

## **Transparency International Forum**

**“How can the public servants/agencies support the government in its commitment to combat and prevent corruption in New Zealand?”**

### **Speech by Andrew Bridgman, Chief Executive and Secretary for Justice**

- Thank you for inviting me to speak at this very relevant forum. The issues that we are discussing today – integrity, transparency, accountability, probity, freedom from corruption – are fundamental to our country. They are major, perhaps the most important, contributors to New Zealand’s economic and social development so far, and powerful determinants of our future success. To paraphrase a famous economist (Paul Krugman), in the long run, integrity is not everything, but it is almost everything.
- New Zealand is, or is perceived to be, the least corrupt country in the world. This allows us to make the best use of our resources, both human and natural, without the dead hand of corruption, cronyism, nepotism, favouritism, rent-seeking, state capture, ‘deep state’ and a plethora of other terms that have been used to describe what is fundamentally the same ailment.
- We don’t need to look far for countries that are not equally blessed, including in our own Pacific neighbourhood. For example, Papua New Guinea, a place where I know Transparency International is active, has been called a “mountain of gold floating on a sea of oil”, to say nothing of its stunning biodiversity, its multitude of cultures and languages, and its incomparable natural beauty. Yet, it is a country that verges on being a failed state, that is

not nearly fulfilling its tremendous natural potential, and where widespread poverty, rooted in corruption and cronyism – especially in the public sector, blights many lives. It is the lowest-ranked country in the Pacific region in Transparency International's corruption perceptions index.

- Another example is the Democratic Republic of Congo. It's not a country we New Zealanders hear much about. But it is the second largest country in Africa by landmass, with a population of nearly 80 million, and with limitless natural resources, which are being stolen and squandered amid grinding poverty and rampant corruption. On Transparency International's Index, Congo ranked 161<sup>st</sup> out of 171 countries for the severity of corruption. It's not the worst in the world – that dubious honour goes to Somalia – but very nearly the worst, and the effects of this are apparent and pervasive in the lives of all Congolese.
- So why is New Zealand doing so well and what can we do, as public servants, to maintain our high ranking?
- It is trite to say that there is no room for complacency. New Zealand is doing well, but we are not corruption free. Just because we don't ordinarily see corruption, this doesn't mean that it doesn't happen. Corruption takes many forms, some not so apparent even to a careful observer: briefcases stuffed with cash are a stereotype and just one among many forms. Further, as public servants, I think we have a special duty to guard against corruption because it is in the public sector that its effects can do the most harm.
- Corruption is virulent, meaning that it replicates and spreads and takes hold of a polity, unless actively combated. Paraphrasing another famous economist

(Sir Thomas Gresham), bad money drives out good. Even the slightest amount of corruption is unacceptable and requires a firm response.

- New Zealand received much of its constitution, laws and public service ethos from the United Kingdom. Those institutions, honed over centuries, have served us well. But it is worth remembering that some are relatively recent inventions. For example, a merit-based public service was introduced in Britain in the mid-19<sup>th</sup> century and in New Zealand in 1912. Before then, it would have been unremarkable to use patronage to appoint one's crony or nephew (the original meaning of the word 'nepotism') to a government sinecure, or even openly to sell a government job.
- As a public sector chief executive acting under the State Sector Act, I personally employ about 3,300 people. I haven't met them all, but I can vouch that each was appointed under a robust, merit-based process that features transparency.
- Most of the people I employ deliver services to the public, particularly in the courts and tribunals. It is a credit to them and our institutions that the very notion of corruption in our judicial system is unthinkable. For example, consider the likelihood of money or favours changing hands for criminal charges to be dropped, or for a court case to receive priority over another. I am not saying this cannot happen, but it is not something New Zealanders would expect to happen, or indeed tolerate it if it did. This is partly because you can walk into any court in New Zealand and witness almost all proceedings in open session. We have learned that justice is best done when it is seen by all to be done.

- As public servants and citizens, we don't look the other way. We don't take corruption for granted. We don't factor its cost into the ordinary costs of doing business, or simply shrug when asked for a bribe, a kick-back or preferential treatment in any sphere, public or private. In another TI survey, 27 percent of respondents globally reported having paid a bribe to a public official in the previous 12 months. I am very glad that this is not the New Zealand experience.
- Ministry of Justice staff have access to an excellent online training platform, which we call Thrive. It has hundreds of courses on anything from technical skills to how to deal with someone contemplating suicide. But a course that we emphasise, and indeed require staff to do, is one on corruption and conflicts of interest. It is short but punchy, and reinforces the same messages I have talked about today – stop, look twice, think, be aware of 'soft' corruption and be sure that everything you do is above board.
- Another field where we are ever watchful is procurement. As well as providing many public services directly, we also purchase tens of millions of dollars' worth of services from the private sector, mainly from charities. Safety programmes for victims of family violence are a good example, and there are many others.
- We strive to apply the highest levels of transparency and rigour to all our procurement, whether for goods and services we consume ourselves, or for those we purchase on behalf of New Zealanders. In this respect, the government's efforts to standardise procurement and to improve its integrity, which have been led by MBIE, have been very helpful. Establishing supplier panels has saved time and money, allowed economies of scale for the

taxpayer as a significant buyer in the market, and ensured that all suppliers, great and small, get a fair shake at winning government business.

- The government has committed to making New Zealand a better place to live and improving everyone's prospects. Transparency International has called for this commitment to recognise the importance of integrity. A strong integrity agenda is a good underpinning to all government work because the price of the freedom (from corruption) that we enjoy is indeed eternal vigilance.
- What practical steps can we take to pursue an integrity agenda? Well, I am asking *you* on behalf of the public sector, and no doubt will be able to hear your suggestions shortly. Here are some ideas.
- Technology is and should be at the forefront. All government contracts over a certain value are advertised online, as are many government job openings. New technologies offer additional promise. One that I would like to highlight, and which you may have heard about, is the blockchain. Put simply, it is an online ledger, freely accessible to all, that records an unlimited number of transactions of every kind, for all time. Alteration, or at least surreptitious alteration, is impossible, and verification is easy and instantaneous. I see a great deal of potential for the blockchain to become a public record of pretty much any activity you care to imagine, including government decisions, payments, contracts and services.
- We are not yet introducing the blockchain into courts, but we do have underway a major programme of modernising our courts by introducing technology, such as audio-visual links, and making sure we can continue to deliver high-quality justice to all who need it in a quick and modern way.

- Another facet is the importance of strengthening our existing national integrity systems. I recently partook in one such system – the annual review process undertaken by Parliament’s Justice and Electoral Committee. The examination was short but intense, and was preceded, and then followed by, hundreds of written questions on every aspect of the Ministry’s performance and expenditure, which we are still answering.
- Systems like these are a necessary, but not sufficient, part of ensuring continued integrity in our public sector and society. I would wish for such systems to be expanded, strengthened, made more frequent and more ‘intrusive’.
- Government agencies also need to increase their capability to prevent, identify and root out corruption, particularly the ‘soft’ kind that does not necessarily come packaged in briefcases. For example, we may wish to elevate the importance of integrity assurance within our organisations, giving greater prominence to the risk of corruption as a concept, as well as improving training and monitoring.
- Organisational culture is probably the most powerful expression of this. By this I mean that every Ministry of Justice employee knows and ought to know that corruption is simply “not how we do things around here”, and that the best way to demonstrate this is the greatest possible transparency.
- The gains from such efforts could be significant. Transparency, certainty and integrity are among the main reasons people want to do business here. Our lack of corruption makes New Zealand a great place to live. Everyone can be comforted by knowing that if they are ever party to a civil or a criminal case, they will be able to put their case to an impartial judge who will decide it

without fear or favour, according to law. Or that if they ever need a government service, ranging from the trivial, like a passport, to the major, like cancer treatment, their ability to get it won't depend on whom they know, or bribe.

- As the Ministry of Justice, we recognise that integrity is tantamount to justice. The two are inseparable. We gladly assume our assigned part in keeping New Zealand the least corrupt country in the world. I now invite your comments and thoughts on how we might support the government in its commitment to do just so.
- Thank you.