

## Contents

- Pg. 1 • **The 2010 Global Corruption Barometer.**
- **SFO Director presentation**
- **New Board Members elected**
- Pg. 2 • **Global Corruption Barometer results.**
- Pg. 3 • **Member's Page: Suzanne Snively**
- Pg. 4 • **Pacific Update**
- Pg. 5 • **14th annual ICAAC conference.**
- **TI 2010 Integrity Awards**
- Pg. 6 • **Integrity Awards cont..**
- **Links & Papers of interest**

## Global Corruption Barometer, 2010

In December 2010 TI released its seventh Global Corruption Barometer. NZ was included in the GCB in 2010 for the first time. The Barometer captures the experiences and views of more than 91,500 people in 86 countries and territories, making it the only world-wide public opinion survey on corruption.

New Zealand surveys were conducted online by well known research firm Colmar Brunton. A total of 1,291 online interviews were completed between the dates of June the 3rd and July the 11th, 2010.

The most striking result was that 3.6% of New Zealanders reported that they, or a member of their household, had paid a bribe in the previous 12 months.

TI(NZ) held launches in both Wellington and Auckland to present New Zealand results to members and CEO's of both public and private sector organisations. The launches provided an opportunity to engage the press and consider the implications of the New Zealand results. The events were presented by TI(NZ) Co-Chair Murray Petrie in Wellington and TI(NZ) Director Alex Tan in Auckland. TI(NZ) is also thankful to The Controller and Auditor General, Lyn Provost, for speaking at the Wellington Barometer Launch.

Coverage by the press of New Zealand's results was higher than expected. Co-Chair Murray Petrie and Director Alex Tan gave numerous interviews to the media and stories regarding the Barometer were printed in a number of newspapers and websites.

Additionally, TI(NZ) summer intern Ben Kriebel conducted further analysis of New Zealand's results in his report "*Global Corruption Barometer 2010: New Zealand Results*". The report identified four key themes in relation to New Zealand results:

1. *A large proportion of New Zealanders believe corruption has increased over the last three years.*
2. *New Zealanders perceive political parties and parliament to be the most corrupt institutions in the country.*
3. *3.6% of New Zealanders reported that they or someone in their household had paid a bribe to a service provider in the last year.*
4. *There is broad-based public willingness to engage in fighting corruption.*

More on New Zealand results and the Corruption Barometer findings can be found on page two of the

## SFO Director puts Corruption at Top of his Agenda

Following the TI(NZ) general meeting Adam Feeley, Director of the New Zealand Serious Fraud Office (SFO) was invited to take the floor. Mr. Feeley made it clear that the SFO has a zero tolerance policy towards corruption. Adding that where corruption is concerned the SFO would have no financial threshold.

He went on to discuss the huge economic costs associated with fraud, costs that are ultimately paid by the public. Mr. Feeley also stressed the need for the SFO to continue to take on high profile cases in order to build

public confidence in the agency's capabilities. Cases such as Bridgecorp Limited, which resulted in charges being brought under the Crimes Act against Bridgecorp former Managing Director, Rodney Petricevic and former Finance Director Robert Roest. Or the arrest and subsequent charges against one current and one former director of Capital+Merchant Finance involving nearly \$14.5 million.

Finally Mr. Feeley concluded his presentation with a summary of the challenges that New Zealand faces in terms of fraud prevention. He pointed to a general complacency

and lack of incentive for change that exists within New Zealand as major challenges. He also saw the lack of a general bribery offence in New Zealand as an important issue that should be addressed in the future.

TI(NZ) would like to take this opportunity to thank Mr. Feeley for his time and presentation

You can download Adam Feeley's Presentation from: <http://www.transparency.org.nz>

## New TINZ Board Members Elected at AGM

Transparency International (New Zealand) would like to thank all those who attended the 2010 TI(NZ) Annual General Meeting, held in November at the Kensington Swan Law Office in Wellington.

Sefton Darby, Claire Johnstone, Murray Petrie and Alex Tan were all re-elected to the Board. Trevor Roberts, John Luxton and Rodger Spiller are all in the second year of their two year terms, which do not expire until the AGM in November 2011. Fiona Tregonning and Suzanne Snively were elected for the first time to the TI(NZ) Board. Economic strategist Suzanne Snively (see Member's Page, pg. 3), decided to stand for

TINZ to make a contribution in support of greater economic prosperity for New Zealand. Suzanne brings extensive networks to join with those of other Directors, Members and Sponsors. Fiona is a Senior Associate in the Litigation Department of Bell Gully in Wellington. In her election statement Fiona expressed her interest in pursuing New Zealand's ratification and implementation of the UN Convention Against Corruption. She is also interested in raising awareness generally amongst New Zealand companies regarding both New Zealand and foreign – especially US – anti-corruption legislation with extra-territorial reach, this being something which most New Zealand companies seem not yet to

appreciate sufficiently.

Finally, longtime Board member, David Macdonald retired from the Board in November. Since joining the Board in 2002, David has made an outstanding contribution to TINZ - including working on the National Integrity Survey, the governance and management of the Pacific Support Programme, and providing wise counsel to successive Chairs. The Board wishes him well for the future, and hopes he will remain an active member of TINZ.

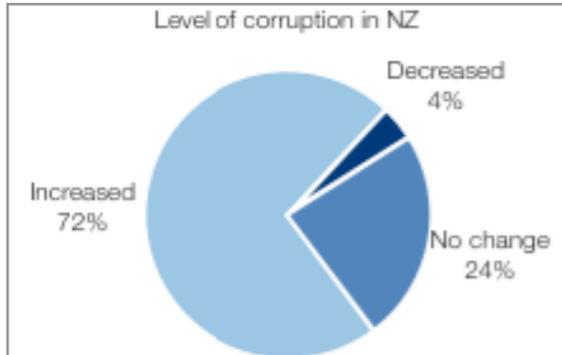
You can download the TI(NZ) Annual Report & Financial Statements from: <http://www.transparency.org.nz>

# GLOBAL CORRUPTION BAROMETER 2010

## Global Corruption Barometer, 2010: Summary of NZ results

### Corruption in New Zealand is perceived to be increasing

73% of those surveyed believe the level of corruption in New Zealand has increased in the past three years, while only 4% believe it has decreased. Nearly a quarter (24%) reported sensing no change in the level of corruption.



### Political parties are perceived to be the most corrupt institution

New Zealanders perceive political parties to be the most corrupt of the core institutions and sectors, rating it 3.5 on a scale from 1 (meaning not at all corrupt) to 5 (meaning extremely corrupt). The legislature and the private sector were tied for second, receiving a rating of 3.2. The military, which received a rating of 2.2, was perceived to be the least corrupt institution.

### New Zealanders do pay bribes

3.6% of survey respondents reported paying a bribe to service providers in the last 12 months. This includes the police, the judiciary, customs, medical services, education services, registry & permit services, land services, tax revenue, and utilities. Men and urban inhabitants were more likely to pay bribes than were women and rural inhabitants.

## Global Corruption Barometer, 2010: General findings

In terms of the global results the 2010 Barometer highlighted some important issues. Six out of 10 of those surveyed say that corruption has increased over the last three years. In addition to this one in four of those surveyed reported paying bribes in the last year.

The Barometer found that views on corruption were most negative in Western Europe and North America, where 73 per cent and 67 per cent of people respectively thought corruption had increased over the last three years. This compares to only 47 per cent of those within the Asia Pacific region who felt that corruption had increased over the last three years.

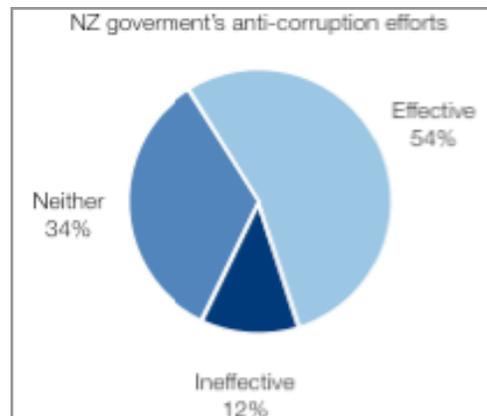
In the past 12 months one in four people reported paying a bribe to one of nine institutions and services, from health to education to tax authorities. The police are cited as being the most frequent recipient of bribes. About 30 per cent of those who had contact with the police reported having paid a bribe.

More than one in two people in Sub-Saharan Africa reported paying a bribe - more than anywhere else in the world.

Poorer people are twice as likely to pay bribes for basic services, such as education, than wealthier people. A third of all people under the age of 30 reported paying a bribe in the past 12 months, compared to less than one in five people aged 51 years and over.

### New Zealanders believe the government is effectively fighting corruption

A majority (54%) of New Zealanders surveyed believes the government is "somewhat" or "very" effective in its efforts to fight corruption, while just 12% feel its efforts are ineffective. 34% responded that the government's efforts were neither effective nor ineffective. Nearly 1 in 4 of those surveyed said they most trusted government leaders to fight corruption, while 1 in 5 said they most trusted the media. 73% of New Zealanders say they could see themselves fighting corruption, and 96% would support a friend or colleague who was fighting corruption.



Source: "Global Corruption Barometer 2010, New Zealand Results" by Transparency International (New Zealand) summer intern Ben Kriebel. A full copy of the report can be downloaded from the TI(NZ) website: [www.transparency.org.nz](http://www.transparency.org.nz)

Most worrying is the fact that bribes to the police have almost doubled since 2006, and more people report paying bribes to the judiciary and for registry and permit services than five years ago.

Eight out of 10 of those surveyed say political parties are corrupt or extremely corrupt, while half the people questioned say their government's action to stop corruption is ineffective. However, the survey did show an extremely positive result in that the majority of respondents from around the globe indicated their willingness to get involved in the fight against corruption.

You can download the entire Global Corruption Barometer, 2010 from:

[http://www.transparency.org/policy\\_research/surveys\\_indices/gcb](http://www.transparency.org/policy_research/surveys_indices/gcb)

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.



*Economic strategist, Suzanne Snively, is the Managing Director of MoreMedia Enterprises and a previous Partner in Public Sector Advisory at PricewaterhouseCoopers Wellington office. A US Citizen, Suzanne arrived in Wellington as a Fulbright Scholar over 30 years ago. She was honoured by the Queen as one of 100 receiving a Women's Suffrage Medal in 1993 and with a New Zealand Order of Merit (ONZM) in 2005. Suzanne is a Ministerial appointee to the Whitireia, WelTec polytechnic Councils and the Health Research Council. She is also a Director of Fulbright New Zealand and the New Zealand Opera Company and a Trustee of the Whitireia Performing Arts Trust. She was previously a Director of the Reserve Bank of New Zealand and Chair of the Boards of the Wellington Performing Arts Centre and the New Zealand Radio Training School.*

## **How do you think corruption affects New Zealand?**

I think New Zealand (NZ) is an interesting place to reflect on the challenges that corruptions present in practice because I think there exists a double standard. On the one hand, New Zealanders are a very close people that have huge respect for their families as well as respect for other things such as the environment. But on the other hand, our country is a curiously rule bound place and so it becomes difficult to actually manoeuvre around all the rules that exist. Therefore, often people start slightly breaking the rules, possibly because it is the only way to manage. But I feel that the spectrum of breaking the rules runs deeper than what we know about and I don't think that this spectrum is being captured in current measurements of corruption. The challenge of that is that, as long as NZ is a relatively distant economy from those in which corruption is more prevalent, perhaps New Zealanders slight breaking of the rules will go on unnoticed. But what will occur as soon as NZ begins to genuinely trade internationally at the level that it would like to? You wonder whether this tendency to slightly break the rules is going to start to show up in ways that in everybody's common definition, is corruption.

I grew up in the United States and so it is easier for me to compare NZ to the U.S. There are many who say that America is also an over regulated economy. However, in my experience it is not as regulated in terms of the everyday things as it is in NZ. So in the U.S you have to go pretty high up the list before you encounter rules that you might be tempted to break. This generally means that in my experience most Americans don't break the rules. But because the rules in NZ come so close to everybody's da -today living, a lot of New Zealanders do break them.

Taking a positive outlook and trusting that people do mean to active in trusting ways, the image of NZ as a corruption free country is a very beneficial one. I think that NZ companies who want to do business internationally will appear more trustworthy than others, which results in more people being willing to negotiate with them.

**What steps do you think we can take to safeguard us from corruption in New Zealand?**

The most important step is transparency. Being transparent is like having a referee in sports. If you aren't able to watch what's going on it becomes firstly, it is difficult for people to identify what is actually going on and secondly, by having transparency you allow people to see how others handle themselves in certain situations.

In regards to seeing how others deal with different situation,s there are several contexts we could consider. Firstly, there is the individual context and how people respond to differently people and cultures. Then, there is the business perspective and how they respond and finally there is the government context and how they behave around fraud and corruption. What's more within the government there are different agencies that will face distinct situations which will need to be monitored and understood.

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

Well, within NZ it is a very important organisation because New Zealand has top ranking as a country with low levels of corruption. I believe that's an important indicator for NZ to hold onto for as long as possible. It is important to realise that we may not always be at the top, so we will strive to stay there. Being at the top gives us a very strong position in the world economy. Therefore, the fact that Transparency International (TI) is producing these indicators is important both to New Zealand and to the world.

Thanks to TI, there has been development over the years in methodology and techniques to measure levels of corruption. Although I think that there is still work to be done to perfect these measurements, the experience gained over the years is invaluable and I think it will eventually lead to even better indicators of whether governments' approaches to corruption are really working.

Additionally, politicians have a tendency to use data and statistics in ways that are partisan. Having international measures conducted by an outside organisation ensures a certain degree of objectivity.

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

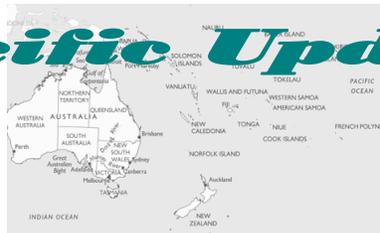
Well, I think there are three starting points. The first is to promote its role to a wider audience and in particular to Government and especially through the Auditor General who has a corruption target of zero tolerance. Secondly, I think that it is really important that we work hard with CEO's of businesses to instil an ethical approach to business. Thirdly, there are a number of organisations in NZ who have a strong belief about the importance of NZ's image and brand. I think that it is important to promote transparency in relation to them by saying something that they could include into their portfolios of interest in terms of what makes up the NZ brand. New Zealand's brand could be *pure water, clean and green and trustworthy* becoming not only the place to see and live but also the place to do business.

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

I think there are three things that we need to be careful about. Firstly, we need to be exporting more as a country and the opportunities that Asia provides are excellent. Due to higher levels of corruption experience in Asia, there is bound to be some impact on how we do business. We need to be vigilant about that. We have to recognise that corruption is there and put in place strategies to deal with it that do not undermine New Zealand's excellent reputation.

Secondly, as NZ opens its doors to skilled immigrants that are necessary for the economy to grow, we need to be aware of cultural differences in relation to issues such as trustworthiness. Again it is a question of being vigilant, we need to be aware of these differences and work with people to make it clear that the benefits are great from having high levels of trustworthiness in a country, so that they adopt our ethical approaches.

Finally, the third thing is that corruption traditionally comes through business to business dealings, government to government dealings and people to people dealings. But increasingly it also comes through our dealing with technology. As the world relies more on more on technology we need to be vigilant about what is happening there as well. We need to put strong protections in place to be on top of the virtual world as well as the traditional



## Pacific comparison: 2010 Global Corruption Barometer

Many Pacific Islands were included in the 2010 Global Corruption Barometer for the first time, Fiji was the only country represented in the tables below that had previously been included in the Barometer. The results highlighted some interesting differences between our Pacific neighbours. The Pacific based company Tebbutt Research undertook all surveys in Fiji, Papua New Guinea (PNG), Solomon Islands and Vanuatu using a computer-assisted telephone method. In Fiji the firm surveyed 1002 people nation wide, PNG 996, Solomon Islands 500 and 495 in Vanuatu. Worryingly high is the amount of people in all of these countries who perceive their political parties to be affected by corruption and the percentage of respondents that have paid bribes to receive attention in the last twelve months. Also of concern is the fact that 65 per cent of respondents in PNG see their Government's actions to fight corruption as ineffective. Although interestingly, 88 per cent of Fijian respondents perceived their Government's actions to fight corruption as effective. This compares to 44 per cent of respondents who saw their Governments actions as very effective or effective in the 2006 Barometer, the last Barometer in which Fiji was included.

**Table 1**

*In the past 3 years, how has the level of corruption in this country changed?*

Country	Decrease	Increase	The Same
Fiji	53%	11%	36%
PNG	7%	8%	85%
Vanuatu	13%	23%	64%
Solomon Islands	16%	16%	66%

**Table 2**

*To what extent do you perceive the following institutions in your country to be affected by corruption? (Scale: 1 – Not at all corrupt, 5 – Extremely corrupt)*

Institution	Fiji	PNG	Vanuatu	Solomon Islands
Political Parties	3.4	4.0	4.0	3.7
Parliament	2.7	3.7	3.3	3.7
Police	2.8	3.5	3.0	2.9
Business	3.2	2.8	2.9	2.8
Media	2.3	2.3	2.4	2.2
Public Officials	3.0	3.5	3.1	3.4
Judiciary	2.5	2.7	2.7	2.6
NGO	2.3	1.9	1.8	2.2
Religious Bodies	2.2	1.8	1.8	2.0
Military	2.1	2.7	2.8	2.7
Education	2.2	2.9	2.3	2.9

**Table 3**

*Percentage of users paying a bribe to receive attention from at least one of nine different service providers in the past 12 months*

Country	% of Users
Fiji	12%
PNG	26%
Vanuatu	16%
Solomon Islands	20%

**Table 4**

*How would you assess your Government's actions in the fight against corruption?*

Country	Ineffective	Neither	Effective
Fiji	9%	3%	88%
PNG	65%	11%	24%
Vanuatu	49%	19%	32%
Solomon Islands	55%	20%	25%

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



## The 14th International Anti-Corruption Conference; Bangkok, Thailand

The 14<sup>th</sup> International Anti-Corruption Conference (ICAC) was held in Bangkok, Thailand from the 10th to the 13<sup>th</sup> of November 2010. The conference was first held in 1983, and is the world's leading global forum on governance and anti-corruption. The conference is organised by the IACC Council in cooperation with Transparency International.

The 2010 conference brought together more than 1200 representatives from the public, private and non-profit sectors from more than 135 countries. Co-Chair of Transparency International (New Zealand) Claire Johnstone attended the conference as the TI(NZ) representative.

The conference's main focus was *Restoring trust: global action for transparency*, within this theme the conference explored five areas: peace and security,

natural resources and energy markets, climate governance, accountability in the corporate world and restoring trust in institutions. More than 50 sessions were held and attendants looked for ways to increase pressure on both the public and private sector to act against corruption.

The message is clear: laws are not enough. The anti-corruption community must work to push governments to turn words into actions by enforcing anti-corruption laws in all areas, and mobilise ordinary people, in particular the young, to demand that action.

At each IACC participants express their collective commitment to the fight against corruption through a conference declaration. The 14th IACC declaration was based on the outputs of workshops and plenary sessions that took place in Bangkok. The declaration was produced

over the four days of the conference and read out during the closing plenary. You can read the full declaration at the official IACC website:

<http://14iacc.org/about/declaration/>

### Sources:

[http://www.transparency.org/news\\_room/latest\\_news/press\\_releases/2010/2010\\_11\\_13\\_iacc\\_closing](http://www.transparency.org/news_room/latest_news/press_releases/2010/2010_11_13_iacc_closing)

<http://14iacc.org/about/declaration/>



## TI International 2009-2010 Integrity Awards

TRANSPARENCY INTERNATIONAL  
INTEGRITY AWARDS 2009-2010

Transparency International's (TI) Integrity Awards were created to recognise the courage and determination of the many individuals and organisations confronting corruption around the world, often at great personal risk.

The 2009-2010 Integrity Awards were held in Bangkok on the 12th of November. The 2009-2010 Awards honour three anti-corruption heroes, who have shown uncompromising courage, dedication and resilience in the face of great adversity. The winners; Poddala Jayantha (Sri Lanka), Sergi Magnitsky (Russia) and Gregory Ngbwa Mitsa (Gabon) are all exceptional individuals who are inspirational in their commitment to their beliefs and boldness to expose the truth.



**Poddala Jayantha**  
*Investigative Journalist - Sri Lanka*

Attotage Prema Jayantha is better known to Sri Lankans as Poddala Jayantha, his pen name during two decades of courageous investigative journalism.

Refusing to turn a blind eye to corruption, Jayantha dedicated his career to fearlessly exposing injustice in Sri Lanka's health, education and transport sectors. One of his reports uncovered what some officials have called Sri Lanka's biggest ever tax scam, involving the alleged misappropriation of RS 3.6 billion (US \$37 million) in Value Added Tax.

Jayantha is also an ardent campaigner for freedom of expression. Once at the forefront of Sri Lanka's Free Media Movement, he was famously outspoken about what he saw as a state-sponsored campaign against Sri Lankan independent media, involving the intimidation, assault and abduction of journalists.

The Committee to Protect Journalists recently ranked Sri Lanka as the fourth-worst country in the world for impunity in attacks on journalists. According to Amnesty International more than 30 people working for Sri Lankan media outlets have been murdered since 2004. Many others have reportedly fled the country for fear of suffering a similar fate.

Jayantha's challenge to media suppression did not go unheeded. Following a series of

death threats he was abducted by unidentified assailants in June 2009 and brutally beaten. His kidnappers called him a traitor, crushed his fingers and told him he would never write again. Jayantha's attack left him permanently disabled.

No arrests were ever made in connection with Jayantha's assault, and he now lives in exile. But his brave and committed pursuit of the truth resonates with journalists in many parts of the world who encounter such challenges to their work

(Continued on page 6)

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

# TI International 2009-2010 Integrity Awards continued



(Continued from page 5)



**Sergei Magnitsky**  
*Tax lawyer - Russia*  
(Posthumous)

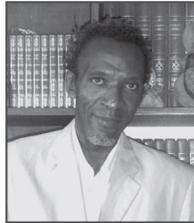
Sergei Magnitsky's commitment to integrity ultimately cost him his life.

A Moscow-based lawyer, Magnitsky was representing US investment firm Hermitage when he blew the lid on an alleged tax fraud of gigantic proportions. In October 2008 Magnitsky testified against senior members of Russia's Interior Ministry, accusing them of conspiring with a criminal gang and using Hermitage-owned assets to fraudulently reclaim US \$230 million in Russian taxes. One month later, Magnitsky was imprisoned, charged with conspiracy. Undeterred, Magnitsky continued to campaign for justice from his cell, filing hundreds of legal requests pertaining to his case and that of Hermitage. This correspondence offers a haunting account of the maltreatment and inhumane conditions Magnitsky was forced to endure in prison. This took its toll. During his 11 month internment Magnitsky developed acute health disorders, including gall stones and pancreatitis, but was reportedly denied adequate medical treatment. Despite suffering excruciating pain, Magnitsky persistently refused to withdraw his testimony.

Under Russian law defendants cannot be kept in pre-trial detention for longer than one year. Magnitsky died on 16 November 2009, eight days before this deadline was up. He was 37 years old.

An official inquiry launched in 2009 resulted in the dismissal of a number of senior prison officials.

The initial tax fraud case was never concluded, but the unbreakable strength of one individual will not be forgotten.



**Gregory Ngbwa Mitsa**  
*Citizen - Gabon*

Grégory Ngbwa Mitsa's home country Gabon is rich in oil, yet

40 per cent of its population lives below the poverty line. Meanwhile, Gabon's former President Omar Bongo and his family were found to have at least 39 properties, 70 bank accounts and nine luxury cars in France. Among the properties were a multi-million dollar mansion in one of Paris's richest districts, and luxury villas along the Riviera. Putting aside fears for his own safety, Mitsa courageously joined TI France and Sherpa in December 2008 in calling for an investigation into Bongo and two more African presidents suspected of large-scale

foreign embezzlement. As a taxpayer, Mitsa sought redress for damages caused both to himself and the entire nation. Until his death in June 2009, President Bongo denied diverting any public funds. Thirty days after Mitsa lodged his complaint he was arrested in Gabon, charged with circulating anti-government propaganda. Mitsa's imprisonment prompted an international outcry, and he was released 12 days later. His salary was later suspended without explanation.

Mitsa's complaint as a taxpayer was dismissed in 2009, but his bravery and persistence was to pave the way for a major breakthrough in international law.

Three days before TI's 2010 Integrity Awards Ceremony, France's Supreme Court authorized a judicial investigation into the assets of President Omar Bongo, as well as President Denis Sassou-Nguesso of Congo-Brazzaville and President Teodoro Obiang of Equatorial Guinea.

As the TI France Chair Daniel Lebègue said, "We've broken the taboo on public debate on how illicit gains from the South are welcomed in the North. This, we believe, is only the beginning."

Sources:

[http://transparency.org/news\\_room/in\\_focus/2010/integrity\\_awards\\_2009\\_2010](http://transparency.org/news_room/in_focus/2010/integrity_awards_2009_2010)

## Links & Papers of Interest



<http://www.bbc.co.uk/news/business-11957514>

15 December 2010, by James Melik

### The dilemma of bribes: to pay or not to pay?

*"If your business depends on getting a big consignment out of a port, but a customs official says it is not going anywhere unless you pay him \$200, do you pay?"*

A very interesting short article discussing the moral obligations and realities of bribery within the private sector. Sir Mark Moody-Stuart, the former chairman of both the oil giant Shell and the global mining company Anglo-American, two of the biggest companies in the world is interviewed and shares his personal views and experiences in regards to bribery.

*If you have any comments or feedback on this Newsletter, or if you would like to suggest some content for a future Newsletter, please email us at:*  
[admin@transparencynz.org.nz](mailto:admin@transparencynz.org.nz)

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