to New York to assist in securing Samoa's post independence aid programmes. Elected to Parliament he held various portfolios during the 1975 - 1984 government. A founding member of Transparency International New Zealand, Hugh is a life member of the organization.



**David Macdonald:** Previously a partner in Deloitte & Touche in Wellington, New Zealand (1971-89) and London (1990-94) and Auditor-General of New Zealand (1995-2002), David is also a director of Advanced Business Education Limited. His research interests include Auditor independence; corporate governance, accountability and transparency in the public and private sectors. David is currently Adjunct Professor at Victoria University, teaching Accounting and Auditing and public sector financial management.



**Rodger Spiller:** One of two directors based in Auckland, Rodger is a leading adviser to personal investors and businesses. He is a Certified Financial Planner, Chartered Accountant and holds a PhD in ethical and responsible investment and business. He is the Managing Director of Money Matters and Rodger Spiller & Associates.



**Trevor Roberts:** Trevor is a Consultant at Kiely Thomson & Caisley and has been a practising lawyer since 1961. He holds a Certificate of Proficiency in Trade Practices Law and is an Associate of the Arbitrators and Mediators Institute of New Zealand. Trevor is widely recognised as a specialist in the fields of trade practices, public and administrative law, insurance law, commercial law and charities.



**Alex Tan:** Also based in Auckland, Alex is a Director at PricewaterhouseCoopers Forensic Services practice. He has over 20 years investigatory experience including 9 years with the Royal Hong Kong Police and 8 years with the NZ Serious Fraud Office. Alex specialises in the prevention, detection and response to financial crimes. Alex is a Certified Fraud Examiner, and heads the NZ Branch of the Association of Certified Anti Money Laundering Specialists.



**Sefton Darby:** Sefton is an anti-corruption and public sector reform specialist who runs a small consulting firm (S.E.B. Strategy Ltd) in Wellington. His clients include a number of international organisations, governments and civil society groups. He has worked extensively in West Africa, the former Soviet Union, and the Asia-Pacific region. Prior to establishing his firm he worked for the World Bank, the UK Department for International Development, and the UK Cabinet Office.



**Hon. John Luxton:** John entered Parliament in 1987. He held several Ministerial portfolios before deciding not to stand for re-election in 2002. Since leaving Parliament, John has held a number of directorships and is the current Chair of DairyNZ. He is also a founder and director of the



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



## Mark Nicholas

Mark Nicholas CPP CFE DipPol, has been a member of TINZ for four years. He is a Director of Protect Security Group Private Investigators and Security Consultants with offices in Rongotai Wellington. He can be contacted by email: [mark.nicholas@protectsecurity.co.nz](mailto:mark.nicholas@protectsecurity.co.nz)

### 1. How do you think corruption affects New Zealand?

I think that it affects New Zealand in the same manner that it does any culture, race or country. In that it eats at the very heart of economics, communities and societies. Threads make up fabric and the strength of the fabric is determined by the strength of the thread. Now it's stronger as a fabric than it is as an individual thread. But equally the fabric is not strong if the thread is weak. So corruption, in the New Zealand context I think is equally as dangerous as it is in those countries where it is completely rife. Because when analyzing the threat of corruption and doing a degree of risk analysis, the risk is that the thread is weakened by corruption at the day to day simplistic level which ultimately threatens New Zealand's societal fabric as a whole.

The 'honest New Zealander' is not a figment of some past social measure as our prosecutions for theft by finding are all but non-existent and the found property stores at police stations and public utilities evidence the general degree of honesty. However should bribery and corruption become common place the other common that will dissipate is decency.

### 2. What steps do you think we can take to safeguard us from corruption?

Ultimately I think by being open to further development and maintenance of our safeguards and continually working at creating awareness of corruption. We should remember that there always exists the threat of weakening the threads that I spoke about earlier at many different levels within our society and we need to promote awareness of that risk. It is not just in the political arena that the threat of corruption exists. For example even at sports matches corruption could be found if a person decides to try to enter a match by offering a security guard a back door payment. In these situations I feel that we need to ensure three things; Firstly, we need to ensure that people do not consider trying to use bribery as a means to an end. Secondly, we need to ensure that no one in any position is willing to receive back door payments and finally, we need to ensure that the person who is offered a bribe is able to report it to an appropriate authority. There is an analogy with the crime awareness programme called "broken windows"

that is often heard in the police world. Say if someone breaks the window of a warehouse within a community. Now, if the community treats the broken window as a minor incident then they may miss out on seeing the warning signal that could ultimately lead to civil unrest and disorder. A broken window and civil disorder may seem a million miles apart however, it is important to look for the warning signs and to ask ourselves where it all begins. To relate this back to my earlier analogy of society being a fabric made up of threads, we in New Zealand could become complacent towards corruption and miss out on seeing the signals that weaken the threads which, if ignored, could ultimately destroy the fabric as a whole. The more corruption and bribery is rejected and reported the more the acceptance that such acts are not acceptable in our society.

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

I think it is important for a few reasons. Firstly, it is an apolitical international organisation which is able to transcend through the prevailing societal influences of politics, religion, culture and race. I initially joined TI after hearing Jeremy Pope on the radio talking about the need for an organisation such as TI to create awareness of corruption. In the end it goes back to the broken window analogy I spoke about. TI is important because it is able to report on that first broken window not as a policeman but as an educator of the signal that the broken window represents when taking into consideration what reactions it draws from society - or lack of.

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

Primarily I see TI(NZ)'s role being that of creating public awareness of how to recognise the early stages and causes of corruption. I also think it is important for TI(NZ) to be an organisation that questions the concept of corruption and whether our interpretation of corruption is necessarily the correct one. Currently in New Zealand we have over 200 cultures living here each with their own set of values and perceptions. Due to its neutral stance TI(NZ) is in a position to act as an observer of how New Zealand's

society is changing and to make rational observations which could potentially serve to help different sub-sections of our society. For example, the concept of corruption that a person from a country as tribally structured as Somalia may not be the same as British traditionally based views on the structure of trade and payment. If people find it difficult to adjust the side of road they drive on how will they adjust to a system of trade and payments that doesn't involve 'payoffs' when their centuries old methodology is to include just that - a payoff.

Is it really our place to tell them that they are wrong in their perceptions or is it our place to share why in our structure there is no need and in fact a detriment in adopting such a practice.

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

Corruption significantly increases the costs of conducting business and impacts on the price, quality and availability of products. It also affects us in that New Zealanders end up receiving inferior products. If other countries are granting export licenses to those who pay the most rather than those who manufacture the best the end products we import will be of lesser quality. If I may go back to my initial analogy of the fabric and thread, if you look at the world as being one large fabric then corruption internationally affects the threads of global fabric that New Zealand is very much a part of. Therefore, any corruption that happens in other countries has the potential to impact on New Zealand in the sense that our nation forms part of an international arena. Exposure to corruption by New Zealand trading entities will be agonizing for some who encounter it when making a moral judgment against the business reality of achieving a contract. Our largest company was once a member of TINZ but I understand was faced with the dilemma of staying true to TI's constitution when participating in global markets.

Like the problem of corruption and bribery itself, New Zealand can not stand in isolation or in harsh judgment of others because of our high rating on the corruption index, but we can stand resolute in our beliefs of a fair and honest deal in life without being arrogant or patronizing thus hopefully drawing respect from the international community.



## PNG: Thousands Turnout for Landmark Peaceful Protest

In March TI(NZ) Members' Update published a story about the proposed amendments to the Leadership Code and the Constitution in PNG. The amendments which included revoking the Ombudsman's power to issue directives to public service leaders was seen by many as a serious threat to the Ombudsman commission's ability to effectively do its job and hold MPs and the public sector to the necessary standards of integrity and conduct. Consequently over ten thousand Papua New Guineans took to the streets in April in peaceful protest. The following is a summation of the day as reported in TIPNG's Bi-monthly e-newsletter.

*Source: TIPNG Newsletter*

Twenty thousand three hundred and eighty-eight (20318) signatures opposing Hon. Moses Maladina's amendments to the Leadership Code and Constitution were presented by the Community Coalition against Corruption (CCAC) in the presence of 10000 concerned citizens

These signatures represent the voice of over 20,000 Papua New Guineans from all parts of our Nation. The petition was presented to Opposition Leader Sir Mekere Morauta and Deputy Opposition leader Bart Philemon with opposition members, Sam Basil Member for Bulolo, Kone Iguan Member for Markham and Vincent Michael Member for Tewai Siasi. Upon receiving the petitions the Opposition Leader

pledged to present the petition to Parliament along with a motion that the Maladina Amendments bill be withdrawn from Parliament.

A crowd of 10000 people joined the CCAC and assembled peacefully to witness the peaceful but resolute opposition to the amendments in a most notable peaceful march ever held in the nation's capital. The people of the NCD turned out in force to show beyond doubt that the Maladina Amendments are not supported by the community. The CCAC and the Ombudsman Commission has been given a clear vote of confidence from the people. Now it is up to Parliament to listen. "The level of support and the numbers of signatures on the petition clearly demonstrates the people's opposition to the Maladina Amendments, and shows the huge level of concern the community has that the amendments will weaken one of the last barriers against corruption and misconduct in our system of government." said the Chairman of Transparency International and CCAC co-chair, Mr Peter Aitsi. "The CCAC has

entered into discussions with Mr Maladina on how these amendments can be changed so that the Ombudsman Commission's ability to uphold the integrity of public office is genuinely strengthened" said Mr Aitsi. "Parliament needs to recognize these talks and withdraw the bill. The number of signatures we have collected, and the number of people assembled today surely indicates Parliament must not proceed with the final voting" added Mr Aitsi. Many of the petitions were faxed or sent from the provinces, with student groups having mobilized in Madang, Lae and Port Moresby to collect signatures. Other signatures came in from NCD, Central, Alotau, Mount Hagen, Wewak, Kokopo and Kimbe. Manus, Lihir, Madang, Popenetta, Goroka, Southern Highlands and Tabubil.

The focus is now on Parliament, to ensure elected representatives live up to the people's clear wishes and oppose the proposed amendments outright.



Above: TIPNG Chairman Peter Aitsi in the forefront ensuring the protestors were controlled



## Transparency International Asia Pacific Regional Meeting - 2010 Delhi.

The annual Transparency International Asia Pacific Regional meeting was held in Gurgaon, India between 4-6 May.

Regional meetings are an opportunity for delegates from TI Chapters to come together to discuss matters of significance to the global anti-corruption movement and to share ideas on activities and strategies for combating corruption in all areas of activity. The first day of a regional meeting is always dedicated to highlighting the work being carried out by TI Chapters across the Asia Pacific region, from the Maldives to Fiji, from China to Australia. On the second and third days, delegates divided into two parallel sessions. One session, covering thematic program areas, was attended by Chapter program staff. The focus was on sharing experiences and insights into effective anti-corruption programming.

In the other stream, delegates participated in a TI Strategy Workshop. Working with staff from the TI Secretariat and with Keith Caldwell, TI's strategy consultant, delegates provided regional input into the five-year strategic planning exercise currently being undertaken by the Board of Transparency

International.

Since the meeting in India, other regions have also provided input into the TI Strategy 2010. Each region has also nominated two representatives to travel to Berlin in the week of 31 May-4 June to participate in a further planning workshop. Blandine Boulekone from TI-Vanuatu was chosen as one of the representatives and this will ensure a Pacific voice is heard during the TI planning process.

Regional delegates' views were also sought in regard to the review of the Corruption Perception Index initiated by the TI Secretariat. The objective of the review is to improve the current CPI methodology in response to key issues identified by the TI movement and its stakeholders. A key part of the review is to identify and prioritise the TI Movement's concerns with the Index. Each regional meeting has been asked to nominate two or three representatives to be part of the working party.

Both Strategy 2015 and the results of the CPI Review will be reported back at the Annual Members Meeting, scheduled to be held in Bangkok in November 2010.

### *Pacific Chapters' Meeting*

A meeting of Pacific Chapters was convened as a side meeting to the Regional Meeting. Representatives from Australia, New Zealand, Fiji, Vanuatu, Solomon Islands attended, as well as TI Secretariat members and a representative of AusAid. TI Papua New Guinea had been unable to send representatives to the regional meeting because of ill-health and priority issues in PNG relating to proposed changes to PNG's Ombudsman legislation.

Discussion at the meeting focused mainly on the delay in obtaining a decision from NZAID in respect of funding for the next phase of the Pacific Support Programme. While Chapter delegates appreciated the core funding that was being provided under the current programme roll-over arrangements, they expressed concern about the delay in receiving a final decision on the future programme in its entirety. The lack of certainty puts Chapters in a position of being unable to progress a number of anti-corruption initiatives they would like to see developed and is beginning to undermine core capacity.



*Blandine Boulekone, TI Vanuatu's executive officer marks her choice of the five strategic areas for TI focus in the next five years. Blandine is one of the Asia Pacific's nominees for the TI Strategic Plan 2015 workshop in Berlin.*



*TINZ's representative makes a point during the discussion of strategic issues facing the Transparency International movement in the next five years.*



*Chapter delegates to the Transparency International Asia Pacific Regional meeting.*

## NZ Government Publishes Tax Expenditure Statement

In the May 2010 Budget, the Government published the first Statement of Tax Expenditures since 1984. Tax expenditures are special tax breaks, exemptions, deductions, or other departures from the ordinary tax laws.

Tax Expenditures are frequently a non-transparent means of channelling public funds to favoured groups, and NZ was one of the few OECD countries not to publish information on them. TINZ has lobbied for transparency of tax expenditures for many years now, and Deputy Chair Murray Petrie was consulted by the Treasury last year on the possible form and content of the Statement.

The Government Statement of Tax Expenditures can be accessed at <http://www.treasury.govt.nz/budget/2010/taxexpenditure>

# Links & Papers of Interest



<http://www.aiddata.org/home/index>

AidData is a website that attempts to capture the universe of development finance and foreign aid, making it more transparent and accountable on a global scale. It is truly a fascinating website where by conducting a quick and easy search you are able to access detailed information regarding a country's foreign aid commitments. To give you an example I searched New Zealand and was able to scroll through all of New Zealand's foreign aid commitments since 1974 to 2008, all 5892 of them. It definitely makes for interesting reading and is well worth a look.



[http://www.transparency.org/publications/publications/alternative\\_to\\_silence\\_whistleblower](http://www.transparency.org/publications/publications/alternative_to_silence_whistleblower)

The report, which is part of a European Commission co-funded project, assesses current policies and practice in 10 European countries. It builds on comparative in-depth research carried out between March and August 2009 in Bulgaria, the Czech Republic, Estonia, Hungary, Ireland, Italy, Latvia, Lithuania, Romania and Slovakia. In addition, the report draws on research and evidence from academics and practitioners around the world.



<http://thekaufmannpost.net/corruption-and-fiscal-deficits-in-rich-countries/#more-2207>

In this article Danny Kaufmann ex World Bank director of global governance and current Senior Scholar at the Brookings Institution explores the mechanisms by which corruption can affect the public finances of a nation, and then the extent to which corruption matters in explaining a rich country's fiscal deficit. As it turns out, it matters aplenty.



<http://blogs.worldbank.org/publicsphere/cracking-entrenched-system-corruption>

This link leads directly to an interesting Blog outlining some of Shaazka Beyerle a Senior Advisor at the International Center on Nonviolent Conflict views on the most effective anti-corruption strategies. In the Blog Shaazka details what she sees as the most important factors contributing to the success of civic efforts to fight corruption. Although she mentions nothing particularly groundbreaking she does offer extremely concise views and provides clear examples of ways that civil societies can enhance their anti-corruption programmes.

**Newsletter Editor: Jenny Browne**

If you have comments, suggestions for content, or contributions which may be considered for future Newsletters please contact Jenny Browne at [jenny.browne@transparencynz.org.nz](mailto:jenny.browne@transparencynz.org.nz)