



**TRANSPARENCY
INTERNATIONAL
AUSTRALIA**



ANNUAL REPORT

1 JULY 2017 - 30 JUNE 2018

In the past year...



11
submissions to federal
parliamentary inquiries



29
dedicated news articles
and interviews



50+
meetings with government



31
TIA member organisations



5
television interviews



9
events



11
radio interviews



1
landmark report on corruption
risks in the mining approvals
process in Australia

Transparency International Australia (TIA) is the Australian national chapter of a global coalition against corruption, operating in over 100 countries.

Through Transparency International (TI) we are part of a global movement leading the fight against corruption. Each chapter is independent and unique, but together we aspire to a unified vision: a world free of corruption.

Our mission is to tackle corruption by shining a light on the illegal practices and unfair laws that weaken our democracy. We shine a spotlight through our research, which informs our evidence-based advocacy to build a better system of governance for all.

Our Objective:

TIA's objective is to lead the Australian fight against bribery and corruption. We do this 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.

Our Areas of Focus:

Policy:

- Anti-corruption agencies and national integrity system
- Political lobbying, donations and 'revolving door' / industry influence
- AML/CTF and beneficial ownership
- Open Government Partnership
- Foreign Bribery (adequate procedures, and debarment)
- Due diligence and procurement – particular focus on mining sector and associated infrastructure
- Mining and associated infrastructure
- Financial services
- Property

Private Sector:

- Mining and associated infrastructure
- Financial services
- Property

TIA does not investigate or expose specific cases, but works to improve conduct and systems in Australia and overseas. Our core values are transparency, accountability, integrity, solidarity, courage, justice and democracy.

Message from the Chair

Transparency International Australia has continued to advance our mission of “leading the Australian fight against corruption” through our three advocacy platforms of regulatory reform and accountability, business integrity and the Mining for Sustainable Development programme. As a society, we must never become complacent about corruption and TIA’s leadership role is ever more critical in addressing the integrity challenges we face.

During the year, we have taken important steps in ensuring the financial sustainability of our organisation and in improving our governance processes. The continued support from our members and funders help ensure we sustain our independent advocacy work. In the financial year we have increased our subscription revenue by a further 10 per cent and benefited from the substantial project revenue of the Mining for Sustainable Development programme. Serena Lillywhite, as our CEO, is leading the development of our organisation as we complete the transition from volunteer staff to full-time roles and specialist skills across our organisation.

I would like to thank the TIA directors for their outstanding work on the board. Each of them volunteers their time and brings their considerable expertise in the interest of the organisation and its members. In particular I would like to thank our recently retired chair, the Hon Anthony Whealy QC, whose leadership has steered us through the last three years. In addition, I thank Wendy Tyrrell, Mike Ahrens and Harold Werksman who have retired from the TIA Board during the year having served the organisation with distinction over an extended period.

TIA’s work in leading the fight against corruption is ever more important for our society and I again thank our members and supporters for their continued support in the years ahead.



Peter J. Moore

Peter Moore
Interim Chair

Directors during the 2017/2018 financial year:

Michael Ahrens	Tim Robinson
Jarrold Baker	Greg Thompson
Prof. AJ Brown	Wendy Tyrrell
Rebecca Davies AO	Harold Werksman
Holly Lindsay	Anthony Whealy QC
Peter Moore	Russell Wilson
Sara Pantzer	

Message from the CEO

Over the past financial year, our team of six paid staff has grown to nine. We’ve been busily building our organisation from the ground up. We have new people, new roles, rigorous new policies and digital tools to ensure the highest standards of integrity and accountability. We have a new website, new social media channels and new partnerships with corporate members.

We continue to position ourselves to lead an effective fight against corruption in Australia, while supporting our global network of peers to tackle corruption in the mining industry. Through our stewardship of the global Mining for Sustainable Development programme, we are facilitating and enabling 20 TI Chapters across the world’s most resource-rich countries, including Australia, to shine a spotlight on corruption in mining approvals.

We launched Transparency International’s landmark report, the Corruption Perceptions Index in three cities across Australia. We have been engaging broadly and deeply in key conversations around money laundering in the property market, whistle-blower legislation, foreign bribery and the creation of a federal anti-corruption and integrity agency.

In the international arena, we have been monitoring the Australian Government’s commitments to the Open Government Partnership, its compliance with the OECD’s Anti-Bribery Convention, and the United Nations Convention against Corruption.

I am proud of what we have achieved, and the competence and commitment of our staff. I thank them for their hard work. I also thank the board for their active contributions, multiplying the impact of our work with their years of experience in fighting corruption. Lastly, I am grateful for the pro-bono work we have received from law firms and media agencies, and for the corporate members who have signed on to support our work, without which we could not function effectively.

We tackle corruption by working together, by collectively calling for a world in which governments are accountable to their people, in which the practices of business and industry are sensitive to the social and environmental footprint of their actions, and in which community organisations genuinely and fairly serve the people they represent.

As I look towards the year ahead and see the growing public and political momentum for a federal anti-corruption watchdog, I am confident about what we can achieve by tackling corruption together.



Serena Lillywhite

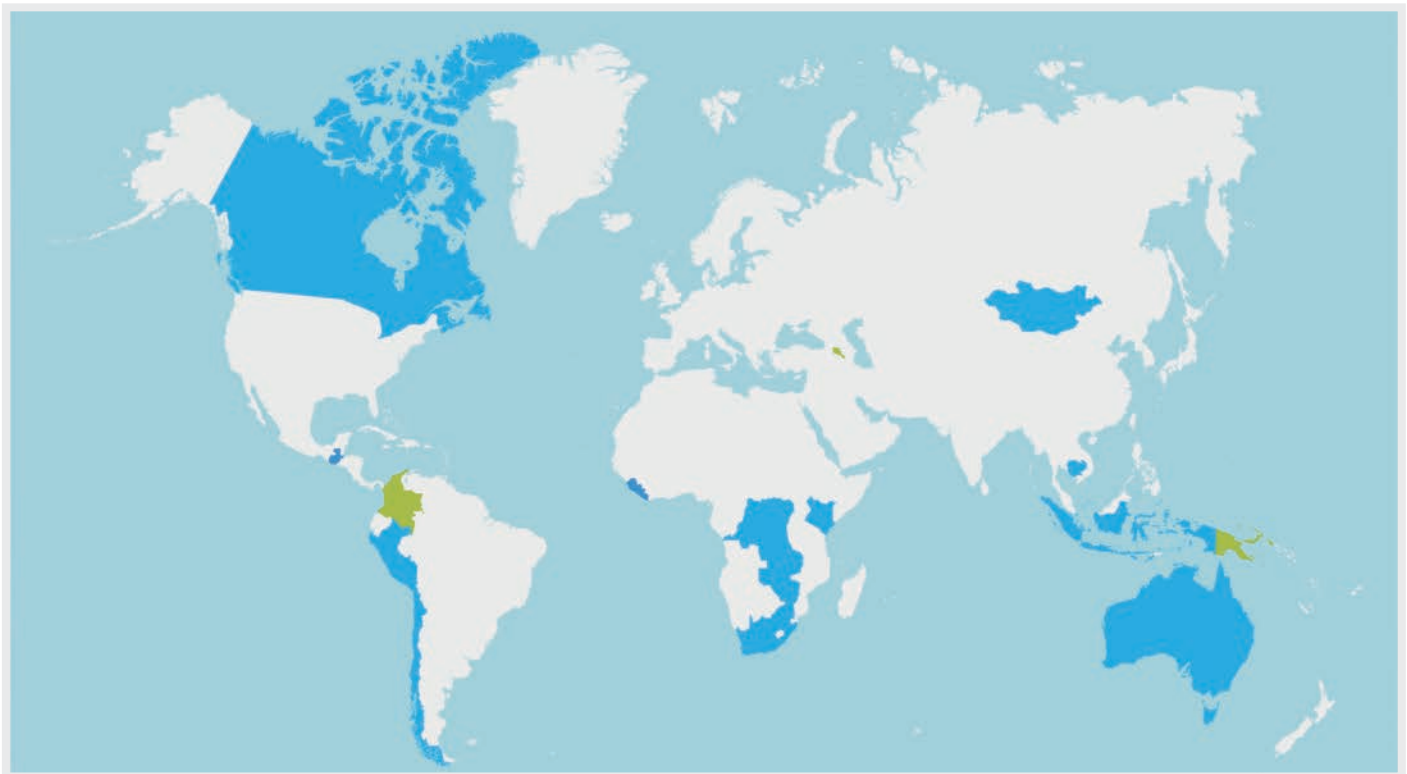
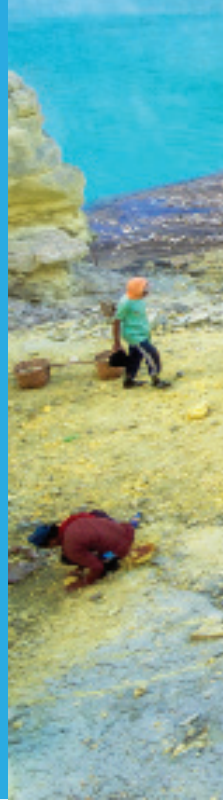
Serena J Lillywhite
CEO

Mining for Sustainable Development

Transparency International is contributing to a broad global movement tackling corruption across the mining sector by focusing on the start of the value-chain. By examining where and how corruption can get a foothold in the mining approvals process, we are combatting corruption before ground is even broken.

Transparency International Australia is the Centre for Excellence for the Mining for Sustainable Development programme. By working as facilitators and enablers, we are connecting a global network of twenty sister organisations across the world's most resource-rich countries to tackle corruption together.

Since commencing this global initiative in August 2016, our team has established the programme as a respected global leader in natural resource governance. We are valued for our unique perspective and approach of combining locally-led research for evidence-based advocacy, multi-country learning and sharing, and a commitment to multi-stakeholder engagement at the national and global levels.



Map: countries involved in different phases of the Mining for Sustainable Development programme

■ Phase I only
(assessing the corruption risks)

Armenia, Colombia, Papua New Guinea.

■ Phase I and Phase II
(addressing the corruption risks)

Australia, Cambodia, Canada, Democratic Republic of Congo (DRC), Chile, Guatemala, Indonesia, Kenya, Liberia, Mongolia, Peru, Sierra Leone, South Africa, Zambia, Zimbabwe.

The Mining for Sustainable Development Programme is funded by the BHP Foundation and the Department of Foreign Affairs and Trade.



Australian Government
Department of Foreign Affairs and Trade



iStock/Rodrigo M Nunes

Over this past year:

We have completed Phase I of our programme: the research phase. Working with 20* Transparency International Chapters across our global network we highlighted key corruption risks in the mining approvals process across the world's most resource-rich countries

We developed, tested and fine-tuned a highly effective tool (MACRA) for assessing corruption risks in mining approvals; and supported our TI partners to use this tool in their jurisdictions.

We published an instructive global report and global snapshot with six case studies that shed light on where and how mining approval processes can be vulnerable to corruption – the first of its kind. We also translated these into French and Spanish.

18 of the 20 participating TI Chapters published their national reports, highlighting where and how corruption weakens mining approvals processes in their countries.

We have strengthened our communications: we developed a dedicated page on the TIA website and a section in the TI Knowledge Hub website; we produced a short promotional video, and social media channels.

We have been actively engaged in key conversations with governments, industry and civil society: we have presented to the Mining Indaba, the Alternative Mining Indaba, the International Finance Corporation's Sustainability Exchange, the Prospectors and Developers Association of Canada, and the Extractive Industry Transparency Initiative conferences. Our programme has also established a basis for collaboration with all BHP Foundation Natural Resource Governance projects.

We have begun Phase II of our programme: the advocacy and policy phase. We are harnessing the global momentum, knowledge and partnerships we have built to enhance transparency, accountability and integrity in mining sector licensing and approvals.

We have finalised contracts with our donors to continue this work.

Our team has grown with new people and more roles to take our advocacy work forward.

We have presented to a number of key global stakeholders, including: at the DAC Convention, the BHP Foundation partners meeting, the ICMM Biannual members meeting, the IFC Sustainability Exchange. In addition, we published an Open Government Platform blog post in the Australian Government official OGP website.

Our partners have also led on numerous national-level initiatives to engage government, industry and civil society stakeholders in their countries. We are supporting our global network to develop and drive advocacy strategies to achieve the political and practical changes they need for a fairer process.

* Armenia, Australia, Cambodia, Canada, Chile, Colombia, DR Congo, Guatemala, Indonesia, Kenya, Liberia, Mongolia, Mozambique, Niger, Papua New Guinea, Peru, Sierra Leone, South Africa, Zambia, Zimbabwe.

Chapter Activities

Strengthening our Democracy

Over the past six years, Australia has slipped 8 points in Transparency International's *Corruption Perceptions Index*. Australia used to rank among the top ten least-corrupt countries. We fell out of that league of world-leading nations three years ago.

TIA is engaging with the federal government to strengthen our national integrity framework and improve our global standing. Partnering with Griffith University, we have produced important research into the National Integrity System Assessment and Whistling While They Work programs.

We are playing a vital role in the ever-growing movement for a national anti-corruption agency. We do this through direct engagement with politicians, parliamentary committees and contributing to parliamentary inquiries. Our submissions to parliament are all available on our website, and cover inquiries relating to: undue political influence, whistle-blower protection, money laundering, sustainable development and more.

Promoting Open Government

TIA actively supports the Open Government Partnership (OGP), a multilateral initiative working to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption and harness new technologies to strengthen governance.

As a member of the Open Government Forum, our CEO worked with civil society colleagues to monitor progress on Australia's international commitments, and support Australia's second National Action Plan for 2018-20. We kept a spotlight on incomplete activities from the first Action Plan (such as whistle-blower protection, transparency on beneficial ownership and the Extractive Industry Transparency Initiative), and we ensured these commitments will carry over to the second Action Plan. We remain focused on securing the government's new commitments to strengthen the national anti-corruption framework, to enhance transparency around political funding and donations, and to improve due diligence in procurement and open contracting.

Improving Business Integrity

TIA recognises that to effectively combat bribery and corruption we need the support of the business community. We need Australian companies with operations both in Australia and abroad, often doing business in corruption and conflict-prone countries, to support our work and champion transparency and accountability through their policies, and most importantly, their practices.

We have run events and briefings to involve our corporate members in our work. Interest remains high in understanding and mitigating the risks associated with money laundering, foreign bribery and how best to undertake robust due diligence of business relationships.

Tackling Corruption in the Mining Industry in Australia

We are facilitating and catalysing action across 20 TI chapters in some of the world's most resource-rich countries, including Australia, to tackle corruption in the mining industry.

Australia's mining industry is not immune to corruption. Governance and business integrity needs improvement if we are to safeguard against corruption. Our research into the key corruption risks that weaken the mining approvals processes revealed: inadequate due diligence into the integrity, character and track record of applicants for mining approvals; a lack of investigation of beneficial ownership; a high potential for industry influence in the awarding of mining approvals; poor verification of environmental impact statements; poor representation of Native Title parties in negotiations; and agreements that lacked adequate transparency. This research confirmed that we need to better regulate political donations, lobbyists and the movement of staff between government and industry; and governments need to provide better transparency around negotiations, and double-check companies' environmental assessments.



**Transparency International Australia
Concise Financials
For the year ended 30 June 2018**

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	2018 \$	2017 \$
Revenue ¹	1,592,921	1,272,879
Project expense	(1,346,527)	(1,073,177)
Operations expense	(210,174)	(258,091)
Surplus / (Deficit) for the year	<u>36,220</u>	<u>(58,389)</u>
Total comprehensive income for the year	<u>36,220</u>	<u>(58,389)</u>
Notes:		
1. Revenue		
Subscriptions revenue	211,045	190,987
Project income	1,346,846	1,073,177
Finance income	1,104	2,260
Other revenue	33,926	6,455

Statement of Financial Position for the year ended 30 June 2018

	2018 \$	2017 \$
ASSETS		
Current Assets		
- Cash and cash equivalents	980,209	703,865
- Trade and other receivables	1,243	21,968
- Other assets	10,398	41,894
Total Current Assets	<u>991,850</u>	<u>767,727</u>
Total Assets	<u>991,850</u>	<u>767,727</u>
LIABILITIES		
Current Liabilities		
- Trade and other payables	75,572	74,061
- Employee benefits	42,482	0
- Deferred Income ²	679,609	534,965
Total Current Liabilities	<u>797,663</u>	<u>609,026</u>
Non-current liabilities		
- Deferred Income	3,910	4,620
Total Non-Current Liabilities	<u>3,910</u>	<u>4,620</u>
Total Liabilities	<u>801,573</u>	<u>613,646</u>
NET ASSETS	<u>190,277</u>	<u>154,081</u>
ACCUMULATED SURPLUS		
Reserves	0	0
Notes:		
2. Includes Unexpended income - M4SD	624,469	

Statement of Changes in Equity for the year ended 30 June 2018

	Accumulated Surplus \$	Total \$
Balance at 1 July 2017	154,081	154,081
Surplus for the year	36,220	36,220
Balance at 30 June 2018	190,301	190,301
Balance at 1 July 2016	212,470	212,470
Net deficit for the year ended 30 June 2017	(58,389)	(58,389)
Balance at 30 June 2017	<u>154,081</u>	<u>154,081</u>

Statement of Cash Flows for the year ended 30 June 2018

	2018 \$	2017 \$
Cash flows from operating activities	1,612,502	1,670,576
Receipts in the course of operations	(1,337,262)	(1,361,432)
Interest Received	1,104	2,260
Net Cash provided by operating activities	<u>276,344</u>	<u>11,404</u>
Net increase/(decrease) in cash and cash equivalents held	276,344	311,404
Cash and cash equivalents at the beginning of year	703,865	392,461
Cash and cash equivalent at end of the financial year	<u>980,209</u>	<u>703,865</u>

**Independent Auditor's Report
to the Members of Transparency
International Australia**

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 2018, 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 2018. 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 financial report

The directors of Transparency International Australia 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 for the audit of the financial report

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 2018. We expressed an unmodified audit opinion on that financial report dated 21 September 2018. 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.

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 2018 complies with Australian Accounting Standard AASB 1039 Concise Financial Reports.

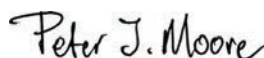


Nexia Melbourne Audit Pty Ltd
Geoff S. Parker
Melbourne
Director

Dated this 21 day of September 2018

Statement on behalf of the Board

I, Peter Moore, Interim 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.



Peter Moore
Interim Chair, TI Australia

Dated this 21 day of September 2018



Transparency International Australia
A Company Limited by Guarantee
A Registered Charity with the Australian Charities and
Not-for-profits Commission

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