

ANNUAL REPORT 2017



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Yuambari Haihuie

2017 Election Observer in the Highlands
region of Papua New Guinea



WELCOME FROM THE BOARD CHAIRMAN

It is a pleasure to present TIPNG's 2017 Annual Report - a record of all our efforts to rise to the challenge set by the founders of this organisation. We celebrated our 20th anniversary - an anniversary of a conviction. A conviction that corruption is a major problem but can be stopped.

Two decades ago the Late Sir Anthony Siaguru and some dedicated individuals founded Transparency International PNG. We acknowledge the dedication of the individuals - Dame Meg Taylor, Sir Mel Togolo and others who envisioned the future of TIPNG and created the Siaguru Endowment Fund (SEF). They quickly raised over K1 million and in 2007 the Chapter decided to continue to build the Fund through the annual Sir Anthony Siaguru Walk Against Corruption. Thanks to the contributors to the SEF, including more than 25,000 people who walked during the past 11 years, we reached the target and, as this report shows, were able to invest in our first big step in ensuring our sustainability.

2017 was big for Papua New Guinea as a country. We held our National Parliamentary Elections. Our election observation report was presented to the Government through the PNG Electoral Commission and we continue to seek opportunities with key partners to explain what we observed and strategise ways to produce better and fairer elections.

Lawrence Stephens



WELCOME FROM THE EXECUTIVE DIRECTOR

Dear Friends, Families and Supporters

2017 was a year of change and progress here at TIPNG. We welcomed new colleagues and directors, moved into our own office property at Lokua Avenue in Boroko Port Moresby, worked on redefining our strategy and continued to build partnerships with both the private and public sector.

This year, we commemorated 20 years of fighting corruption. We also farewelled Mrs Emily George Taule, who served as Executive Director for 13 years, and I marked my sixth year at TIPNG and my first year as Executive Director. These milestones prompt a bit of reflection.

We had 313 local volunteer observers take part in the observing the 2017 National Elections, publishing the third TIPNG Election Observation Report. Our report highlighted serious flaws in the conduct of the elections, the widespread violence which resulted in deaths and prolonged violence.

We hosted an Integrity Seminar in November and presented Integrity Initiatives of Excellence awards to seven national agencies for their 'Best Practices' in ensuring accountability, transparency, innovativeness, replicability and empowerment of citizens.

We released the 'Lest we Forget' report that looked at 20 unresolved cases between 2007 and 2017, and we released a report on the corruption risks in the awarding of mining licenses in PNG. It is our hope that the publications remind relevant authorities of the need for greater transparency and integrity.

We continued the trialling of our School Based Civic Education materials and added the 'Transparency through the Church' workshops to the list. We ran our Youth Against Corruption Association forum in East Sepik Province and brought more young people together to our 11th Mike Manning Youth Democracy Camp held in Port Moresby.

We hosted the Transparency International Global Chair, Mr Jose Ugaz, for the first time since our inception. During his visit we met with the Prime Minister, Peter O'Neill, to reinforce our partnership with the Government.

While there have been many obstacles – from a tough fundraising environment, to public misconception of our role, I am extremely proud of what we have been able to achieve at TIPNG over the past 12 months. We thank all our supporters, our members and our partners for their commitment.

Our 12 member board has continued to provide the leadership needed to get us through a big year. I am honoured to also work with passionate and committed colleagues that are ready to take on the many challenges and that understand deeply, the values which guide the organization. We strive to

do our best with the communities we work with to minimise corruption.

We are determined to continue the legacy that the Founding Chairman, the Late Sir Anthony Siaguru left behind – the simple vision, to protect the integrity of the people, society and the Nation.

Our 12 member board has continued to provide the leadership needed to get us through a big year. I am honoured to also work with passionate and committed colleagues that are ready to take on the many challenges and that understand deeply, the values which guide the organization. We strive to do our best with the communities we work with, in developing effective campaigns to drive our messages and innovative ways to support our partners and stakeholders in establishing anti-corruption mechanisms within their organizations.

We continue the legacy that the Founding Chairman, the Late Sir Anthony Siaguru left behind – the simple vision, to protect the integrity of the people, society and the Nation.

Arianne Kassman



MEASURING CORRUPTION

While stemming the tide against corruption takes time, in the last six years many countries have still made little to no progress.

2017 Corruption Perceptions Index

Papua New Guinea has again been classified as one of the most highly corrupt countries in the world according to the 2017 Corruption Perceptions Index (CPI) launched in February 2018 by Transparency International.

The Deputy Prime Minister, Hon Charles Abel, was at the launch of the CPI. He accepted the results of the survey on behalf of the Government of PNG and challenged TIPNG to be more specific in its campaigns and advocacy on national issues.

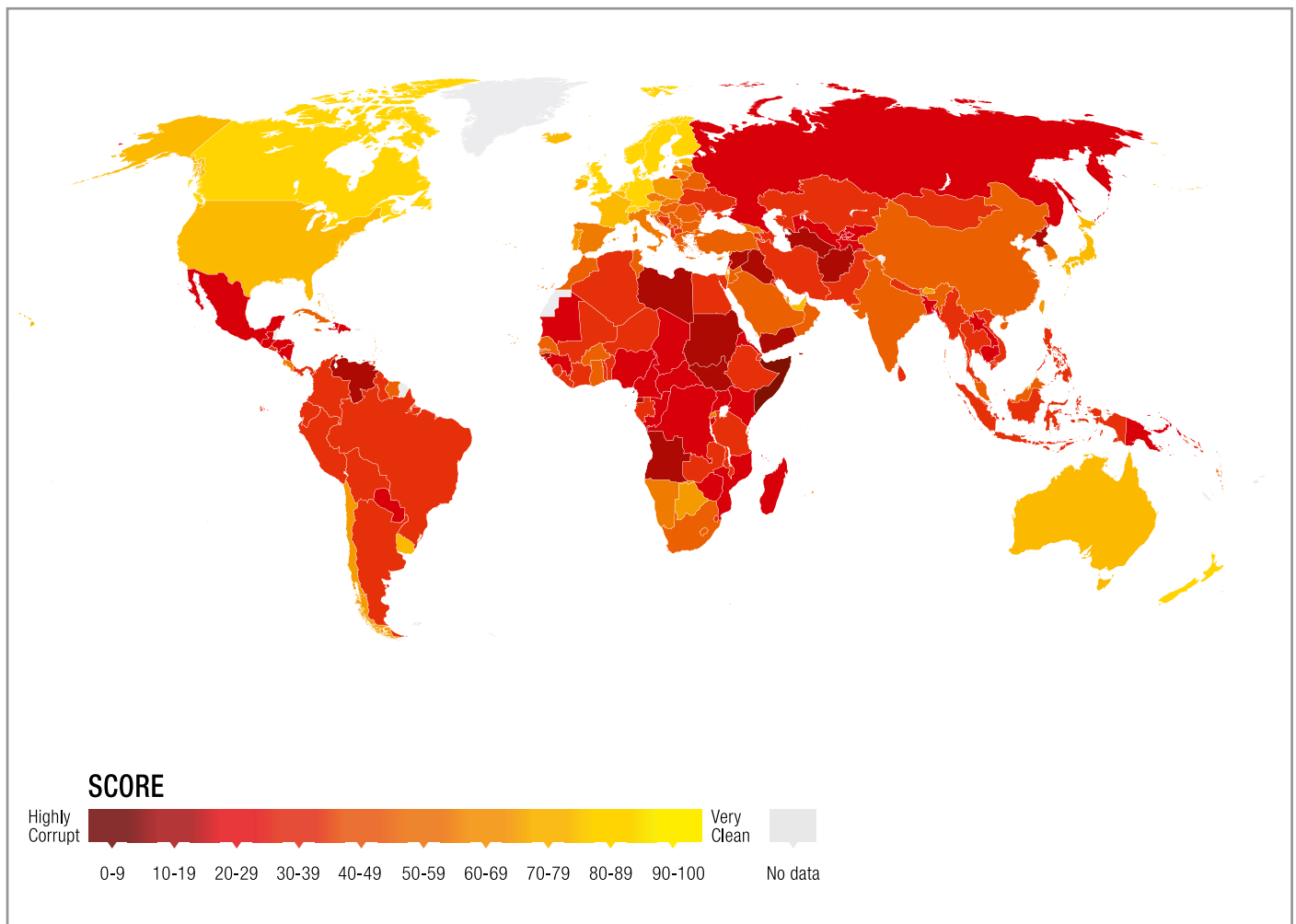
Papua New Guinea ranks 135 out of 180 countries with a score of 29 out of 100. The CPI scores countries on a scale of zero to 100, with 100 being perceived to be “very clean” and zero perceived to be “highly corrupt”. Papua New Guinea again scored below the global average score of 43. Effectively this places PNG in the high quartile top 25% of corrupt nations.

Clearly this is not just a government matter, all sectors - church, business, civil society and citizens must make it their business to improve Papua New Guinea’s ranking. Papua New Guinea is moving too slowly in its efforts to combat corruption: political will is not matched with action, freedom of media continues to be threatened and many believe has deteriorated. Vigorous public debate & discourse is discouraged, civic space is shrinking and citizens are becoming more accepting of corruption seeing it as a norm. For several years running Papua New Guinea has failed to make any effective changes needed to bring itself from out of this low ranking.

We want the Government to enable greater participation of citizens in public affairs, we encourage relevant legislative changes to make this work. Equally important is that citizens need to demand accountability from public officials and speak up and report corrupt dealings with the public and private sector. We stand ready to work with Prime Minister O'Neill and the government, and indeed Parliament, to build a strategy and implement an Action Plan to fight corruption and poor governance.

In order to improve on the CPI, PNG’s public institutions including SOE’s must be more open and transparent about their work and their decision-making. More needs to be done in strengthening and supporting integrity institutions that enforce best practices and regulations with a view to reducing corruption and promoting good governance.

Map 1: PERCEPTIONS CORRUPTION INDEX 2017 The perceived levels of public sector corruption in 180 countries/territories around the world.



SCORE

Highly
Corrupt

0-9 10-19 20-29 30-39 40-49 50-59 60-69 70-79 80-89 90-100

Very
Clean

No data

RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE
1	New Zealand	89	21	Estonia	71	59	Romania	48	103	Thailand	37	135	Russia	29
2	Denmark	88	21	United Arab Emirates	71	62	Cuba	47	122	Azerbaijan	31	143	Bangladesh	28
3	Finland	85	23	France	70	62	Malaysia	47	103	Bahrain	36	143	Guatemala	28
3	Norway	85	23	Uruguay	70	64	Montenegro	46	103	Côte D'Ivoire	36	143	Kenya	28
3	Switzerland	85	25	Barbados	68	64	Sao Tome and Principe	46	103	Mongolia	36	143	Lebanon	28
6	Singapore	84	26	Bhutan	67	66	Hungary	45	103	Tanzania	36	143	Mauritania	28
6	Sweden	84	26	Chile	67	66	Senegal	45	107	Armenia	35	148	Comoros	27
8	Canada	82	28	Bahamas	65	68	Belarus	44	107	Ethiopia	35	148	Guinea	27
8	Luxembourg	82	29	Portugal	63	68	Jamaica	44	107	Nepal	31	148	Nigeria	27
8	Netherlands	82	29	Qatar	63	68	Oman	44	107	Macedonia	35	148	Nicaragua	26
8	United Kingdom	82	29	Taiwan	63	71	Bulgaria	43	107	Vietnam	35	151	Cameroon	25
12	Germany	81	32	Brunei Darussalam	62	71	South Africa	43	111	Philippines	34	151	Uganda	26
13	Australia	77	32	Israel	62	71	Vanuatu	43	112	Algeria	33	153	Mozambique	25
13	Hong Kong	77	34	Botswana	61	74	Burkina Faso	42	112	El Salvador	33	155	Madagascar	24
13	Iceland	77	34	Slovenia	61	74	Lesotho	42	112	Maldives	33	156	Central African Republic	23
16	Austria	75	36	Poland	60	74	Tunisia	42	112	Niger	33	156	Burundi	22
16	Belgium	75	36	Seychelles	60	77	China	41	117	Ecuador	32	157	Haiti	22
16	United States	75	38	Costa Rica	59	77	Serbia	41	117	Egypt	32	157	Kyrgyzstan	22
19	Ireland	74	38	Lithuania	59	77	Suriname	41	117	Gabon	32	157	Laos	22
20	Japan	73	40	Latvia	58	77	Trinidad and Tobago	41	117	Pakistan	32	157	Mexico	22
									117	Papua New Guinea	29	161	Zimbabwe	22
										Paraguay	29	161	Cambodia	21
												161	Congo	21
												161	Democratic Republic of Congo	21
												161	Tajikistan	21
												165	Chad	20
												165	Eritrea	20
												167	Angola	19
												167	Turkmenistan	19
												168	Iraq	18
												168	Venezuela	18
												171	Korea (North)	17
												171	Equatorial Guinea	17
												171	Guinea Bissau	17
												171	Libya	17
												175	Sudan	16
												175	Yemen	16
												177	Afghanistan	15
												178	Syria	14
												179	South Sudan	12
												180	Somalia	9

#cpi2017

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www.transparency.org/cpi



At TIPNG, we believe in true democracy and have always hoped to see it transpire in the national elections. During the 2017 election period we wanted to ensure the integrity of the elections through voter education, and institutional reforms.

PRE - POLLING

Voter Education and Toll free hotline

TIPNG set up a toll free hotline for voters to call in with queries about polling stations and the electoral process. The toll-free number was printed on the official observer t-shirts and displayed in all TIPNG publications related to elections. The Toll-Free Number was staffed by existing TIPNG personnel to assist observers and the general public with specific election queries.

The toll-free service used information from the PNGEC and what we could gather for queries regarding:

- Where the nearest polling station is to the caller's location
- The dates of polling at the caller's location
- The times when the polling station opens and closes at the caller's location
- Observers will also use this service to report any potential risks or issues they may be facing during their observation.

The toll free line was the only information line set up by an organization involved in the elections (including PNGEC). The Police were advising people with issues at the polling stations to report to TIPNG. Callers also reported suspicious activity such as ballot box tampering, election officials meeting with candidates and late polling.

We reached out to young professionals to educate them about electoral processes and to encourage them to enrol to vote. This was done in collaboration with the Young Port Moresby Chamber of Commerce and Industry (YPOMCCI). It was emphasised at the information session YPOMCCI members, most were to be first time voters, that being aware of the electoral process was important, but following the process to display the true spirit of democracy was of greater importance.

The session covered the Limited Preferential Voting (LPV)

system used in Papua New Guinea, how to vote, registration to vote, understanding the ballot paper, polling stations, residential qualification, party politics and how to identify a good candidate.

We conducted similar sessions with the Young Women's Christian Association, Port Moresby International School and Port Moresby National High School.

POLLING

Election observations

During the 2017 National Elections TIPNG conducted observations in almost all provinces. This was the third election that we have carried out observations.

TIPNG observed the election to report to citizens on the overall fairness of the elections. TIPNG's observation focused on the electoral processes, collecting information such as the ability of voters to vote in person and secretly without intimidation and whether the security of choices was protected once their ballots were placed in the ballot boxes.

A banner with the text '#TRUEDEMOCRACY' in large, bold, black letters. Below it, in smaller black letters, is 'IF YOU SEE SOMETHING CORRUPT DURING THE ELECTIONS, REPORT IT!'. The banner is set against a background of people at a polling station.

CALL TOLL FREE NUMBERS 180 6000 or 7601 4636

The second WORST thing to corruption is doing NOTHING about it. Corruption is punishable!

Recruitment and Training

We trained 421 observers, and of these, 313 observed in the field on polling days. The observers comprised of TIPNG individual members, students, educators, members of community based organizations, women's and youth groups, faith based organizations and other active citizens with a grade 10 education level. Very few had ever observed before.

Observer trainings were done in each province and focused on TIPNG observer's code of conduct and security measures. The participants were trained to use the survey instruments for voters and polling station data collection. Observers were given information on the polling place procedures and the roles and responsibilities of polling officials. We also utilised the PNG Electoral Commission's training videos for Polling Officials.

POST - POLLING

The Election Observation Report

TIPNG's 2017 Election Observation Report presents data collected from the polling place and voter surveys. The polling place survey data is information based on an observer's observation on the conduct of election at the polling station, and the voters survey data was collected from face-to-face interviews with voters.

The polling place survey data was collected from 536 polling places. The voter survey captured the perceptions of 1527 individual voters.

Based on the data of both surveys nationwide, TIPNG reported that the 2017 National Parliamentary Election was not delivered effectively, efficiently and was not of sufficient and acceptable quality.

Key findings from voter survey

- Voters reported that voting rights were taken by others without permission;
- Voters said polling officials were responsible for delays in voting that resulted in voters not being able to vote;
- Voters reported threats to other voters on polling day, if they did not vote for a particular candidate;
- Voters were offered bribes or asked for bribes to vote for a particular candidate on polling day;
- There was a lack of secrecy in voting. Regional variation was noted, with Southern and New Guinea Islands Regions generally upholding secrecy.

The survey results not only showed serious issues, but that the voters were too tolerant of their rights not being upheld.



Key Findings from polling place survey

- Often, polling place management and election administration was not carried out according to electoral law;
- There was lack of secret voting;
- There were incidences of bribery and intimidation of voters during polling;
- Security personnel were not impartial;
- Polling places lacked election materials including security.

We launched our elections observations report in November 2017 and presented it to the Government through the PNG Electoral Commission. The Deputy Prime Minister, Honorable Charles Abel and Electoral Commissioner accepted the report.

What we want to see in the next election

TIPNG recommended for major changes in the organisation of the PNGEC and its partners to promote behaviour that will lead to democratic elections. The following areas are recommended by TIPNG for the PNGEC and relevant agencies to improve:

- *Enforcement of existing laws by agencies during the elections;*
- *Electoral Roll Update and Verification;*
- Security and prevention of election related violence;
- Election Awareness.

TIPNG looks forward to working with the government and other institutions to implement the recommendations from its report to help improve Papua New Guinea's elections.



ENGAGING PEOPLE

The second worst thing to corruption is ignoring it. That is why, at TIPNG, a lot of our efforts are put into getting people to start talking about the problem and being proactive about stopping corruption.

Corruption complaints

At TIPNG, we provide free legal assistance to victims and witnesses of corruption through our Advocacy & Legal Advice Center (ALAC). There are over 60 ALACs globally. TIPNG first inceptioned its ALAC in 2010 and since then it has received well over 600 corruption complaints from the general public. Most of the complaints that ALAC received were about incidences of bribery, misuse of public funds and land issues.

By offering a simple, credible and viable mechanism for citizens to pursue their corruption-related complaints, the ALAC empower citizens in the fight against corruption. Harnessing the powerful, real life data gathered by the ALAC on the consequences and mechanisms of corruption, we engage in strategic advocacy to bring about systemic change in public policy and practice.

ALAC aims to create dialogue, informal feedback and working partnerships with government institutions charged with containing corruption.

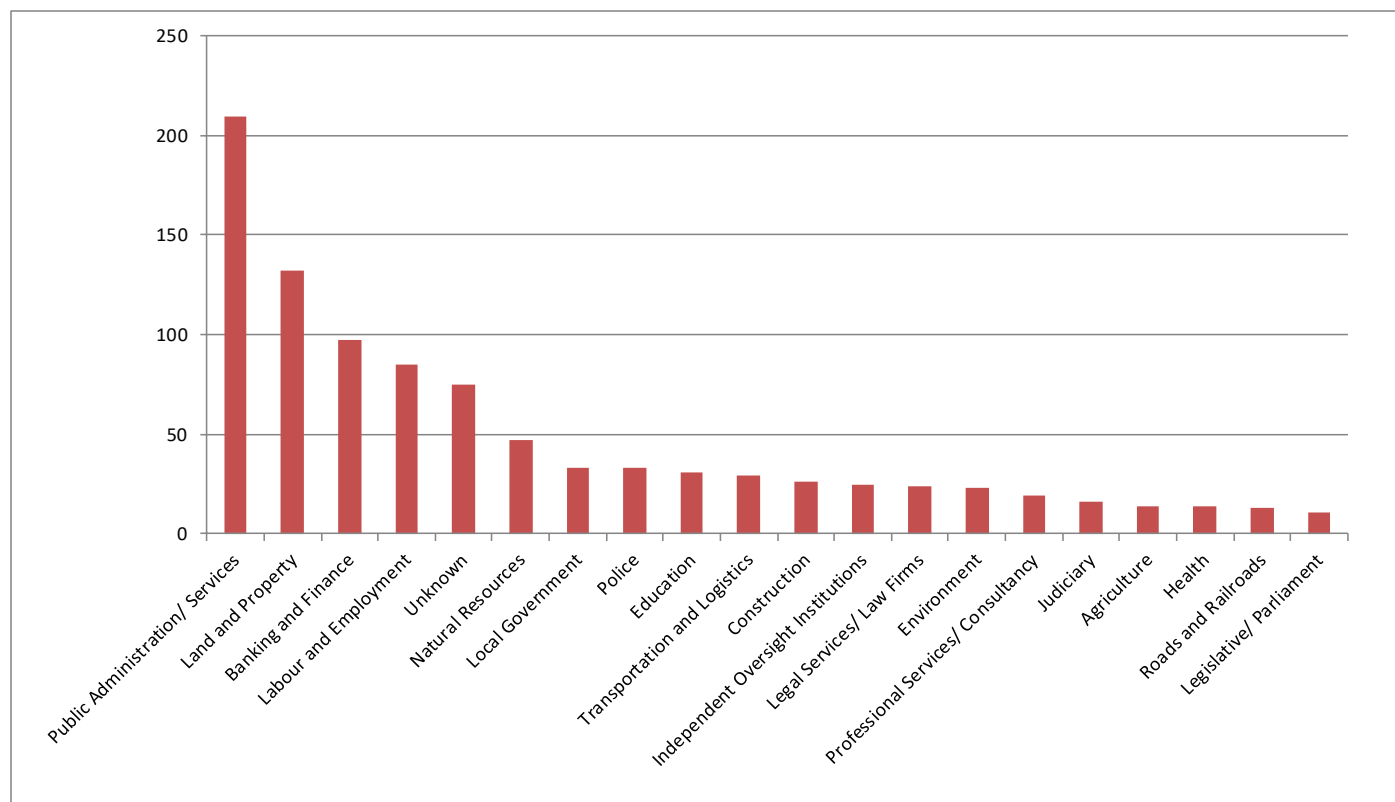
ALAC seeks to translate concerns on corruption into structural changes for better local and national governance.

ALAC is an avenue for advocacy and to educate the public on their rights and responsibilities to counter corruption.

Table 1: Top 20 sectors most complained about

Problem Sector	Number
Public Administration/ Services	209
Land and Property	132
Banking and Finance	97
Labour and Employment	85
Unknown	75
Natural Resources	47
Local Government	33
Police	33
Education	31
Transportation and Logistics	29
Construction	26
Independent Oversight Institutions	25
Legal Services/ Law Firms	24
Environment	23
Professional Services/ Consultancy	19
Judiciary	16
Agriculture	14
Health	14
Roads and Railroads	13
Legislative/ Parliament	11

Graph 1: Corruption Complaints on various sectors recieved from the public



ALAC relaunch

In May 2017, we relaunched ALAC by making it more accessible for people to utilise by providing two (2) Toll Free numbers. Anyone in PNG is now able to call ALAC with no charge and speak to TIPNG's lawyer to assist them with their corruption-related complaint. All complaints and client information is treated as confidential by the ALAC team.

The ALAC also plays a critical role in identifying corruption hot-spots that demand reform or official action. It is also worth noting that ALAC has been a resource for those in the public service who do not have a national mechanism to report corruption. TIPNG will continue to expand its work through ALAC by campaigning on the issues, working to strengthen existing institutions and ensuring citizens have a voice.

Community outreach

TIPNG was invited by a community in Magabaira Village, Central Province to do an outreach awareness activity. This outreach was a result of an initial complaint of corruption brought to TI PNG by a community group within the area.

The focus of the outreach was primarily to help the communities understand and recognize corruption. Secondly, to provide a safe space for any victim and witnesses of corruption to report it and be given immediate free legal advice. We were able to visit and record issues that were being faced by those living in Magabaira, Gabadi and surrounding areas.

At TIPNG, we are working through ALAC to develop and promote the highest standards of best laws needed to prevent corruption. We want citizens and organizations to be able to recognize corruption and to come forward and report it when they see it happen or when they find themselves as a victim of it. The statistics help us to create advocacy by pushing agencies to foster robust anti-corruption mechanisms and punish the corrupt.



International Anti Corruption Day

International Anti Corruption Day falls on the 9th of December annually. The main aim of the day is to raise public awareness of the scourge of corruption and what people can do to fight it. It is a day that encourages governments, the private sector, non-governmental organizations, the media and citizens in PNG, and globally, to join forces and fight this crime of corruption.

As part of the 2017 International Anti Corruption Day, we celebrated our 20th anniversary by hosting an office party. The aim of the party was to showcase our new office premises and to let our stakeholders know of our new office location.

We ran a Facebook video competition titled "I commit". Avid users of Facebook were asked to send in a short video of themselves stating how they would commit to stop corruption in the country from International Anti Corruption Day and onwards. The winner of the competition was Mr Snyder William of Lae, Morobe Province.

Also at the International Anti Corruption day party, TIPNG presented two awards to wife of TIPNG's founder, Lady Mina Siaguru and former Executive Director of TIPNG, Mrs Emily George Taule. Lady Mina was awarded honorary membership while Mrs Taule was awarded an appreciation token for her commitment to TIPNG through her service as executive director.



Corruption affects young people as a result of their involvement in almost every aspect of society — as students, activists, citizens, workers, customers and voters. Parents, teachers, political leaders, employers and peers shape the environment for young people to take on these roles and empower them to make the 'right' decisions in their lives.

Readying young people to say no to corruption both today and tomorrow is a pivotal step toward making real progress in the fight against abuses — from bribery and fraud, to collusion and patronage. Their engagement, while not sufficient on its own to end abuses, is one additional and essential piece that is needed to tackle corruption.

Developing and educating a new generation in the values of integrity, democracy and transparency is one of the most powerful tools for ensuring a future where corrupt practices are not part of the normal way of life.

Youth Against Corruption forum in Wewak

A Youth Against Corruption Association (YACA) forum was held in March 2017 at the Bishop Leo Secondary School

in Wewak. The forum was themed Youth Leadership and the Fight Against Corruption and was aimed at creating awareness about corruption in PNG, providing an avenue for young people to express how they feel about corruption and encouraging youth to work in partnership with government and other stakeholders in the community.

Students from Passam National High School, Mercy Secondary School, Brandi Secondary School and youth from Saure Village attended the forum.

The Youth Against Corruption Association is a program of TIPNG that provides a common ground for young people to come together and express their opposition to corruption and offer solutions to create better societies.

The youth forum in Wewak was funded by the British High Commission of Port Moresby. Two other forums were conducted in Popondetta and Goroka in 2016. The youth forums provide TIPNG an opportunity to secure support and participation from the younger population in curbing corruption.



Mike Manning Youth Democracy Camp

We brought together 39 young people from across the country to take part in TIPNG's 10th annual Mike Manning Youth Democracy Camp (MMYDC) in September 2017. The camp was held at the La Salle Technical College in Port Moresby.

Young people from various secondary schools, high schools and community-based organizations in the Central, East New Britain, East Sepik, Eastern Highlands, Madang, Morobe, Jiwaka, Simbu, Enga, Manus, Western Highlands, Western provinces, National Capital District and the Autonomous Region of Bougainville participated in the camp. These youth were selected to attend the camp based on their demonstrated leadership skills at school and in their community.

TIPNG believes that youth are an integral part in the development particularly in the fight against corruption and works to instil good values in young people.

The aim of the Mike Manning Youth Democracy Camp is to enable the participants to:

- Participate more actively to advocate for a less corrupt society;
- Explain and teach others about how governments should work;
- Demonstrate leadership & effective self-management skills.

The MMYDC program balances hands-on activities, capacity building exercises, simulations and presentations from guest speakers on a wide range of topics including, human rights, media, extractive industries and budget-tracking. At the camp, students do various simulation activities such as conducting fair elections, drafting, debating and passing laws, debating on issues, exercising the role of the media in a democracy and many more.

The MMYDC is an annual event that aims to empower young people to participate more actively for a less corrupt society. This year's camp was supported by the Exxon Mobil PNG Ltd and the US Embassy of Port Moresby.

Since its inception, more than 400 students have passed through the camp, gaining greater knowledge of democracy and feeling more inspired to be respectable citizens in their communities.



Civic education is simply teaching people how to be good citizens.

Our School Based Civic Education (SBCE) Project has designed and developed a variety of civic education materials for grade 3 to grade 12 teachers in Papua New Guinea. TIPNG believes that these civic education materials will greatly help teachers teach confidently civic concepts; and, in turn, increase students' knowledge and skills in acting responsibly from the classroom and into the wider communities.

Trialling TIPNG's civic education materials in schools

We have worked hard to ensure that we raise a generation of responsible citizens that work to ensure good governance at all levels of society. Through our School Based Civic Education project, we have produced materials to assist teachers and students:

- identify the functions and processes of civil society and state institutions
- apply skills of active citizenship
- interact with state institutions and demand for better governance.

We have produced the following:

1. Civic Education in PNG Schools: Teacher Resource Book – contains teaching and learning concepts about democracy, human rights, and how the government works.

2. Book of Background Readings for Teachers – is an information book for teachers.
3. A Student Reader – containing short stories explaining key civics concepts.
4. Big Books – large picture story books for teachers to read to primary school students.
5. Posters – large teaching posters on civic concepts such as conflict of interest, citizens' rights.
6. Android Phone Applications – users to engage in a game of ethical rationing and knowledge of PNG.
7. Teacher Training - workshops for teachers on how to use the materials.
8. DVD – containing videos and sample lessons on civic education concepts. These materials are targeted for primary and secondary schools, teacher colleges, police training school centres and vocational schools.

We are currently trialling these products in schools to capture the link between the usefulness of TIPNG's civic education materials and Social Science and Personal Development teacher resource materials by the Department of Education (DoE). Schools that already have TIPNG's civic education materials are proving that teachers are able to enhance their teaching of Social Science and Personal Development concepts by supplementing these concepts with some of TIPNG's civic education task, chapter, story, Big Book or poster.



Teacher Workshops

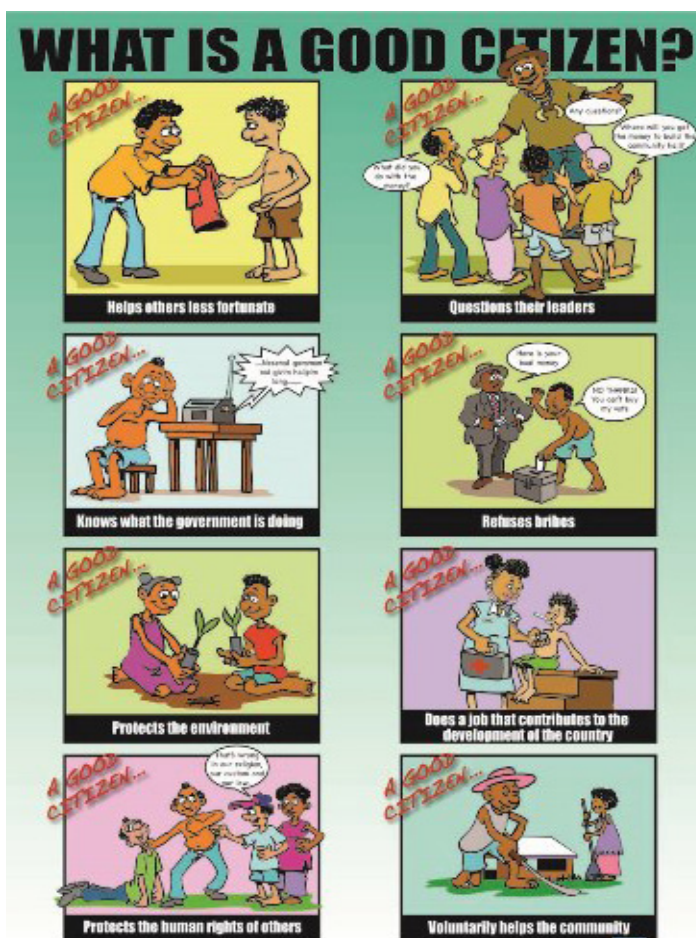
The school-based civic education teacher workshops allow teachers to explore their own knowledge of civics concepts for the classroom. Teachers are informed through this workshop that TIPNG's school-based civic education materials can be the first step for teachers to effectively teach concepts on citizenship, democracy, human rights, governance processes and the rule of law in one's classroom. The two-day workshop involves teachers mostly in lesson planning and presenting those plans to other participants in the workshop. These workshops have been conducted with teachers from 12 different schools around the country.

TIPNG's civic education teaching-learning tasks promote the idea of having students frequently work in groups while the teacher facilitates learning. At these workshops, group-work management in a classroom as a teaching-learning strategy is often discussed at length as teachers examine scenarios of how this strategy may or may not work.

'Towards Transparency' church workshops

The need for awareness on corruption in the church was hailed by leaders of the United Church in Port Moresby in January 2017. These leaders expressed that many people in the church have been victimised and remain silent about it thus TIPNG saw the need to collaborate with a different clientele about corruption and its damaging effects in our society. 'Towards Transparency in the Church' workshops strive to provide possible means of helping those community leaders formulate ideas, and design tasks that promote effective and realistic participation by members of their community. The tasks selected for the workshop participants are concise and aim to heighten their awareness of what corruption is and to achieve a realization of what they can do as an individual to enclose good governance in their own society.

These workshops were held in Hanuabada, Pari, Kirakira and Mahuru villages in the National Capital District.



Police Ethics Training

By invitation from the Internal Affairs Directorate (IAD) of the Royal Papua New Guinea Constabulary (RPNGC), we have been facilitating sessions in a workshop program that highlights internal matters of the Police Force. The workshop focuses on procedural matters and problem solving within IAD. Some key areas covered included Code and Conduct, Complaints mechanisms, Human Rights, Internal Investigations and Unjust enrichment. We have been working in partnership with the IAD for the past five years.

The following are some issues that were highlighted:

- Suppression by Station Commanders.
- Lack of communication in the districts and provinces, and from the Police Headquarters in Port Moresby.
- Lack of finance and other resources for the Police Force.
- The use and practice of 'wantok' system to dismiss cases and offenders against fellow policemen.
- Rule of Law procedures
- Database or the non-existence of information and its security

Our role in this partnership with the police was to bring their attention to the issues of corruption with a specific focus on governance issues such as administering and enforcing the rule of law within the police force.

It is important for TIPNG to continue working with the police to build their knowledge on rule of law, governance and their place in it.

Police Cell Management Training

The Cell / Custody Management Training Course is an initiative by the police department to educate police officers on how to take care of people who are under their care while locked up in the cell.

We facilitated sessions at the training with a specific focus on 'integrity and police officers' – integrity as a person and as a professional police officer. Participants were encouraged to 'do the right thing' so that they do not violate or infringe on the privacy of others, as well as the law.



PRIVATE SECTOR

A business environment free of corruption allows companies to compete fairly, reduces risk and creates a more stable investment environment.

Companies that adhere to the highest standards of integrity should not be penalised for doing so. We promote national and international standards that allow companies operating with integrity to rise to the top. We believe the ethical commitment that underpins corporate responsibility cannot be fully realised without a commitment to prevent bribery and corruption.

Corruption profoundly affects the environment in which companies do business. At the country level, corruption stifles economic growth and discourages foreign investment. At the community level, corruption prevents vulnerable populations from accessing education, food, water and medicines.

ANZ Bank

At TIPNG, we work to engage with business houses to further our campaigns for integrity and anti-corruption. We did such with the ANZ Bank staff of Harbour City, Port Moresby.

Our team facilitated an information session with the staff of ANZ Bank, presenting scenarios of bribery and corruption they would face at work and what they would do about it.

Trukai Industries Integrity Workshop

Trukai Industries is one of PNG's largest companies in PNG employing over a 1000 local staff at their Distribution Centres across the country and has been a corporate member of TIPNG for a number of years. TIPNG was invited by Trukai to conduct a session on integrity with their Senior Management team including all of their Distribution Centre Managers. The session built on Trukai's internal process for handling issues of bribes and gifts called Anti-Bribery & Corruption. Managers were presented with scenarios where their personal integrity could be compromised and through facilitated discussions on how to address the various real-world issues.

This was an important avenue to engage with former corporate members of TIPNG, especially one with an internal policy on corruption.



Mining Corruption Risk report

In the Mining for Sustainable Development report we identified 7 areas within the process of issuing Mining Leases that need to be addressed urgently to minimise the risk of corruption occurring. The awards process is the start of the mining value-chain and any effects of corruption there will be passed along, eventually impacting a countries' sustainable development.

The TIPNG *Corruption Risks In Mining Awards Country Report* highlights weaknesses in cross-institutional capacity, human resources capacity in regulators, coherence of feasibility studies & MOAs, the lack of a national geo-spatial agency, consultation with community representatives, Corporate Social Reporting and issues surrounding the inclusion of women and vulnerable members of communities.

Mining is a steady driver of the economy of our country and is key to ensuring future sustainable development. We hope this report and its recommendations will be part of the discussion going forward about how the minerals sector can be better able to address the risk of corruption in the issuing of mining licenses in PNG.

The report comes from TIPNG's participation in a global research initiative called the Mining for Sustainable Development (M4SD) Programme. TIPNG as a local CSO and national chapter of the global Transparency International movement has been supportive of efforts promoting transparency in the resources sector such as being an active member of the multi-stakeholder group within the PNG Extractives Industries Transparency Initiative (PNGEITI) Secretariat. While the recently launched report has been funded separately from the PNGEITI's activities, it will certainly inform TIPNG's work within this initiative.

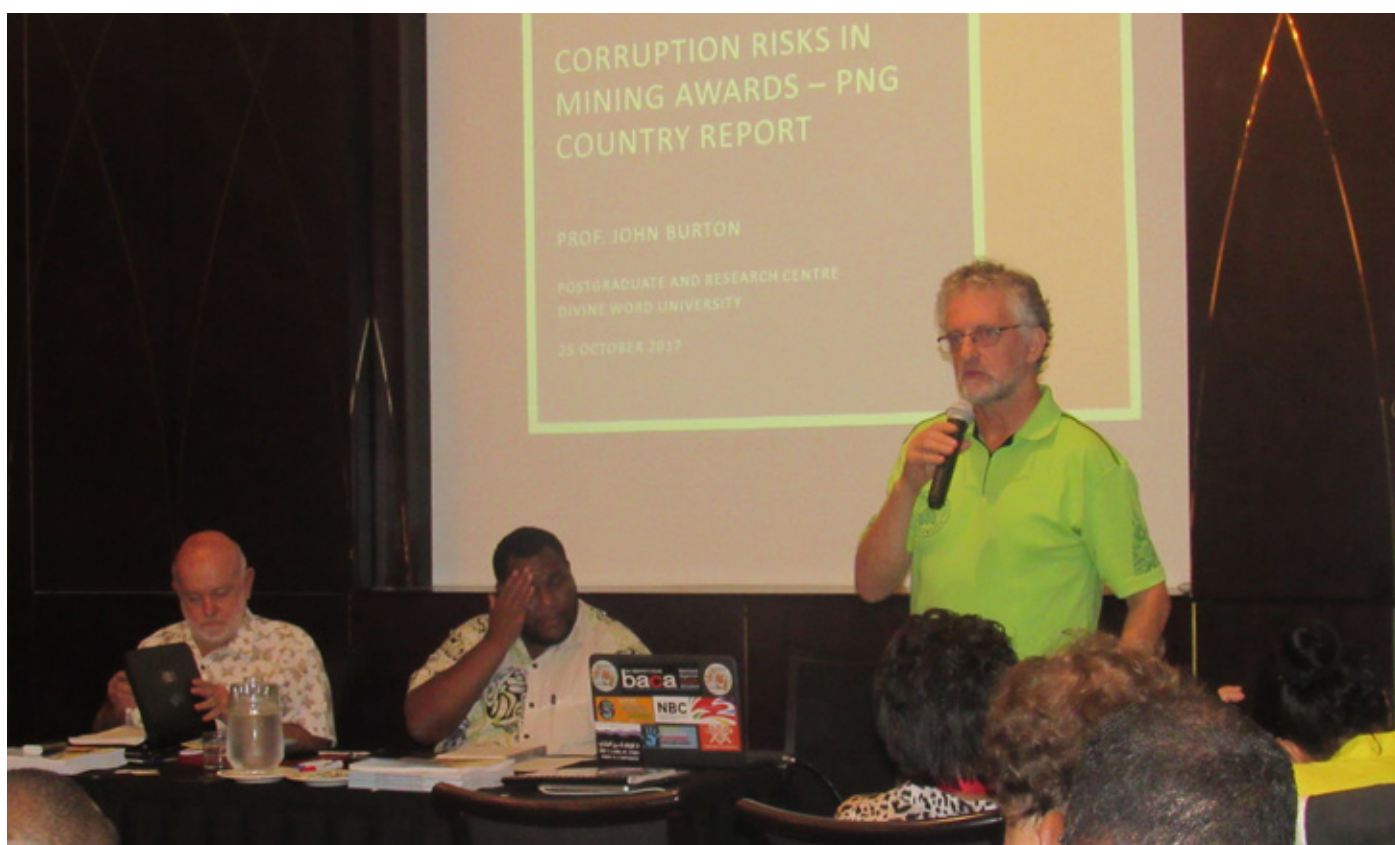
Review of 20 Cases of National Concern from 2007-2017

There has been an increase in the culture of impunity in Papua New Guinea, those implicated in national scandals depend on the short attention of the public, the complexity of the issues & lack of political will to act without any consideration of accountability.

Over the past 20 years we have been witness to and spoken out when the issues arose but found it difficult to maintain both interest and pressure on these scandals to seek resolution.

We identified 20 issues of national concern from 2007 to 2017 and created a template to review each issue systematically. It was important to provide a timeline of the events collectively and to group them around 6 clusters: Risky State Investments, State-sanctioned Land Grabbing, State Agencies Lacking Accountability, State Abuse of Assets & Funding, State Laxness to Enact Critical Bills and State's Travesty of Justice.

We launched a report entitled *Lest We Forget* in August 2017 also containing a section for steps we will take to seek redress on the 20 cases. The *Lest We Forget* Report on the 20 Cases of National Concern 2007- 2017 led to a campaign by TIPNG on the Manumanu Land Deal involving the alleged misappropriation of K42m to purchase land in Central Province and was also presented to the Department of Justice & Attorney General and the 10th National Parliament at their induction.



FORGING ALLIANCES

The fight against corruption is not TI's alone. It needs all players in society to uproot the system that facilitates corruption. By teaming up with other organizations and individuals we create greater demand for change and make sure corruption doesn't stand in the way of positive change.

Awarding Integrity Initiatives of Excellence

In November 2017, TIPNG hosted an Integrity Seminar to identify ways to improve the electoral process, with the launch of the TIPNG 2017 National Elections Observation Report, and also strengthen national agencies by identifying and promoting best anti-corruption initiatives that can be replicated.

Through the Integrity Awards, we wanted to recognise national bodies that are striving to fight corruption by making information accessible and being accountable to the public they serve. The recognition of anti-corruption initiatives developed and implemented by selected national agencies. The agencies showcased their initiatives to encourage the sharing of ideas and replication of an initiative within another national agency.

The 7 selected initiatives that were recognised for their innovativeness, replicability, accountability, transparency and empowerment of citizens were:

1. Online Registry System, Investment Promotion Authority (IPA)
2. Phones Against Corruption, Department of Finance
3. Pacific Islands Legal Information Institute (PacLII) Website, National Judicial Staff Services (NJSS) in partnership with the University of the South Pacific (USP)
4. Corruption Complaints Desk, Department of Lands and Physical Planning (DLPP)
5. Open Parliament Programme, National Parliament of Papua New Guinea
6. PNG Mining Cadastre Portal, PNG Mineral Resources Authority (MRA)
7. Corruption Complaints Desk, Internal Revenue Commission (IRC)

TIPNG is using our experience and partnerships to facilitate the transfer of knowledge on integrity-strengthening initiatives between agencies.

Attorney General Seminar Series

TIPNG was invited by the Attorney General, Honorable Davis Steven, to speak on the proposed Independent Commission Against Corruption (ICAC) and its role in achieving Transparency in Government. The Seminar Series was done in partnership with the Attorney General and the University of Papua New Guinea (UPNG) School of Law.

The ICAC has been one of the initial campaigns of TIPNG since our inception in 1997, the recent ICAC Bill first brought to Parliament in 2014 is yet to be endorsed.

Australia-PNG Emerging Leaders Dialogue 2017

We were invited send a representative to participate in a dialogue by the Lowy Institute. The 2017 Australia-Papua New Guinea Emerging Leaders Dialogue brought together 20 emerging leaders from the private sector, civil society and gov-

ernment in both countries to share ideas and discuss priority national issues for both Papua New Guinea and Australia.

There were five themes for the Dialogue:

- Contemporary PNG-Australia relations
- Health
- The environment and urbanisation
- Inclusive economic growth, employment and entrepreneurship
- Politics and civil society

The Dialogue outcome document included a list of recommendations for the Australian Government to take into consideration in strengthening the ties between Papua New Guinea and Australia.



GESI Community of Practice

The Department of Personnel Management invited TIPNG to do a presentation on what International Anti Corruption Day is all about. Participants at the session were Gender Equity and Social Inclusion (GESI) officers from all government departments. The session was aimed at preparing the GESI officers for 20 Days of Human Rights Activism.

Supporting Anti Money Laundering Measures by Government

The Government has taken steps to meet the Financial Action Task Force's (FATF) international standards and requirements on Anti Money Laundering and Counter Terrorist Financing (AML/CTF). This involved passing specific AML/CTF legislation and the establishment of a National Coordinating Committee (NCC) on AML/CTF co-chaired by the Bank of Papua New Guinea.

The NCC has begun a National Risk Assessment (NRA) of AML/CTF in Papua New Guinea, with funding from the Asian Development Bank (ADB) and expert was brought in March 2017 to run a workshop with stakeholders. TIPNG was invited to speak specifically on issues pertaining to AML/CTF risks with the Non-Governmental Organisations' (NGO) sector. However, the NRA provided an opportunity to also speak on the issue of data collection and timely reporting by state agencies.

The draft NRA was circulated for further feedback and in May 2017. TIPNG provided extensive feedback on, not just the NGO component, but on other aspects of the document such as:

- Pointing out factual, grammatical & formatting errors
- The need for customers of financial institutions to be considered users of the NRA
- The quantification of misappropriation
- The Corruption Perceptions Index ranking of PNG
- Protection of the civil society space from closure of entities by the Government.

Induction of the 10th Parliament

We were invited to participate at the induction of the 10th Parliament. We provided information on our functions and how Members of Parliament can work with us.

The Pacific Constitutions Research Network Conference

The Pacific Constitutions Research Network Conference was hosted by the University of South Pacific at its Emalus Campus in Port Vila, Vanuatu. This was the second conference hosted, the first being in 2016. This event aimed to bring together Constitutional officers and other policy officers in the Pacific together to form a network in the development of constitutions and strengthening of existing bodies and sharing of ideas and information with regards to the development of their constitutions and also to share issues faced with their existing constitutions and learn off one another.

Discussions are centred on the development of pacific constitutions and issues surrounding their implementation. The conference was multi/inter-disciplinary and speakers approached constitutional issues from a variety of perspectives, including socio-political, case law analysis, and textual analysis. Both scholarly and policy oriented approaches were presented. TIPNG was asked to do a presentation a couple of topics including the ICAC Bill and its status.



PNG Human Rights Film Festival

The PNG Human Rights Film Festival is an annual event organized by the PNG Human Rights Film Festival Committee. The festival is an opportunity for the public to examine human rights issues around the world and for citizens to identify the issues that affect them.

TIPNG is part of the committee not only to demonstrate its advocacy for constitutional rights of human in PNG but also to ascertain the responsibilities of the processes governing bodies in PNG that should embrace and uphold citizens' rights. We have been involved with the film festival committee for four years and embrace the opportunity of networking with other organizations.

Protecting Consumers Requires Transparency

The Independent Consumer and Competition Commission (ICCC) is the mandated body to protect consumers in PNG and acts as watchdog to ensure competition in the consumer market.

As part of their work, the ICCC holds stakeholder consultations through their quarterly Consumer Protection and Competition Consultative Committee (CPCCC) Meetings.

The CPCCC is an important informal forum for the Commission as the regulator, other government agencies, NGOs and the private sector to discuss and be appraised of the Commission's work, issues affecting consumers and businesses and opportunities for concerted efforts to address issues of common interest through mutual cooperation.

TIPNG was invited by the ICCC to participate in the CPCC as a member of Civil Society. We attended two CPCC meetings in 2017 and provided feedback on certain issues brought forward by the ICCC.

The ICCC is an important stakeholder and TIPNG will be aiming to partner on the dissemination of information on both consumer protection and ways to report violation of consumer rights beyond 2017



INTERNATIONAL CONVENTIONS

Building the foundations for OGP in PNG

The Open Government Partnership (OGP) is an international platform for domestic reforms to strengthen accountability of Government and active participation by citizens. Established in 2011, it has now been implemented in well-over 70 countries.

Foreign Affairs Minister Rimbink Pato, first signalled PNG's intention to become an OGP member country at an international conference in Bali, Indonesia in May, 2014. Later that year the 1st National OGP Workshop was conducted in Port Moresby with the assistance of the Indonesian Government.

The National Executive Council in 2015 made a decision that *"endorsed Papua New Guinea's intention of becoming an OGP member country."* The OGP involves co-creation of commitments by Government and Civil Society for implementation over 2 years. The Government co-chair of OGP is the Department of Foreign Affairs and the Civil Society co-chair is TIPNG.

After a 2nd National Workshop in 2016, a draft OGP National Action Plan 2016-2018 for PNG was produced and pending NEC endorsement.

While the NEC decision on the NAP was pending, TIPNG as OGP civil-society co-chair worked to ensure the progress on OGP in PNG was maintained:

- We co-chaired three OGP Steering Committee Meetings with the Department of Foreign Affairs;
- Assisted the Department of Prime Minister to input the OGP Cluster Commitments into their departmental work plan and alignment with the National Anti-Corruption Strategy (NACS) for implementation;
- Met with Asian Development Bank (ADB) partners to outline how support could be given for the OGP process
- In December TIPNG was part of the country delegation that presented at the OGP Points of Contact Workshop in Jakarta.

Actively supporting and promoting PNGEITI

The PNG Extractives Industries Transparency Initiative (PNGEITI) is a tri-partite multi-stakeholder platform for Government, Industry and Citizens to increase the transparency

around revenue collected by the state from extractives companies operating in Papua New Guinea.

The PNGEITI started in 2014 and is an ongoing process involving many segments of society as the PNG seeks accreditation with the EITI global standard which has a number of requirements. The PNGEITI has a Secretariat housed within the Department of Treasury. The PNGEITI Secretariat reports to a Multi-Stakeholder Group (MSG), chaired by the Treasurer, and composed of 7 representatives each from the Government agencies, Industry & Civil Society.

TIPNG has assisted with PNGEITI since its inception, both within the MSG and also as a Civil Society partner. In 2017, this support took a number of forms.

In March 2017, TIPNG participated in a three-day EITI workshop in Port Moresby based on *'Leadership, Data Management & Transparency in the Extractives Sector'*. This workshop was in partnership with the University of Queensland under the Pacific Governance Leadership Precinct (PGLP) and attended by 50 mid to senior level public servants:

On the 2nd Day of the Workshop TIPNG participated in a panel discussion on "Going beyond the EITI Standard: How can we improve transparency and development outcomes for local communities?";

On the final day of the Workshop TIPNG presented an Update on PNG Open Government Partnership and Open Data Policy to participants;

In addition to the Workshop, TIPNG assisted the CSO umbrella group for PNGEITI, called the PNG Resource Governance Coalition (PNGRGC), in facilitating a meeting of members on March 22nd to discuss the constitution of the body.

Working with the PNGEITI Secretariat led to it becoming a corporate Member of TIPNG and participating in the 2017 Sir Anthony Siaguru Walk Against Corruption.

TIPNG also was invited to attend the EITI Regional Workshop in Manila, Philippines from 25-27th October. This is of course in addition to attending the scheduled MSG quarterly meetings and utilising the PNGEITI reports as sources of information in TIPNG's Mining for Sustainable Development (M4SD) Programme research.



FUNDRAISING

FUNDRAISING

Like many other civil society organizations, a lot of our work is supported by international donor agencies and corporate bodies. As such, we continue to raise funds to support our operations and to ensure our sustainability.

2017 was a significant year for us at TIPNG. We moved into our new office property purchased through funds raised over 11 years through our flagship fundraising event - the Sir Anthony Siaguru Walk Against Corruption.

11th Sir Anthony Siaguru Walk Against Corruption

Over 130 organizations including schools registered to participate in the 11th Sir Anthony Siaguru Walk Against Corruption (SASWAC). This year's walk has raised a total of K127, 700. This will contribute to supporting Transparency International PNG's operational costs.

The theme of the 2017 Walk Against Corruption was "Walk for clean business. Make it your

business". Through the theme, TIPNG urged all citizens, schools, business houses and organizations to ensure integrity in their every day dealings.

TIPNG used the event to encourage Papua New Guineans to use the election as an opportunity to make a change when voting for our leaders.

The Sir Anthony Siaguru Walk Against Corruption is TIPNG's major fundraising event. The purpose of the SASWAC is three-fold: it creates greater awareness about corruption, provides citizens an opportunity to peacefully demonstrate their opposition to corruption and it raises funds for TIPNG.

Approximately 1,452 participants took part in the event. These include corporate, civil society organization, small medium enterprise, family and school teams. We had 133 teams taking part in the walk; 55 corporate teams, 11 civil society organizations teams, 56 schools teams, 11 family teams and 1 small medium enterprise team.

TIPNG acknowledges the support of various organizations and individuals that have shown their support by donating resources towards the event, the registered teams and organizations and the volunteers that signed up to assist during the event.

Membership

We rely on the support of individuals and business houses towards our cause. In 2017, had 268 individual, 23 corporate and three family members that supported us. We also received a donation of K10,000 from Lady Mina Siaguru, the wife of TIPNG's founder, the Late Sir Anthony Siaguru. We raised K97, 965.56 and we are grateful for their commitment and hope to inspire more support in 2018.





TRANSPARENCY INTERNATIONAL PAPUA NEW GUINEA INC.

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017



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Statement by the Executive Committee

1. The net income for the year ended 31 December 2017 amounted to K2,060,641 (2016 – K387,369, surplus).
2. The payment of any dividend or any payment in the nature of a dividend to its members is prohibited under the rules of Transparency International Papua New Guinea Inc. (the Association).
3. As stated in Note 1 to the financial statements, this is a special purpose financial report that has been prepared to comply with the rules of the Association and must not be used for any other purpose.
4. The financial statements have been drawn up in accordance with accounting policies as described in Note 1.
5. In the opinion of the Committee Members of the Association:
 - (a) the financial statements and notes, set out on pages 6 to 18, present fairly the financial position of the Association as at 31 December 2017
 - (b) and the results and cash flows of the Association for the year ended 31 December 2017;
 - (c) at the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Association Committee:

A handwritten signature in blue ink, appearing to read 'L. Stephens', written over a horizontal line.

Committee Member

A handwritten signature in blue ink, appearing to read 'Michelle Hau'afa', written over a horizontal line.

Committee Member

Dated in Port Moresby, <6th June 2018>

Independent auditor's report

To the members of Transparency International Papua New Guinea, Inc.

Report on the Audit of the Financial Statements

Unqualified Opinion

We have audited the accompanying financial statements of the Transparency International PNG Inc. ("the Association"), which comprises the statement of financial position as at 31 December 2017, the statement of comprehensive income, and cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- (i) the accompanying financial statements of the Transparency International PNG Inc. are drawn up so as to present fairly the Association's financial position as at 31 December 2017 and of its financial performance for the year then ended in accordance with generally accepted accounting practice in Papua New Guinea and the Associations Incorporation Act 1966;
- (ii) proper accounting records have been kept by the Association; and
- (iii) we have obtained all the information and explanations we have required.

Basis of the Opinion

We conducted our audit in accordance with International Standards of Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Club in accordance with the auditor independence requirements of the *International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (the Code)* that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

The Committees' responsibilities for the financial statements

The committee are responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in Papua New Guinea and the Associations Incorporation Act 1966. The committees' responsibility also includes such internal control as the Association determines necessary to enable the preparation of financial statements that present fairly and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, committees are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

DFK Mayberry Chartered Accountants

Telephone: (675) 321-2466, (675) 320-1988, Facsimile: (675) 321-7548, (675) 320-1989
5th Flr, Defens Haus, Cnr Champion Pde & Hunter St, Port Moresby, NCD
PO Box 1829, Port Moresby, PAPUA NEW GUINEA

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

We communicate with the members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during the audit.

We have no relationship with the Association other than that of auditor.

Restrictions on distribution or use

This report is made solely to the participants of the Association, as a body. Our work has been undertaken so that we might state to the participants of the Association those matters which we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Association and the participants of the Association, as a body, for our audit work, for this report or for the opinions we have formed.

DFK Mayberry
Chartered Accountants



Michael J Mayberry, CSM, MBE
Registered under the Accountants Act 1996

Dated in Port Moresby, <6th June 2018>



Statement of Income and Expenditure for the year ended 31 December 2017

	Note	2017 K	2016 K
Income			
Project income	4	2,018,159	2,371,366
Core income	4	2,943,169	800,562
Total income		4,961,329	3,171,928
Expenditure			
Project expenses		2,018,159	1,826,709
Core expenses		882,528	957,850
Total expenditure		2,900,687	2,784,559
Net income/(deficiency) for the year		2,060,641	387,369

This statement should be read in conjunction with the notes set out on pages 9 to 19



Statement of Financial Position as at 31 December 2017

	Note	2017 K	2016 K
MEMBER'S FUNDS			
Member's funds brought forward		592,017	204,648
Net income/(deficiency) for the year		<u>2,060,641</u>	<u>387,369</u>
Total members funds		<u>2,652,658</u>	<u>592,017</u>
Represented by:			
NON CURRENT ASSETS			
Property and equipment	5	<u>2,660,817</u>	<u>472,492</u>
Total non current assets		<u>2,660,817</u>	<u>472,492</u>
CURRENT ASSETS			
Cash	6	840,709	611,214
Accounts receivable	7	<u>366,044</u>	<u>504,610</u>
Total current assets		<u>1,206,753</u>	<u>1,115,824</u>
Total assets		<u>3,867,571</u>	<u>1,588,316</u>
CURRENT LIABILITIES			
Creditors and accruals	8	709,447	628,909
Unspent project funds	10	480,271	356,761
Employee provisions	11	<u>25,193</u>	<u>10,629</u>
Total current liabilities		<u>1,214,911</u>	<u>996,299</u>
NON CURRENT LIABILITIES			
Employee provisions	11	<u>-</u>	<u>-</u>
Total non current liabilities		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>1,214,911</u>	<u>996,299</u>
NET ASSETS		<u>2,652,658</u>	<u>592,017</u>

Signed on behalf of the Executive Committee:

R. Stephen

.....
Committee Member

Michelle Hau'ga

.....
Committee Member

Dated in PORT MORESBY <6th June 2018>

This statement should be read in conjunction with the notes set out on pages 9 to 19



Statement of Cash Flows for the year ended 31 December 2017

	Notes	2017 K	2016 K
CASH FLOW FROM OPERATING ACTIVITIES			
Subscription and donations received		97,806	107,942
Core income		2,359,792	643,040
Payments to suppliers and employees		(334,523)	(709,719)
Net cash flows from operating activities		2,123,074	41,263
CASH FLOW FROM INVESTING ACTIVITIES			
Interest income		343	846
Purchase of property, plant and equipment		(2,594,549)	(381,812)
Net cash (used in)/flows from investing activities		(2,594,207)	(380,966)
CASH FLOW USED IN FUNDING ACTIVITIES			
Project funding receipts		2,518,159	2,371,366
Project funding utilised		(2,047,026)	(1,826,709)
Net cash flows from/(used in) funding activities		471,133	544,657
NET INCREASE/(DECREASE) IN CASH		229,495	204,954
CASH AT THE BEGINNING OF THE YEAR		611,214	406,260
CASH AT THE END OF THE YEAR		840,709	611,214

This statement should be read in conjunction with the notes set out on pages 9 to 19



Notes to the financial statements

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These special purpose financial statements have been prepared in accordance with the Associations Incorporation Act and the accompanying accounting policies below (which may differ from the full requirements of International Financial Reporting Standards). The Committee has agreed that the accounting policies adopted are appropriate to meet the needs of the members.

A. GENERAL ACCOUNTING POLICIES

The fundamental accounting assumptions recognised as appropriate for the measurement and reporting of results, cash flows and the financial position have been followed in the preparation of these financial statements.

In particular, the following conventions have been applied:

a) Historical cost convention

The financial statements are prepared using the historical cost convention, as modified by the revaluation of certain assets. This convention does not take into account the changing value of money nor does it take into account current values of non-current assets, unless stated otherwise.

b) Accruals convention

The financial statements are prepared under the accruals convention whereby income and expenditure are recognised in the period in which they are derived or incurred respectively.

B. PARTICULAR ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Income recognition

- Project Funding - Funding received by the Association as manager for specified projects is treated as a liability (unspent project funds) and recognized as income as project expenses are incurred.
- Core Funding - Funding received by the Association for core funding is treated as income if there is reasonable assurance that the funds will be received.

b) Expense recognition

- Interest expense is brought to account on an accrual basis.
- Expenses relating to fundraising events are brought to account in the year the income from the event is recognised.

c) Property and equipment

The cost of purchased property and equipment is the value of the consideration given to acquire the assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service.



Notes to the financial statements

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property and equipment are determined by comparing proceeds with carrying amount and are included in the statement of income and expenditure.

Repairs and maintenance are charged to the statement of income and expenditure during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Association. Major renovations are depreciated over the remaining useful life of the related asset.

d) Depreciation

Depreciation is calculated on a diminishing value basis so as to write off the cost of fixed assets over their effective working life. Additions are depreciated from the month of acquisition, or the date they are first used, whichever may be more appropriate.

The principal rates in use are:

Motor vehicle	30%
Office equipment	20%
Office furniture	15%

e) Taxation

The Association is exempt from income tax under Section 25A as a charitable body and under Section 26 of the Papua New Guinea Income Tax Act. Donations to the Association are tax deductible to the donor.

Donations to the Association are also deductible to the person/entity under Section 69E of the Income Tax Act.

f) Cash

For the purpose of the statement of cash flows, cash is considered to be cash on hand and deposits at call with financial institutions, net of bank overdrafts.

g) Accounts Receivable

These represent amounts recoverable from donors for expenses incurred on operating and managing donor funded programs, and operational support grants.

h) Creditors and Accruals

These represent liabilities for goods and services provided to the Association prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

i) Employee Provisions



Notes to the financial statements

Liabilities for annual leave are recognised as a current liability and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees rendered the related services is recognised in employee provisions as a non-current liability.



Notes to the financial statements

2. INCORPORATION AND PRINCIPAL ACTIVITIES

The Association was launched on 24 January 1997 and was incorporated under the Associations Incorporation Act in Papua New Guinea as a non-profit organization on 2 December 1996.

The principal activities of the Association are:

- (i) to raise public awareness and advance the general education of the public in matters relating to the nature and consequence of corruption in international business transactions, including overseas development initiatives and existing and other guidelines which exist to combat corruption; and
- (ii) to promote, undertake or commission research for the public benefit in matters relating to the nature and consequence of corruption in international business transactions and the cost of effectiveness of overseas development initiatives and to disseminate the useful results of any such research; and
- (iii) to support and promote the charitable educational aims and objectives of Transparency International, a not for profit organization under German Law, and in particular to assist in securing support in Papua New Guinea for standards of conduct designed to promote transparency and accountability in international business transactions, and to cooperate with other charitable organizations throughout the world with similar objectives; and
- (iv) to provide assistance and expertise to parties to international business trade, investment and economic and social development to assist them in ensuring compliance with economic and social development, to assist them in ensuring compliance with existing anti-corruption legislation and Standards of Conduct established in conjunction with Transparency International in Germany and other bodies of similar orientation; and
- (v) to give the legislative and public bodies and other facilities for conferring with and ascertaining the views of persons and institutions engaged in combating corruption as regarding matters directly or indirectly affecting that activity; and
- (vi) to arrange, provide organize or promote alone or with others the provisions of conferences, lectures, seminars, meetings, courses, exhibitions, training, information and advisory services and other events and services in furtherance of the objects of the association; and
- (vii) to write, make, prepare, edit and print, publish, issue and circulate gratuitously or otherwise reports, periodicals, books, pamphlets, leaflets, articles, films, video tapes, computer software, electronic devices, materials for study or other documents in furtherance of or necessary for the promotion of the objects of the association, or procure any of the above acts.

3. LIABILITY TO MEMBERS

The members of the Association are not liable to contribute toward the payments of the debts and liabilities of the association or the costs, charges and expenses of the winding up of the association.

4. PROJECT AND CORE INCOME

Project income for the period is as follows:



Notes to the financial statements

	2017	2016
	K	K
Project income - SPSN	-	1,207,242
Project income - JSS4D	2,108,618	921,780
Project income - ALAC	196,651	103,926
OPP income - Funds in FCA	-	39,610
Project income - UNDP	-	32,875
Project income - Norad	-	29,770
Mining for Sustainable Development Project	2,301	2,301
Project income - YACA/BHC	3,582	19,015
Project income - ALAC Pacific	-	7,370
Project income - OGP	124,893	7,324
Project income - YDC US Government Project	43,985.19	153
Project income - UNDEF	226	-
Project income - Other	40,206	-
	<u>2,518,159</u>	<u>2,371,366</u>

Core income for the period is as follows:

	2017	2016
	K	K
Other income	4,426	454,535
Registration fees	112,600	145,724
MFAT Core support grants	92,114	92,114
Donation – Siaguru Endowment Fund	2,169,361	2,806
Donations - Other	10,000	-
Membership fee- Individual	1,979	2,210
Membership fee-Corporate	107,600	102,327
Interest on bank account	343	846
PINSP Core support grants	3,681	-
Management fees	32,965	-
Merchandise	215	-
	<u>2,443,170</u>	<u>800,562</u>



Notes to the financial statements

5. PROPERTY AND EQUIPMENT

	Motor Vehicle K	Office Equipment K	Office Furniture K	Work In Progress K	Land & Building K	TOTAL K
Cost						
At 1 January 2016	126,229	220,502	9,698	-	-	356,429
Additions	-	20,152	-	361,660	-	381,812
At 31 December 2016	126,229	240,654	9,698	361,660	-	738,241
Additions	-	13,135	26,799	-	2,554,616	2,554,616
Disposals	-	-	-	361,660	-	361,660
At 31 December 2017	126,229	253,789	36,497	-	2,554,616	2,971,131
Depreciation						
At 1 January 2016	93,018	135,351	6,961	-	-	235,330
Charge for the year	9,963	20,046	410	-	-	30,419
At 31 December 2016	102,981	155,397	7,371	-	-	265,749
Charge for the year	6,974	17,587	3,345	-	16,658	44,565
At 31 December 2017	109,981	172,984	10,716	-	16,658	310,314
Net Book Value At 31 December 2017	16,273	80,805	25,781	-	2,537,958	2,660,817
At 31 December 2016	23,248	85,257	2,327	361,660	-	472,492



Notes to the financial statements

6. CASH

	2017	2016
	K	K
BSP Operating A/C 1000038232	669,014	267,857
Project Funds Clearing Account	81,207	134,288
SACLN Project Account	-	116,095
YDC - BSP 1001327201	44,205	49,189
ALAC Project Account	43,475	22,139
SBCE Bank Account - BSP	713	19,833
UNDEF - ANZ 12822916	1,095	1,321
Petty Cash	1,000	400
CPS A/C - BSP 1001103665	-	92
	840,709	611,214

7. ACCOUNTS RECEIVABLE

	2017	2016
	K	K
Accounts receivable	9,000	40,859
Accrued income	-	-
Prepayments	61,792	17,528
Other receivables	272,230	469,245
	389,066	527,632
Allowance for doubtful collection – other receivables	(23,022)	(23,022)
Total accounts receivable, net	366,044	504,610

8. CREDITORS AND ACCRUALS

	2017	2016
	K	K
Accounts payable	209,150	261,140
Bank Loan	412,876	-
Accruals	87,421	367,769
Total creditors and accruals	709,447	628,909



Notes to the financial statements

9. RELATED PARTY TRANSACTIONS

During the year under review there were no related party transactions nor were there amounts receivable from or payable to related parties.

10. UNSPENT PROJECT FUNDS

These funds are unspent project funds held in the respective project bank accounts as at and for the year ended 31 December 2017.

	2017 K	2016 K
UNDEF/GGACE Project		
Balance Brought Forward	1,321	1,427
Receipt	-	-
Expenditure	(226)	(106)
Balance Carried Forward	<u><u>1,095</u></u>	<u><u>1,321</u></u>
YDC Project		
Balance Brought Forward	3,431	4,556
Receipt	-	-
Expenditure	(1,125)	(1,125)
Balance Carried Forward	<u><u>3,431</u></u>	<u><u>3,431</u></u>
FASA Project - FAO Funding		
Balance Brought Forward	827	970
Receipt	-	-
Expenditure	-	(143)
Balance Carried Forward	<u><u>827</u></u>	<u><u>827</u></u>
FASA Project - BMZ Funding		
Balance Brought Forward	997	1,140
Receipt	-	-
Expenditure	-	(143)
Balance Carried Forward	<u><u>997</u></u>	<u><u>997</u></u>
OPP Project - EU Funding		
Balance Brought Forward	-	39,610
Receipt	-	-
Expenditure	-	(39,610)
Balance Carried Forward	<u><u>-</u></u>	<u><u>-</u></u>



Notes to the financial statements

10. UNSPENT PROJECT FUNDS (continued)

	2017	2016
	K	K
OGP		
Balance Brought Forward	7,513	-
Receipt	-	14,837
Expenditure	-	(7,324)
Balance Carried Forward	7,513	7,513
NORAD Project		
Balance Brought Forward	63,125	
- Accrued income (presented as part of accounts receivable)		(18,384)
- Unspent project funds		(4,612)
Receipt	-	116,457
Expenditure	-	(30,336)
Balance Carried Forward	63,125	63,125
JSS4D Project		
Balance Carried Forward	78,220	-
Receipt	1,000,000	1,000,000
Expenditure	(873,441)	(921,780)
Balance Carried Forward	204,779	78,220
BHC		
Balance Brought Forward	200	-
Receipt	5,218	19,216
Expenditure	(5,218)	(19,016)
Balance Carried Forward	-	200
EMPNG/Esso		
Balance Brought Forward	37,074	-
Receipt	164,000	141,000
Expenditure	(96,625)	(103,926)
Balance Carried Forward	104,449	37,074
ALAC Pacific		
Balance Brought Forward	70,141	47,696
Receipt	32,926	36,926
Repayment to Donor	-	(7,111)
Expenditure	(26,959)	(7,370)
Balance Carried Forward	43,182	70,141



Notes to the financial statements

10. UNSPENT PROJECT FUNDS (continued)

	2017 K	2016 K
DFID		
Balance Brought Forward	13,710	13,710
Receipt	-	-
Expenditure	-	-
Balance Carried Forward	13,710	13,710
AUSAID		
Balance Brought Forward	4,764	4,764
Receipt	-	-
Expenditure	(4,359)	-
Balance Carried Forward	405	4,764
YDC Project/US Government		
Balance Brought Forward	46,287	-
Receipt	-	46,440
Expenditure	(42,960)	(153)
Balance Carried Forward	3,327	46,287
Mining for Sustainable Development		
Balance Brought Forward	21,887	-
Receipt	91,967	24,188
Expenditure	(92,580)	(2,301)
Balance Carried Forward	21,274	21,887
UNDP		
Balance Brought Forward	7,264	32,008
Receipt	-	-
Expenditure	-	(24,748)
Balance Carried Forward	7,264	7,264
SPSN		
Balance Brought Forward	-	204,308
Net movement	-	(204,308)
Balance Carried Forward	-	-

The various programme funding components relating to SPSN project were consolidated in the current year's unspent project funds presentation. The SPSN project was fully acquitted on 30 June 2016.

The UNDP, DFID, AUSAID, ALAC Pacific, Norad and other projects where TIPNG advanced for the projects were previously presented and included in accrued income under 'accounts receivable'.



Notes to the financial statements

11. EMPLOYEE PROVISIONS

	2017	2016
	K	K
Current		
Annual leave	25,193	10,629
Other employee accruals	-	-
	25,193	10,629
Non current		
Long service leave	-	-
Total employee provisions	25,193	10,629

THE GLOBAL PROGRAMME

We are part of a global movement sharing one vision: A world in which government, politics, business, civil society and the daily lives of people are free from corruption.

There are over 90 chapters of Transparency International in the world.

As part of the global movement, TI Papua New Guinea are legally independent and accredited according to a set of standards set by the TI Secretariat in Berlin. The accreditation process ensures continuous compliance with standards and strengthens the work of chapters.

TI global chairman's visit

Chairman of Transparency International, Mr José Ugaz visited Papua New Guinea for the first time in August as part of his chapter visits.

While in the country, José spoke to civil society organizations on citizen's role in preventing impunity at the Ela Beach Hotel. A special business breakfast was held for him to have an audience with the business community in Port Moresby. He took some time to visit Koki Primary School where TIPNG is trialing some of its School Based Civic Education materials. Jose shared his experiences with the students of the University of PNG and other institutions and paid a courtesy visit to the Prime Minister, Peter O'Neill.

We were honoured to host our global chairman and hopes that the dialogue Ugaz had with the various sectors inspired them to continue to empower people and fight the good fight.

José was elected Chairman to the Transparency International Board in 2014. José Ugaz is a lawyer who was special state at-

torney in one of Latin American's biggest corruption cases in history. Ugaz was an ad-hoc state attorney of Peru for several corruption cases against the criminal network of former Peruvian President Alberto Fujimori. Fujimori fled the country in 2000 after allegations of systematic and widespread abuse of power. From 2000-2002, Ugaz's office opened more than 200 cases against 1500 government officials and other associates of Fujimori. Under his mandate, US\$205 million in assets were frozen abroad and US\$75 million were recovered.

Since the visit, Transparency International has held its annual members meeting where the new board is elected. The new global chair is Ms Delia Rubio from Argentina.

Regional Programme activities

TIPNG is part of the Asia-Pacific Regional Programme of TI and participates at various international meetings and seminars.

In 2017, representatives from TIPNG attended the following TI events:

- January 2017 - Mining for Sustainable Development meeting in Indonesia
- August 2017 - Pacific Regional meeting in New Zealand
- October 2017 - TI Annual Members Meeting in Berlin
- December 2017 - Mining for Sustainable Development meeting in Indonesia
- December 2017 - Communications workshop in Bangkok, Thailand.



Mr José Ugaz
Chairman
Transparency International



OUR FUTURE DIRECTION

We continue to work with our 4 key strategic priorities in mind: VALUES, PEOPLE & PARTNERS, ENFORCEMENT & JUSTICE & STRONG MOVEMENT

Our key thematic areas of work for 2018 will be:

POLICY & ADVOCACY

Effectively influence government agencies and institutions to adopt policies and practices that will reduce corruption. We will work with institutions to enforce better anti-corruption mechanisms.

EXTERNAL ENGAGEMENT

(influencing policy/decision makers and information brokers)
-effective engagement with citizens, members and build and strengthen partnerships with key institutions. We will engage with more people – people can stop corruption.

YOUTH & CIVIC EDUCATION

Empowering citizens with information to act against corruption. We will work to create a generation of well-informed citizens.

ORGANIZATIONAL DEVELOPMENT

Constantly improving our internal systems and controls to ensure smooth operations. We will be an effective, efficient and sustainable organization

2018 CAMPAIGNS

In 2018 we will launch three campaigns that we want to pursue and to continue our demand for integrity in public and private dealings.

The three campaigns are:

1. The Independent Commission Against Corruption (ICAC)
2. The National Identity (NID) Project
3. Freedom of Information/Expression

1. The Independent Commission Against Corruption (ICAC)

We will be advocating for the enabling legislation for ICAC to be tabled and enacted by Parliament. The ICAC is necessary for compliance with the Government's commitment to the UN Convention Against Corruption and our own National Anti-Corruption Strategy.

2. The National Identity (NID) Project

The PNG NID card project was launched in November 2014 and slated to become a universal ID card for all Papua New Guinean citizens. To date over K200m has been spent and only 2% of the national population has been registered. There have been allegations of mismanagement by the Director of the National Statistical Office (NSO), syndicates within Civil Registry have been selling NIDs. TIPNG will be campaigning on two fronts; for funding to NID to cease until a full audit report is furnished to the public and additionally, in line with remarks by Deputy PM Charles Abel when he was Minister National Planning, for the Director of the NSO to step down and be investigated by the authorities.

3. Freedom of Information/Expression

TIPNG will be advocating for the drafting of enabling legislation to allow citizens Access to Information as provided for in Section 51 of the National Constitution.

TIPNG OFFICE

On 15 July 2017, we moved into our office property at Lokua Avenue in Boroko, Angau Drive. We are proud of our fund-raising efforts that has enabled us to own an office space and we sincerely thank all our supporters for making this possible through their contributions.



THE BOARD

TIPNG is governed by a Board of 15 directors. In 2017, TIPNG had 13 directors and two vacancies on the board. Board directors volunteer their time, resources and expertise and are committed to the vision of a corrupt-free country.

Board meetings and participation

Our board of directors take part in many of our projects and activities, participate in our events, provide feedback on policy, support the mission of TIPNG with sound knowledge and provide their expertise to ensure the effective running of the organization.

Anyone who has been an individual member for more than 12 months, is eligible for nomination to the board. You do not have to be an Executive of your organization or Chief, but you will need to have lots of energy, as well as substantial leadership and strategic experience and commitment to the cause of TIPNG

Board Meetings are usually held on the weekend or after business hours during weekdays. You may also be required to serve on individual board sub-committees, to serve on external committees or represent TIPNG at external meetings. There is a substantial amount of reading and paperwork associated with the work of TIPNG, and board approval for Press Releases to go out, which will require your energy and attention.



LAWRENCE STEPHENS

Chairman

First elected: 2005, Positions held: Chairman (2010 -present), Secretary,

VALENTINA KAMAN

Secretary

First elected: 2015 Positions held: Secretary

MICHELLE HAU'OFA

Treasurer

First Elected: 2013

RICHARD KASSMAN, OBE

Board Director

Founding director 1997

PETER AITSI, MBE

Board Director

First elected: 1999, Positions held: Chairman (2008 - 2010)

MICHAEL MCWALTER, OL

Board Director

First elected: 2004,

FR JOHN GLYNN, OL

Board Director

First elected: 2002

DAGIA AKA

Board Director

First elected: 2016

MAYAMBO PEIPUL

Board Director

First Elected: 2016

PAUL BARKER

Board Director

First elected: 2015

CHRIS OROHO

Board Director

First Elected: 2017

CHRISTOPHER ELPHICK

Board Director

First Elected: 2017

Development Agencies and Private Sector

- Department of Foreign Affairs & Trade through JSS4D
- Department of Foreign Affairs & Trade through PNG Governance Facility
- TI Secretariat (Asia Pacific Department)
- Asian Development Bank
- TI Australia (M4SD)

Please refer to the audited accounts of 2017 for a detailed breakdown of the contributions to Transparency International PNG.

Private Sector support through Corporate Membership

Barrick Nuigini Limited, Bougainville Copper Limited, Catholic Bishops Conference, Department of Education, Department of Justice and Attorney General, Divine Word YACA Association, Exxon Mobil PNG, General Electric International Inc., Global Constructions Limited, Hastings Deering (PNG) Ltd, Johnstons Pharmacy, Kenmore Limited, Lamana Development Limited, Locally Engaged Staff Association, Malalaua Development Monitoring Association, Malalaua Development Monitoring Association, Melanesian Trustee Services Limited, Mineral Resources Authority, Nasfund Contributors Savings

Limited, Nationwide Rent A Car Limited, PNG Ports Corporation, PNG Ready Mixed Concrete, PNGITI National Secretariat, Tom Nomalan Foundation.

Financial Donations

Lady Wilhemina Siaguru

Sir Anthony Siaguru Walk Against In-kind supporters

Lamana Hotel, Paradise Foods Limited, Kina Securities, National Development Bank, SP Brewery Limited, Brian Bell Group, Bank South Pacific Limited, Theodist Stationery, Port Moresby Nature Park, Gateway Hotel, Tru Gas, Nesian Beauty, City Pharmacy Limited, SeetoKui, BNG Trading, Paradise Beverages, Goodman Fielder International, Waterfront Boroko Foodworld, SVS, SeetoKui, Pacific Adventist University, Port Moresby International School, Laloki High Schools, Mrs Theres Aitsi, Meat Haus, Newcrest Mining, Cord Associates, Tent Manufacturers

Sir Anthony Siaguru Walk Against volunteers

NCD Traffic Police, St Johns Ambulance, Eco Services Limited, City Mission



THANK YOU!

The staff and Board of Transparency International PNG Inc. would like to extend their appreciation to the following who have supported us in 2017:

- All our 2017 individual and corporate members for your financial support and commitment towards the fight against corruption in Papua New Guinea
- Media agencies, journalists and their photographers/camera crew for being a key players in the anti-corruption campaign
- Civil Society partners involved in the game of good governance
- Australian Department of Foreign Affairs & Trade for their significant funding and support under JSS4D
- Various business houses, institutions and individuals that have provided in-kind support for the 2017 Sir Anthony Siaguru Walk Against Corruption
- The Port Moresby US Embassy, Pacific MMI and Exxon-Mobil PNG Limited for supporting the 10th Mike Manning Youth Democracy Camp
- Most of our programs would not be possible without the support from the Australian Department of Foreign Affairs & Trade through the JSS4D program
- The British High Commission for supporting our youth forum in Wewak
- For being supportive partners: The Institute of National Affairs (INA), Consultative Implementation & Monitoring Council (CIMC) and Port Moresby Chamber of Commerce & Industry
- Transparency International Secretariat, Berlin, Germany
- The selfless volunteers that assisted us during the 11th Sir Anthony Siaguru Walk Against Corruption in Port Moresby
- All citizens of PNG who continue to fight and believe in good actions and principles of justice, equality, transparency and accountability.



TRANSPARENCY INTERNATIONAL (PNG) INC

A national chapter of Transparency International

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