



**TRANSPARENCY  
INTERNATIONAL  
AUSTRALIA**



# **ANNUAL REPORT 1 JULY 2016 TO 30 JUNE 2017**

**TI Australia's program of activities continues to benefit heavily from involvement in the global TI movement.**

The Chapter's work is strengthened by access to TI tools, resources, and programs. In TI's work towards 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.



# 2016 to 2017



## Objectives

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

- mobilising national coalitions against corruption 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, TIA 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 – Current Directors and the Directors during the 2016 /2017 financial year:

### Michael Ahrens

Director of TIA since 18 May 2004.

### Jarrold Baker

Director of TIA since 20 November 2014.

### Prof AJ Brown

Director of TIA since 24 September 2010. Member of Transparency International since 15 October 2017.

### Keith Christiansen

Director of TIA – appointed 08 September 2015 and resigned 30 June 2017.

### Rebecca Davies

Director of TIA since 30 September 2016.

### Holly Lindsay

Director of TIA since 8 September 2015.

### Peter Moore

Director of TIA since 24 November 2015.

### Greg Thompson

Director of TIA since 16 June 1995.

### Wendy Tyrrell

Director of TIA – appointed 4 December 2012 and resigned 14 September 2017.

### Harold Werksman

Director of TIA since 27 January 2009.

### Anthony Whealy QC

Director of TIA since 8 September 2015.  
Chairman of TIA since 25 November 2015.

For any complaints against the Company contact  
TIA Complaints Officer at [info@transparency.org.au](mailto:info@transparency.org.au)

## Report on Activities

Throughout this financial year Transparency International Australia (TIA) has continued to transition to a small but influential organisation with professional staff working to combat corruption at a national, regional and global level. This is best demonstrated by our submissions to government, regular media appearances, the scaling up of the Mining for Sustainable Development (M4SD) Programme, and the success of the inaugural National Integrity Conference – an assessment of Australia's national integrity system.

Work has continued to support existing partnerships and create new alliances, to strengthen private sector engagement, and to attract new members. A Memorandum of Understanding has been signed between TIA and the Victorian Racing Integrity Commission. While corruption in sport is not an immediate priority for TIA, the links with money laundering and illicit financial flows, are obvious.

The year saw the successful recruitment of all staff for the M4SD Programme, the resignation of former CEO, Phil Newman, and the commencement of Serena Lillywhite as the new CEO in March 2017.

## Mining for Sustainable Development

The M4SD Programme is a multi-year, multi-country program (20 countries), funded by the BHP Billiton Foundation and DFAT. In Phase 1, the programme has identified and assessed corruption vulnerabilities in the mining approvals process. Australia is one of the participating countries. The research found that the approvals systems for exploration licenses and mining leases in Western Australia, and for mining leases in Queensland, have a high level of transparency and accountability that can act as a corruption deterrent. However, a number of risks that could create an enabling environment for corruption were identified. These include: inadequate due diligence into the integrity, character and track record of applicants, inadequate regulation and disclosure of lobbyists and political donations, and the 'revolving doors' between industry and government and a 'culture of mateship' which could enable corruption to occur.

## National Integrity

The TIA National Integrity Conference, held in Brisbane in March 2017, in partnership with Griffith University was a great success. The focus was on how to strengthen Australia's National Integrity System (NIS) and key priorities for reform. Among those identified and discussed were: establishing a federal anti-corruption agency, restoring trust in government and business, building an ethical culture, whistleblower protection, and strategic approaches to corruption prevention. Highlights of the conference included the business breakfast with Natalia Soebagjo, Chair, TI Indonesia who spoke about corruption insights and implications in Indonesia. All conference papers are available on the TIA website.

Throughout the year, TIA continued to support the Griffith University *WhistlingWhileTheyWork 2* and the *National Integrity System* programs.

## Advocacy and Influence

“In too many countries, people are deprived of their most basic needs and go to bed hungry every night because of corruption, while the powerful and corrupt enjoy lavish lifestyles with impunity.”

José Ugaz, Chair, Transparency International, CPI, 2016



## Government Engagement

This financial year has seen an unprecedented number of government inquiries into corruption and integrity issues in Australia. The CEO and Board members have actively contributed through submissions and appearances before Joint Parliamentary and Senate Committees. Submissions lodged by TIA are available on the website.

TIA welcomes the government consultations and review of Australia's integrity systems, however, throughout the year, significant improvements have been thin on the ground. Despite growing public support for a federal anti-corruption agency, disappointingly, there appears to be no appetite within government. Australia's ranking in the Corruption Perception Index (CPI) – perceived levels of corruption in the public sector – has been in decline for several years. In 2016, Australia held its ranking of 13 out of 176 countries.

At a global level, TIA participated in the OECD Global Forum on Anti-Corruption and Integrity and facilitated TI colleagues from Cambodia to speak at the OECD Global Forum on Responsible Business Conduct.

## Open Government Partnership (OGP)

TIA continued to support the OGP, a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption and harness new technologies to strengthen governance. TIA, along with the civil society coalition, was instrumental in the development of Australia's first National Action Plan (2016-2018). The Plan sets out an agenda for the next two years across a broad range of important areas:

- Transparency and accountability in business
- Open data and digital transformation
- Access to government information
- Integrity in the public sector
- Public participation and engagement

## Extractive Industry Transparency Initiative (EITI)

TIA has continued to support Australia's EITI candidacy, through membership of the EITI Multi-Stakeholder Group, and the OGP. Progress has been minimal at best and the success of a robust EITI in Australia appears unlikely.

## Media and Communications

TIA continues to attract media coverage for its work. The launch of the TI report, *Doors Wide Open*, identified the Australian property market as a destination of choice for money laundering. There has been significant media interest in money laundering throughout the year, creating opportunities for TIA to continue calls for a public register of beneficial ownership, and suspicious transaction disclosure by non-financial entities including real estate agents, lawyers and accountants.

The redevelopment of the TIA website commenced and an entrance into Social media was undertaken.

## Private Sector Engagement

TIA strengthened its engagement with the private sector, with the new CEO undertaking a 'roadshow' of meetings with existing and potential TIA corporate and cornerstone members. There is growing interest in the M4SD Programme, and the potential for TIA members to engage with our colleagues in other countries to help understand the local context and corruption risks. This has influenced the development of TIA's value proposition, and strategic private sector engagement for the future.

Roundtable events were held to launch the 2016 Corruption Perceptions Index and to discuss strengthened integrity systems in Australia, including amendments to foreign bribery legislation.

TIA strengthened links with the TI Business Integrity Program (BIP), a global initiative to engage the private sector in the fight against corruption.

## TI Australia Growth and Development

The TIA transition to a Chapter with professional staff continues. The M4SD Programme has greatly assisted. A Capacity Assessment was undertaken which confirmed the need for strengthened governance of both TIA and the M4SD. Progress is being made to develop the necessary policies, systems and procedures to help ensure good governance, however, much remains to be done, including oversight of Regional Committees and updates to the Constitution.

Challenges exist, not least being the financial sustainability of TIA. The current lack of Deductible Gift Recipient (DGR) status limits our capacity to diversify funding. None-the-less, we are confident TIA will continue to grow and prosper – with your support.



  
**Serena Lillywhite**  
CEO



  
**The Hon. Anthony Whealy QC**  
Chairman

Statement of Comprehensive Income for the year ended 30 June 2017

	2017	2016
<b>REVENUE</b>		
Subscription Revenue (1)	190,987	185,434
Interest	2,260	1,392
Donations	610	50
Project Income		
– M4SD	1,066,329	60,476
– Other	6,848	15,132
Other Income	5,845	399
<b>TOTAL REVENUE</b>	<b>1,272,879</b>	<b>262,883</b>
<b>EXPENSES</b>		
Project Expenses		
– M4SD (2)	1,066,329	59,015
– Other	6,848	11,171
Administrative/Operational (3)	258,091	160,872
<b>TOTAL EXPENSES</b>	<b>1,331,268</b>	<b>231,058</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>-58,389</b>	<b>31,825</b>
Notes:		
1. Subscription Revenue		
Organisations	177,504	171,229
Individuals	13,483	14,205
2. M4SD includes Office Rental	58,683	7,138
3. Administrative/Operational		
Salaries/On Costs/Contractors/Consultants	197,228	100,329
Travel & Accommodation – Local and International	28,964	42,088
Other Operational Costs	16,899	18,455
Griffith Research Project	15,000	0

Statement of Financial Position as at 30 June 2017

	2017	2016
<b>ASSETS</b>		
Current Assets		
– Cash and Cash Equivalents	703,865	392,461
– Receivables	21,968	2,947
Other Current Assets	41,894	0
Non-Current Assets	0	0
<b>TOTAL ASSETS</b>	<b>767,727</b>	<b>395,408</b>
<b>LIABILITIES</b>		
Current Liabilities		
– Payables	74,061	24,366
Deferred Income (4)	534,965	156,262
Non-Current Liabilities		
– Other (Pre-Paid Membership Subscriptions)	4,620	2,310
<b>TOTAL LIABILITIES</b>	<b>613,646</b>	<b>182,938</b>
<b>NET ASSETS</b>	<b>154,081</b>	<b>212,470</b>
<b>ACCUMULATED SURPLUS</b>	<b>154,081</b>	<b>212,470</b>
Reserves	0	0
Note: 4 includes \$476,790 Unexpended Income – M4SD		

Statement of Changes in Equity for the year ended 30 June 2017

	Accumulated Surplus	Total
Balance at 01-Jul-15	180,645	180,645
Net surplus for the year ended 30 June 2016	31,825	31,825
Balance at 30-Jun-16	212,470	212,470
Balance at 01-Jul-16	212,470	212,470
Net deficit for the year ended 30 June 2017	-58,389	-58,389
Balance at 30-Jun-17	154,081	154,081

Table of Cash Movements for the year ended 30 June 2017

	2017	2016
Cash flows from operating activities		
Cash receipts in the course of operations	1,670,576	430,633
Interest Received	2,260	1,392
Cash payments in the course of operations	-1,361,432	-242,865
Net Cash (used)/provided by operating activities	311,404	189,160
Cash flows from investing activities	0	0
Cash flows from financing activities	0	0
Net increase/(decrease) in cash held	311,404	189,160
Cash at the beginning of the financial year	392,461	203,301
Cash at the end of the financial year	703,865	392,461

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Report on the Concise Financial Report

We have audited the accompanying concise financial report of Transparency International Australia which comprises the Statement of Financial Position for the year ended 30 June 2017, the statement of Comprehensive Income 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 2017. 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 2017. We expressed an unmodified audit opinion on that financial report dated 30 October 2017. 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 2017 complies with Australian Accounting Standard AASB 1039 **Concise Financial Reports**.

  
Priscilla Cooper  
PriceWaterhouseCoopers

  
Paul Lewis BCom, ICAA, RCA  
Partner  
Melbourne – 30 October 2017

Statement on behalf of the Board

I, Anthony Whealy QC, Chair 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](http://www.transparency.org.au)

  
Anthony Whealy QC  
Chair, TI Australia



## Mining for Sustainable Development

Transparent and accountable mining can contribute to sustainable development – this begins with corruption-free approval processes. Transparency International's Mining for Sustainable Development (M4SD) Programme addresses where and how corruption can get a foothold in the mining approvals process. We are combatting corruption before ground is even broken. Working with Transparency International (TI) National Chapters from across the globe, the programme is building the foundations for accountable and transparent mining that benefits communities and supports social and economic development.

M4SD is a Transparency International Global Thematic Network Initiative (GTNI) led by TIA. GTNIs represent a new way for TI to have global impact by harnessing the strength of National Chapters to address common issues.

The M4SD Programme is funded by the BHP Billiton Foundation and DFAT.

## M4SD Objectives

The Programme complements existing efforts that mostly focus on revenue transparency in the broader extractive industries. M4SD focusses on transparency in awarding mining permits, licences and contracts as a critical first step in the sector's value chain. We aim to:

- enable governments to create the space for improved sustainability of their countries' economic and social development by ensuring the effective regulation of the mining sector;
- help create a level playing field for the mining industry through better governance and corruption control systems;
- support mining companies to enhance relations with their stakeholders and beneficiaries for improved social investment; and
- strengthen engagement of civil society and community organisations affected by mining operations in multi-stakeholder dialogue.

## Who Is Involved?

Twenty (20) TI Chapters, including TIA, have been involved in Phase I of the Programme. Each Chapter has worked on a corruption risk assessment of mining approvals within their countries. Out of these 20 Chapters, eighteen successfully completed their risk assessments: Armenia, Australia, Cambodia, Canada, Chile, Colombia, Democratic Republic of the Congo, Guatemala, Indonesia, Kenya, Liberia, Mongolia, Peru, Papua New Guinea, Sierra Leone, South Africa, Zambia, and Zimbabwe.

## What Did We Do?

The M4SD Programme team was established in August 2016, after which activities ramped up.

Key activities have been:

- **Establishing an Expert Reference Group:** An external reference group (ERG) has been established including representatives from international organisations, academia, research institutes, and industry. This group has provided input on the methods and tools we have used, helped Chapters liaise with key stakeholders and opened doors at the international level. This group has met twice during this year and provided informal advice and information outside of meetings.
- **Preparing the MACRA Tool:** A tool was developed for use in Phase I, prepared by an external consultant and revised based on feedback from piloting in three Chapters and from the ERG. Our Research and Policy Coordinator prepared a range of support materials to help Chapters apply the tool and progress their local risk assessments.
- **Supporting Chapters:** Both the Chapters' Coordinator and the Research and Policy Coordinator provided a range of services to Chapters in support of their research work.
- **Global Outreach:** Members of the Programme Team have been involved in a number of global events to exchange ideas and strengthen TI's role within the global mining governance field. This has included industry events, such as the Mining Indaba in Cape Town South Africa, governance events, such as the Inter-Governmental Forum on Mining and Metals Annual General Meeting in Geneva, and events organised by multilateral agencies, such as the International Finance Corporation's Sustainability Exchange in Colombia.



Group photo from the first workshop in Berlin, October 2016.



## Engagement With Chapters

All Chapters received training on how to implement the project and use the tool. Our first workshop for Researchers and Chapter Coordinators was held in early October 2016 and was attended by 19 of the 20 Chapters. From this workshop, a range of engagement and project management strategies were put in place to provide support to Chapters as they implement their projects.

In February and March 2017, the Programme team convened four regional workshops:

- **Cape Town (South Africa) 3 – 4 February**  
 Attended by seven TI Chapters and their Researchers from the Democratic Republic of Congo, Kenya, Mozambique, Niger, South Africa, Zambia and Zimbabwe. This workshop was followed by participants attending the Alternative Mining Indaba and side events associated with the Mining Indaba from 6 - 9 February
- **Accra (Ghana) 14 – 16 February**  
 Attended by two TI Chapters and their Researchers from Liberia and Sierra Leone. This workshop was followed by a meeting with the Australia High Commission for West Africa on 16 February
- **Jakarta (Indonesia) 22 – 23 February**  
 Attended by six TI Chapters and their Researchers from Armenia, Australia, Cambodia, Indonesia, Mongolia and Papua New Guinea
- **Bogota (Colombia) 8 – 9 March**  
 Attended by four TI Chapters and their Researchers from Chile, Colombia, Guatemala and Peru. This meeting was preceded by the Annual Forum of the Latin American Network on Extractive Industries 6 – 7 March.

These workshops supported the work of both Researchers and Chapter Coordinators on the corruption risk assessment, stakeholder engagement and project management. The workshops also consolidated and strengthened the community of practice in mining governance among TI Chapters and their Research Consultants. The programme team were able to identify key learning and support needs through the workshops.

## What Have We Achieved So Far?

By the end of June 2017, eighteen of the participating Chapters had completed their risk assessments to a satisfactory standard. These findings will provide these Chapters with an opportunity to have real impact through this programme. Several TI Chapters are in countries where national elections will be held in 2017 or 2018 (e.g. Armenia, Liberia, Papua New Guinea), where the mining law is likely to change (e.g. in Mongolia, Indonesia and Colombia) or is relatively new (e.g. Kenya). In Guatemala, the current moratorium on issuing concessions is expected to be lifted soon. The cadastre in the Democratic Republic of Congo only began to issue licences again earlier this year. In this changing landscape, the findings from the assessment of corruption risks in mining awards will equip participating TI Chapters with vital information to strengthen and improve their countries' mining regimes.

## Next Steps

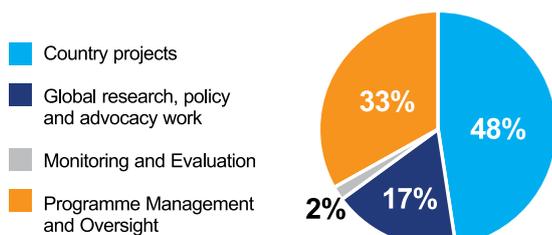
Each Chapter is producing a national report and action plan to address priority risks. These will be released by individual Chapters and available through the M4SD website. The findings from the Chapter risk assessments are being analysed for a global report, which will be released later this year.

The Programme will begin **Phase II** in 2018. This will involve the Transparency International National Chapters implementing action plans to address the risks outlined in their research phase. The M4SD team will address global issues arising from the work as well as support National Chapters in implementing their national action plans. Funding will be sought from our existing partners as well as new donors.



Australian Government  
 Department of Foreign Affairs and Trade

## M4SD Programme Expenditure 2016/17



### Data

Country projects	\$507,775
Global research, policy and advocacy work	\$185,299
Monitoring & Evaluation	\$18,785
Programme Management and Oversight	\$354,470

## Transparency International Australia

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