



TRANSPARENCY INTERNATIONAL AUSTRALIA

*Affiliate of Transparency International,
the Coalition against Corruption*

ANNUAL REPORT

1 July 2010 to 30 June 2011

TI Australia's program of activities continues to benefit heavily from involvement in the global TI movement. The Chapter's work continues to be strengthened by access to TI tools, resources, and programs. In TI's work toward a world free of corruption, TI Australia joins with our colleagues in the TI Secretariat and in almost 100 national chapters, working across private and public sectors, and with other civil society organisations, to **promote transparency, build accountability and promote integrity.**

TI Australia continues to work strategically across all sectors, domestically and internationally.



Transparency International Australia is a member of the Australian Council for International Development (ACFID) and is a signatory to the ACFID Code of Conduct. The Code requires members to meet high standards of corporate governance, public accountability and financial management.

More information about the ACFID Code of Conduct can be obtained from Transparency International Australia and from ACFID at:

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Transparency International Australia

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Objectives

TI Australia works to promote transparency, accountability and integrity, nationally in Australia, and globally through the network of Transparency International (TI) by:

- mobilising a broad-based nationwide coalition as part of the global TI movement,
- fostering and supporting research, development and dissemination of effective corruption prevention and enforcement, and
- raising awareness and advocating action by government, business and civil society.

In Australia, TI Australia seeks to build a national coalition of those committed to reducing corruption through state-based and national activities, mainly in cooperation with other organisations. It does not investigate or expose specific cases, but works to improve conduct and systems in Australia and overseas.

The Board — the Directors during the financial year, were:

Roger Gyles AO QC <i>Chairman</i>	 Mediator and Arbitrator, previously a judge of the Federal Court until 2008. Director of TI Australia since 10 November 2010 and Chairman from 1 January 2011.
Michael Ahrens <i>Executive Director</i>	Previously Senior Partner of law firm Baker & McKenzie, Sydney. Director since 18 May 2004. Executive Director of Transparency International Australia from 1 March 2006.
Greg Thompson <i>Executive Director International</i>	Director of Australian Volunteers International; Director of TI Australia since 16 June 1995. Executive Director International of TI Australia since 18 November 2009. Acting Chairman of TI Australia from 31 August 2010 to 1 January 2011.
Grahame Leonard AM <i>Director & Treasurer</i>	Lawyer and Consultant. Chairman of Readify Pty Ltd; Chairman of ProfitLink Consulting Pty Ltd; Chairman of Escrow Angel Pty Ltd, Commissioner Victorian Multicultural Commission, Director of VITS LanguageLink; Director JNF of Australia Inc.; Director of Caulfield Park Community Financial Services Limited. Director of Nirosoft Australia Pty Ltd. Chief Executive Officer of Transparency International Australia from 13 May 2003 to 1 March 2006. Director since 11 December 2002.
AJ Brown	Professor of Public Law, Griffith University. Director of TI Australia since 24 September 2010.
Jane Ellis Seabrook	Partner, Blake Dawson. Board Member of WaterAID. Director of Transparency International Australia since 6 February 2008 (previously a Director 2001-2005).
David Mattiske	Retired Telstra Executive and International Telecommunications Consultant. Director of TI Australia since 6 October 2005. Granted Leave of Absence 23 March 2010. Resumed 27 October 2010.
Elizabeth O’Keeffe	Strategic Management Consultant. Director of TI Australia since 7 August 2006. Granted Leave of Absence 22 June 2011 to 21 December 2011.
Graham Tupper	National Liaison Manager, Australian Conservation Foundation. Former Executive Director, Australian Council for International Development. Director of TI Australia since 6 October 2005.
Harold Werksman	Partner, Holding Redlich; Board Member, Comcover Advisory Council. Director of TI Australia since 27 January 2009.
Peter Willis	Barrister. Chairman, Ivanhoe East Primary School Co-Operative Ltd. Director of TI Australia since 20 February 1997.
Peter Thorne	Former Member, National Procurement Board; Director, Computer Forensic Services Pty Ltd. Appointed Alternate Director of TI Australia from 23 March 2010 to 27 October 2010. (Alternate to David Mattiske).
Jerrold Cripps	Appointed Director of TI Australia on 5 November 2009. Appointed Chairman of TI Australia on 18 November 2009. Resigned as Director and Chairman on 31 August 2010.

Report on Activities

Private Sector

• Corruption Perception Index

The 2010 CPI showed Australia maintaining its 8th position amongst 178 countries. Of those ranked, two thirds failed to achieve a ranking of 5 out of 10 on the scale. The 2011 CPI is being finalised and due to be released in December. The effect upon investors in emerging markets which rank poorly is a significant factor we monitor.

• Enforcement of Foreign Officials Bribery Law

TI Australia continues to report to the OECD on progress in enforcement by Australia and to discuss with Canberra the lack of progress prior to the launch of the first prosecution on 1 July 2011. This coincided with the UK Bribery Act coming into force, which has much stricter provisions that are more easily enforced. Despite the prosecution of Note Printing Australia, Securrency and several executives of those companies, we note the comments as to ‘technical difficulties’ with the law made by the AFP. TIA engages in media interviews and will continue to monitor progress in enforcement.

• UK Bribery Act

The novel defence provision in the UK law with its onus to show that ‘adequate procedures’ upon companies where bribery is committed by it or associates, has meant an upsurge in interest in implementing effective anti-bribery policies and procedures by companies with UK connections, and by others. TI Australia Directors frequently participate in private sector seminars and training sessions prompted by this development.

• OECD – Guidelines for MNE’s

We draw attention to the significant expansions of responsibility for companies operating in emerging markets under these guidelines. Though voluntary, the latest guidelines signal a trend to tighten the responsibility for the actions of members of the corporate supply chain and other intermediaries.

• FIFA

The TI Report on greater transparency in the governance of FIFA, compiled after an approach by FIFA Executives, has received recent publicity. TI Australia has expressed to Football Federation Australia

the hope of its active support for the recommendations in that Report.

- **Business Council of Australia**

We would welcome greater support of Business Council Members in a showing of leadership for Australian companies in the task of effective management of fraud, bribery and corruption risks in Australia and offshore.

- **Principles and Tools**

Supplementing *Business Principles for Countering Bribery 2009*, new resources available include the *Guidance Document to the 10th Principle of the UN Global Compact*, *TRAC* (a rating method for companies based on their degree of public reporting of their strategies, policies and commitments to countering bribery); and *RESIST* a company tool with realistic scenarios for anti-corruption employee training.

Public Sector

- **Commonwealth – Review of Integrity Oversight**

The Australian Commission for Law Enforcement Integrity (ACLEI), which originally only had jurisdiction to cover the law enforcement functions of the Australian Federal Police and the Australian Crime Commission, has been enlarged to cover the Customs and Border Protection Service (which exercises significant law enforcement powers). TI Australia made submissions to the Parliamentary Joint Committee (PJC) which continued to review that position. TIA continued to urge all federal political parties to commit to legislate to set up a standing integrity and anti-corruption body with oversight power over all federal agencies, and to provide adequate resources to that body. We applaud the July 2011 unanimous PJC report, in particular recommendations that the oversight gap be examined by the government. The PJC gave glowing approval to the 5 issues identified for this purpose by TIA Director, Prof A J Brown.

- **Whistleblower Protection**

- **Queensland, NSW, Commonwealth Legislation**

TI Australia continued to join with coalition groups in lobbying the Commonwealth Government for action to address such protection and implement its March 2010 promise for

an extensive system of legal protection and support for whistleblowers. The proposed Public Interest Disclosure Bill has yet to be introduced into Federal Parliament, but with an indication this will happen by year end. Meanwhile the NSW and Queensland Public Interest Disclosure Acts have broad scope, specifically extending protection to the media and their sources, and setting new standards. They will be the yardsticks for legislative reform in this area.

The continued lack of protection for private sector whistleblowers who expose offences in breach of federal law continues to remain a significant gap.

- **Independent Broad-Based Anti-Corruption Commission for Victoria**

TI Australia welcomed the Baillieu Government's commitment to establish an Anti-Corruption Commission in Victoria. TIA continues to provide advice and support to Minister Andrew McIntosh as he consults and considers the most appropriate structure for the body. It is hoped enabling legislation will be tabled late in 2011.

- **International Program G20 Anti-Corruption Action Plan**

Australia is playing a leading role in this initiative which will report to the G20 under the leadership of President Sarkozy in November 2011. We expect that as it is progressively implemented, it will strengthen broad ranging efforts to ensure the integrity and transparency of the Global Financial System and, in line with OECD rules, strengthen efforts to combat corruption in the private as well as public sectors. An immediate consequence of this has been the accession of India as a party to the UN Convention against Corruption (UNCAC) and the active consideration of that step by the governments of Japan and Germany. The recent Anti-Corruption Legislation in China is also attributable to this commitment.

- **UNCAC Review**

TI Australia is actively engaged in the first Review of Australia's implementation of UNCAC, having submitted comments on Australia's commitment as a party to this treaty, so contributing to Australia's self-assessment, the first step in the Review. As the Review continues,

TIA will continue to ensure wide civil society engagement in the process. TIA has welcomed Australia's commitment to lead by example by ensuring all stakeholders are engaged in this process. The Australian Government's commitment of funding in support of UNODC for strengthening the Review process is also welcome.

- **Extractive Industries Transparency Initiative (EITI)**

TI Australia is actively engaged with Government, Industry and Civil Society in steps towards a trial implementation of the EITI. TIA, with Oxfam Australia, is an active founding member of *Publish What You Pay Australia*, which provides an important base for civil society engagement through the Multi-Stakeholder Group which will guide the trial in conformity with EITI Rules. TIA welcomes Australia's leading role in funding the supporting Multi-Donor Trust Fund through the World Bank and of the EITI's Norway-based Secretariat.

- TI Directors Michael Ahrens and Jane Ellis represented TI Australia at the **TI AMM** in Bangkok in November 2010 which endorsed the Movement's Strategy 2015. (TIA continues its own Strategic Planning process, carefully considering that Strategy. TIA acknowledges support in this process from the TI Asia Pacific Department and pro bono support from Vedran Drakulic.) The Japanese earthquake and tsunami resulted in the cancellation of an April Asia Pacific Regional Program Meeting. (This meeting was subsequently held in Kuala Lumpur in July and attended by TIA Director Greg Thompson.)

- **Regional Efforts**

TI Australia welcomes AusAID's 3 year funding commitment in support of the TI Asia Pacific Department's Institutional Strengthening Program. AusAID is a leading supporter of TI. This commitment is a continuing expression of the Partnership between TI and the Australian Government.


Michael Ahrens
Executive Director




Greg Thompson
Executive Director
International



Income Statement for the year ended 30 June 2011

	2011	2010
	\$	\$
REVENUE		
Donations and gifts – monetary	1,157	500
Donations and gifts – non-monetary	0	
Grants – AusAID (APEC Workshops)	0	6,986
– Other Australian	0	0
– Other overseas	0	0
Investment Income	0	0
Other income	(1) 53,093	53,851
TOTAL REVENUE	54,250	61,337
EXPENSES		
Overseas projects		
– Funds to overseas projects	0	0
– Other project costs	0	1,510
Domestic projects	0	0
Community education	0	0
Fundraising costs		
– Public	0	0
– Government, multilaterals & private	0	0
Accountability & Administration	(2) 42,322	42,619
TOTAL EXPENSES	42,322	44,129
EXCESS OF REVENUE OVER EXPENSES	11,928	17,208
Notes:		
1. Includes:		
Membership Subscriptions		
Organisations	37,645	43,284
Individuals	8,625	7,310
2. Includes:		
Administration Expenses	15,818	15,083
Travel & Accommodation - Local and International	13,610	17,497
Operational Costs	12,894	8,562

Balance Sheet as at 30 June 2011

	2011	2010
ASSETS		
Current Assets		
– Cash and cash equivalents	91,783	78,149
– Financial assets	7,863	10,132
Non-Current Assets		
– Property, plant & equipment	0	0
– Other	0	0
TOTAL ASSETS	99,646	88,281
LIABILITIES		
Current Liabilities		
– Trade, deferred subs and other payables	11,213	12,842
– Provisions	1,738	1,157
Non-Current Liabilities		
– Payables	0	0
– Other (pre-paid membership subscriptions)	3,595	3,110
TOTAL LIABILITIES	16,546	17,109
NET ASSETS	83,100	71,172
EQUITY	83,100	71,172
Reserves	0	0

Statement of Changes in Equity for the year ended 30 June 2011

	Retained Earnings	Reserves	Total
Balance at 1-Jul-10 (commencing balance)	71,172	0	71,172
Excess of revenue over expenses	11,928	0	11,928
Amount transferred (to) from reserves	0	0	0
Balance at 30-Jun-11 (ending balance)	83,100	0	83,100

Statement of Cash Flows for the year ended 30 June 2011

	2011	2010
Cash flows from operating activities		
Cash receipts in the course of operations	63,272	82,514
Interest Received	5,823	7
Cash payments in the course of operations	-55,461	-70,277
Net Cash (used)/provided by operating activities	13,634	12,244
Cash flows from investing activities	0	0
Cash flows from financing activities	0	0
Net (decrease)/increase in cash held	13,634	12,244
Cash at the beginning of the financial year	78,149	65,905
Cash at the end of the financial year	91,783	78,149

No single appeal, grant or other form of fundraising for a designated purpose generated 10% or more of TI Australia's international aid and development revenue for the financial year.

The Summary Financial Reports have been prepared in accordance with the requirements set out in the ACFID Code of Conduct. For further information on the Code please refer to the ACFID Code of Conduct Implementation Guide available at www.acfid.asn.au

Report on the Concise Financial Report

We have audited the accompanying concise financial report of Transparency International Australia which comprises the balance sheet as at 30 June 2011, the income statement and the statement of changes in equity and cash flows for the year then ended, derived from the audited financial report of Transparency International Australia for the year ended 30 June 2011. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' Responsibility for the Concise Financial Report

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 *Concise Financial Reports*, and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Transparency International Australia for the year ended 30 June 2011. We expressed an unmodified audit opinion on that financial report dated 11 October 2011. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Our procedures include performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Our procedures include testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

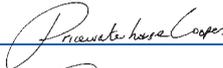
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Transparency International Australia would be in the same terms if given to the directors as at the date of this auditor's report.

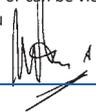
Auditor's opinion

In our opinion, the concise financial report of Transparency International Australia for the year ended 30 June 2011 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

PricewaterhouseCoopers

 Paul Lewis
 Partner
 Melbourne – 25 October 2011

Statement on behalf of the Board

I, Michael Ahrens, Executive Director of Transparency International Australia, state that the concise financial report has been derived from the full financial report of the Company, and shows a true and fair view of the state of affairs of the Company. A full set of audited accounts are available upon request, or can be viewed on the Company website – www.transparency.org.au


 Michael Ahrens