

TRANSPARENCY INTERNATIONAL AUSTRALIA

*Affiliate of Transparency International,
the Coalition against Corruption*

ANNUAL REPORT

1 July 2011 to 30 June 2012

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:

Website: www.acfid.asn.au
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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:

Michael Ahrens	Previously senior partner of law firm Baker & McKenzie, Sydney. Director since 18 May 2004. Chief Executive of Transparency International Australia from 1 March 2006.
AJ Brown	Professor of Public Law, Griffith University. Director of TI Australia since 24 September 2010.
Jane Ellis Seabrook	Partner, Ashurst. Board Member of WaterAID. Director of Transparency International Australia since 6 February 2008 (previously a Director 2001-2005).
Roger Gyles AO QC	Mediator and Arbitrator, previously a barrister and then a judge of the Federal Court from 1999 until 2008. Appointed Director of TI Australia on 10 November 2010 and Chairman from 1 January 2011.
Grahame Leonard AM	Lawyer and Consultant. Chairman of Readify Pty Ltd, Escrow Angel Pty Ltd, Diffuze Pty Ltd and ADC InnerCircle. Commissioner Victorian Multicultural Commission, Director JNF of Australia Inc, Nirosoft Australia Pty Ltd, and Sunnymarsh Pty Ltd. Chief Executive Officer of Transparency International Australia from 13 May 2003 to 1 March 2006. Director since 11 December 2002.
David Mattiske	Retired Telstra Executive and International Telecommunications Consultant. Director of TI Australia since 6 October 2005.
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.
Greg Thompson	Director of Australian Volunteers International; Director of TI Australia since 16 June 1995. Executive Director International of TI Australia since 18 November 2009.
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; Lawyers. 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.

REPORT ON ACTIVITIES

Private Sector

- **Corruption Perception Index (CPI)**
Australia remains at 8th of 182 countries in the 2011 CPI. Of those ranked, less than two thirds failed to achieve a ranking of 5 or more out of 10 on the scale. TI notes the significance to investors in emerging markets which rank poorly. The 2011 **Bribe Payers Index (BPI)** ranks 28 of the largest exporters for their perceived propensity to bribe. The BPI continues to reflect the poor ratings of the BRIC countries.
- **Enforcement of Foreign Officials Bribery Law**
Since the first prosecution under this law on 1 July 2011, involving Note Printing Australia, Securrency International and several executives of those companies, TI Australia (TIA) has monitored its progress and related publicity. Despite the prosecution we note the AFP comments on ‘technical difficulties’ with the law and made submissions to a review of the legislation by the Attorney-General. TIA continues to monitor progress in enforcement. The Securrency case is included in the 2012 TI Report on Enforcement of this Convention.
- **OECD –Third Phase Review**
The high level delegation of experts sent this year to review the progress in enforcement of our law implementing the Convention attracted significant private sector interest. We made submissions and encouraged our members to do likewise. Revising the law banning bribery of foreign officials should be high on the agenda. Of interest is the workshop material developed by TIA for Austrade, as published now on its website. We are also in discussions with EFIC to assist in briefings for its staff.
- **UK Bribery Act**
The defence in the UK law, alleviating strict liability upon companies, by showing they have in place ‘adequate procedures’ to guard against bribery if committed by them or associates, has meant an upsurge in interest in implementing effective anti-bribery policies and procedures not only by companies with UK connections. TI Australia Directors frequently conduct or participate in private sector seminars and training sessions prompted by this development.
- **UNCAC Review**
TI Australia met the visiting independent experts to present our views on Australia’s self-assessment. TIA welcomed Australia’s commitment to lead by example by ensuring a number of other stakeholders were engaged

in this review process as well as its commitment of funding for UNODC to strengthen the Review process.

Public Sector

• National Anti-Corruption Plan

The Government's commitment to develop a National Anti-Corruption Plan was welcomed by TIA and the UNCAC and the OECD visiting delegations. TIA has been actively engaged in this process being led by the Attorney-General's department. TIA lodged a 10 Point Submission and continues to be engaged in the public consultation supporting the development of the Plan. As part of that process TIA also lodged a supplementary submission as to how policy and operational matters could better be handled to deal with both criminal and non-criminal corruption issues at federal level. The unresolved issues in the following items, as well as those mentioned in respect of the Foreign Officials Bribery Law, were addressed in our Submissions.

• Commonwealth

– Review of Integrity Oversight

The mandate of the Australian Commission for Law Enforcement Integrity (ACLEI), originally only covered the law enforcement functions of the Australian Federal Police and the Australian Crime Commission, but has been enlarged to cover similar functions of the Customs and Border Protection Service. TIA continues to urge support of all federal political parties for setting up a standing integrity and anti-corruption body with adequate resources to oversee all federal agencies. We applaud the unanimous recommendation for Government to examine the existing oversight gap by the PJC in its July 2011 report.

• Whistleblower Protection – Queensland, NSW, Commonwealth Legislation

TI Australia continues to urge the Commonwealth Government for action to address such protection, by implementing its March 2010 promise for an extensive system of legal protection and support for whistleblowers. The proposed Public Interest Disclosure Bill is still to be introduced into Federal Parliament.

Meanwhile the NSW and Queensland Public Interest Disclosure Acts are operating well, specifically extending protection to the media and their sources and setting new standards. TIA also welcomes protective measures enacted in the ACT.

The continued lack of protection for private sector whistleblowers that expose offences in breach of federal law is 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. With the enabling legislation passed but no Commission yet operating, TIA continues to offer advice and support to Minister Andrew McIntosh, noting that questions are being raised about the proposed structure and limitations of the body.

• International Program G20 Anti-Corruption Action Plan

TI welcomed the decision by G20 Leaders at their Summit in Los Cabos Mexico to extend the mandate of the G20 Anti-Corruption Working Group by 2 years. The final report on that work will be presented to the G20 Leaders in November 2014 when Australia hosts the Summit in Brisbane. TI welcomed the achievements of the G20 through this work and has called for further work by the Group to strengthen the integrity and transparency of the Global Financial System, noting the relative vulnerability of that Sector as reported in TI's TRAC 2 and in the wake of recent charges against several large banks.

• Extractive Industries Transparency Initiative (EITI)

TI Australia welcomed Australia's commitment to a domestic Pilot of the EITI. TIA is a member of the Multi-Stakeholder Group overseeing the Pilot with representatives of wider Civil Society as well as oil, gas and mining companies and Federal and State Governments. TIA welcomes Australia's continuing leadership in funding the World Bank's Multi-Donor Trust Fund and the EITI's Norway-based Secretariat.

The TI Movement

• TI Australia's Strategic Plan 2012-15

TIA has adopted a new Strategic Plan to be implemented 2012 – 2015. The Plan will align TIA's program with the *TI Movement's Strategy 2015* and will ensure that our work is further strengthened through strategic engagement with the wider movement. TIA received a grant to support the work of Rosemary Sainty to develop a TIA strategy for wider engagement with the Corporate Sector. That work is informing the development of a TIA Corporate Partnerships program.

• TIA Groups in Perth, Brisbane and Canberra

During the year we have promoted groups to represent TIA and hold events in each of these cities. This element of our Strategic Plan is an important extension of our activities reaching out to new audiences, perspectives and gaining valuable contributions from the organisers as we address corruption risks.

• TI and AusAID – a Global Partnership

TI Australia was honoured to host a visit by **Huguette Labelle, TI's Global Chair**, with TI Secretariat representatives in May 2012. During the visit Ms Labelle signed a new partnership agreement between TI and AusAID. The Agreement extends funding in support of TI's work in Africa and Latin America while continuing support for TI's work in the Asia Pacific Region.

During her visit to Australia Huguette Labelle met with Attorney-General Nicola Roxon and senior public servants in Canberra. She also addressed a group of senior leaders in the business community at a luncheon hosted by Marius Kloppers the CEO of BHP Billiton and a meeting hosted by the Australian Institute of International Affairs Victorian Division.


Michael Ahrens
Executive Director




Greg Thompson
Executive Director
International



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 2012, 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 2012. 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 2012. We expressed an unmodified audit opinion on that financial report dated 22 October 2012. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, 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*.

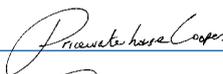
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

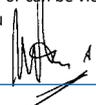
In our opinion, the concise financial report of Transparency International Australia for the year ended 30 June 2012 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.


PricewaterhouseCoopers


Paul Lewis
Partner
Melbourne – 22 October 2012

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

Income Statement for the year ended 30 June 2012

	2012	2011
REVENUE	\$	\$
Donations and gifts - monetary	1,366	1,157
Donations and gifts - non-monetary	0	0
Grants		
- Other Australian	0	0
- Other overseas	7,919	0
Investment Income	0	0
Other income (1)	67,669	53,093
TOTAL REVENUE	76,954	54,250

EXPENSES		
International Programs		
- Funds to overseas programs	0	0
- Other project costs	0	0
Domestic projects	0	0
Community education	0	0
Fundraising costs		
- Public	0	0
- Government, multilaterals & private	0	0
Accountability & Administration (2)	74,068	42,322
TOTAL EXPENSES	74,068	42,322

EXCESS OF REVENUE OVER EXPENSES 2,886 11,928

Notes:		
1. Includes:		
Membership Subscriptions	43,600	37,645
Organisations		
Individuals	7,305	8,625
2. Includes:		
Administration / Sub-Contractor Expenses	40,600	15,818
Travel & Accommodation – Local and International	22,728	13,610
Operational Costs	10,740	12,894

Balance Sheet as at 30 June 2012

	2012	2011
ASSETS		
Current Assets		
- Cash and cash equivalents	120,485	91,783
- Financial Assets	13,970	7,863
Non-Current Assets		
- Property, plant & equipment	0	0
- Other	0	0
TOTAL ASSETS	134,455	99,646

LIABILITIES		
Current Liabilities		
- Trade, Deferred Subs and Other Payables	41,788	11,213
- Provisions	2,661	1,738
Non-Current Liabilities		
- Payables	0	0
- Other (Pre-Paid Membership Subscriptions)	4,020	3,595
TOTAL LIABILITIES	48,469	16,546

NET ASSETS 85,986 83,100

EQUITY	85,986	83,100
Reserves	0	0

Statement of Changes in Equity for the year ended 30 June 2012

	Retained Earnings	Reserves	Total
Balance at 1-Jul-10 (commencing balance)	71,172	0	71,172
Excess of revenue over expenses YE 30/6/11	11,928	0	11,928
Amount transferred (to) from reserves	0	0	0
Balance at 30-Jun-11	83,100	0	83,100
Excess of revenue over expenses YE 30/6/12	2,886	0	2,886
Amount transferred (to) from reserves	0	0	0
Balance at 30-Jun-12 (ending balance)	85,986	0	85,986

Table of Cash Movements for the year ended 30 June 2012

	2012	2011
Cash flows from operating activities		
Cash receipts in the course of operations	114,694	63,272
Interest Received	2,927	5,823
Cash payments in the course of operations	-88,919	-55,461
Net Cash (used)/provided by operating activities	28,702	13,634
Cash flows from investing activities	0	0
Cash flows from financing activities	0	0
Net (decrease) / increase in cash held	28,702	13,634
Cash at the beginning of the financial year	91,783	78,149
Cash at the end of the financial year	120,485	91,783

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