

Annual

General

Meeting

2001





TRANSPARENCY INTERNATIONAL (PNG) INC

A Member of Transparency International, the Coalition against Corruption
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ANNUAL GENERAL MEETING

Wednesday 27th March, 2002

Transparency International Conference Room, 5th Floor Mogoru Moto

AGENDA

Opening & welcome

Minutes of the 2000 Annual General Meeting

Chairman's Report

Presentation of Accounts

Appointment of Auditors

Election of the TI (PNG) Inc Committee

Meeting Closes

Tea

Chairman	Sir Anthony Siaguru	Secretary/Treasurer	Flora Carruthers
Board Members	Peter Aitsi Vincent Bull	Les Eastcott	Richard Kassman Anne Kerepia Mike Manning John Nonggorr Mel Togolo
Manager	Charles Dalton		

Annual General Meeting

28th March, 2001

TI Conference Room, 3rd Floor Defens Haus

Minutes

1. Opening and Welcome

With Apologies for the delay in starting due to the previous TI Board Meeting over running, Sir Anthony Siaguru, Chairman of TI PNG called the AGM to order at 11.30am and welcomed those who attended. Apologies were recorded from Evert Van Den Brand, Peter Aitsi, Vincent Bull, Ann Kerepia and Richard Kassman.

2. Minutes of the 1999 AGM

On a motion by Mike Manning, seconded by Mel Togolo, the minutes of the 1999 AGM were approved and adopted.

3. Chairman's Report

Sir Anthony Siaguru presented the Chairman's Report as contained in the AGM documents

4. Presentation of Accounts

The audited financial statements that were prepared by PriceWaterHouseCoopers and contained in the AGM documents were presented.

On a motion by Dick Knox and seconded by Eddie Bowoku, the accounts as presented were approved and adopted.

5. Appointment of the Auditors

On a motion by Mel Togolo, seconded by Dick Knox, the appointment of PriceWaterHouseCoopers as Auditors was agreed

6. Election of the TI (PNG) Inc. Committee

All TI PNG members had been provided with nomination forms and the following completed nominations had been received as set out in the TI (PNG) Inc. Rules:

Chairman: Sir Anthony Siaguru

Secretary/Treasurer: Flora Carruthers

Committee Members: Peter Aitsi, Vincent Bull, Ann Kerepia, Richard Kassman,
Michael Manning, John Nonggorr & Mel Togolo

On a motion by Dick Knox and seconded by Daisy Taylor, the election of the nominees was approved.

In accordance with the Rules, these nominees take office unopposed for 2001.

7. Meeting Closed

The meeting closed at 12.25pm

THE CHAIRMAN'S ADDRESS

5th Annual General Meeting of Transparency International (PNG) Inc

Wednesday, 27 March 2002

**Level 5, Mogoru Moto Building
Champion Parade
Port Moresby NCD**

Members of TI.

Fellow Directors.

Welcome to what is the 5th Annual General Meeting of our organisation.

It had been my hope towards the end of 2001 to arrange for an assessment or impact analysis to be done for the first five years of TI's existence.

I am sorry that this has not been possible because the potential funder was not able to secure the money for us to do it.

So - rather than have an independent assessment from a person not involved, you will be getting the views (and if these views are biased, I apologise in advance) of a person for whom the work of TI has become something between a pastime and a preoccupation.

As this is a review - even if it is a brief one - of our work over the last five years, let us start in July 1996 when the Business Council of PNG and the Institute of National Affairs convened the "Ethics in Business" forum out of which TI grew.

In his "Foreword" in the publication issued after the forum, (a publication which he dedicated to his predecessor and founding Chairman Kipling Uiari), the President of the Business Council, Mel Togolo reported that an Interim Committee was forming a Papua New Guinea Chapter of Transparency International. Mel also reported that the Council was preparing a draft code of conduct for businesses in Papua New Guinea.

I am not sure what became of that code of conduct. I am sure that within 6 months of the forum and, 3 months of Mel's published report, TI (PNG) was formally launched on 24 January 1997, becoming the 52nd national chapter to be formally affiliated with Transparency International in Berlin.

All of this was happening against a backdrop of private deals and questionable activities involving senior public officials that ultimately came to be known as the "Sandline Affair".

A Prime Minister resigned. A Commission of Inquiry was set up. To this day, there has not been a full rendering of the account.

Some of the players then are still players now. Some others of the players who were dropped from the team in the subsequent elections that year, may soon return to join in the play, yet again.

2.

In close consultation with our community coalition partners and with advice from local as well as international specialists, we prepared a 14-point National Integrity Action Plan (NIAP) which, following a second workshop at which we refined it, became the National Action Plan for Papua New Guinea.

The most serious projects we undertook in the first year of our operations were:

- (1) mounting a publicity drive in the lead-up to the June 1997 elections, urging our people to exercise their votes in a responsible manner.
- (2) organising the National Integrity Pledge - initially for elected leaders based on a similar exercise conducted in Tanzania - but later, expanded to cover others in leadership positions of trust;
- (3) moving quickly to get ICAC - the Independent Commission Against Corruption - off the ground;
- (4) commencing an outreach programme by visiting Lae and Alotau in the hope that a TI presence could be established in such centres by piggy-backing some of our community coalition members;
- (5) attending our first AGM of the International Body in Lima, Peru and after that, the 8th IACC - the International Anti Corruption Conference.

Looking back to 1997, it was a year of excitement and hardship.

Excitement because it was the year of TI (PNG)'s birth. Hardship because the birth happened at a difficult period of our country's evolution.

The publicity campaign during the elections made an impact. How much impact and whether it made a difference is difficult to assess.

The outreach programme based on physical presences in the Provinces discontinued. Yet we must not abandon it because there is a clear need for us to embrace communities outside of the NCD if we are to be truly effective on a national basis.

ICAC has dragged on and on because of political lethargy based on fundamental self interests.

We must rededicate ourselves to its establishment during the life of the next Parliament.

The National Integrity Pledge was not the success we had hoped it would be. It remains on our list as a project.

3.

AGMs of the International movement bring benefits to our chapter and in the four years since Richard Kassman and I attended the inaugural one in Lima, Peru in 1997, Peter Aitsi has attended one (in Toronto in 2000) and most recently, Michael Manning has attended the Prague AGM as well as the IACC.

At the IACC, we continue to argue the case we first put in Lima, Peru in 1997 that those countries not included in the CPI (Corruption Perception Index) should be enabled to be included.

We shall put forward this view again at a Strategy Retreat in Berlin early next month.

1998, for TI (PNG), was a year for consolidation.

In March, we had a Strategic Planning Retreat to review the Mission and Objectives of our Organization.

As a result of that Review, we:

- abolished the Working Group structure which we had been using since our launch in January 1997;
- established a Committee structure and created four Committees as follows:
 1. Management
 2. Funds Development
 3. Membership/Information and Public Relations
 4. Programming
- reviewed the staffing situation and determined to expand on a modest basis;
- ranked our 14-point NIAP projects into four programme areas with the following priorities;

1. Government Activities

Designed to promote transparency and accountability in Government processes, this programme of projects and activities include:

- ICAC
- Merit Based Appointments to Public Office Positions
- Whistle Blower legislation
- Freedom of Information
- Reform of Electoral System
- Integrity of Political Parties and Candidates

4.

2. Education & Community Awareness

This group of projects and activities is aimed at creating an anti-corruption culture in the country and includes the development of curricula; education aimed at business houses and business people; and education and awareness focussing on elected as well as appointed officials at all levels of Government including provincial and local level.

3. Private Sector Programmes

This group of projects is aimed at the private sector. Its activities include codes of conduct for all professional and industry bodies as well as the Integrity Pact concept between contractors/bidders and government bodies.

4. Monitoring Corruption

The goal of this programme is to assess the fact, the extent and the impact of corruption in PNG society. This would include national integrity audits/assessments for comparative purposes with other countries regionally and globally.

Two other programmes were considered to be of equal importance and needed careful, ongoing attention:

5/6. Public Relations/Information

Interacting regularly with members, the community coalition and funders; press releases; tv advertisements; radio talkback.

5/6. Management/Administration

Clear priority to financial matters including fund development and staffing/personnel issues.

In 1998, because we gave very high priority to ICAC, it took up a lot of our time and energy.

Following great political acrimony, we reclaimed the proposal and invited a non-political cross section of our community to a national community workshop in June to discuss the issues made controversial in the political debate.

As a result of the unqualified endorsement by the national community workshop, we had a number of meetings with the Parliamentary Select Committee.

Unfortunately, there was and up to now, there is no political will to progress this initiative and we must continue to press for its adoption by the next Parliament.

In 1998 also, we commenced the teacher/education project titled "Standing Against Corruption Is Your Choice - Strategies for Teachers In Papua New Guinea."

This was subsequently endorsed by the Ministry of Education and following a meeting with the Principals of all Teachers Colleges in the country in 2000, it has now been distributed throughout the system.

We are informed that the University of Goroka actually trained all of their lecturers during a workshop last year and plans are under way to give the course to all teachers-in-training as part of their regular curriculum.

We have also been informed that five Teachers Colleges namely Balob, Dauli, Gaulim, Holy Trinity and St. Benedict have given the education course to their second and third year students.

Meanwhile, the Staff Development Unit of the Education Department has offered to introduce the course to Vocational Schools throughout the country.

This project has now developed a head of steam both regionally and internationally.

It has been commended by the TI Secretariat in Berlin and is being considered for adaptation for use in other countries in the South Pacific.

It has also been circulated to all 84 chapters of TI around the world and will be one of the subjects of a special seminar for the TI global movement during the next AGM of the international organisation in Morocco in October this year.

All of our Directors and staff involved in this project are to be congratulated for the successes achieved so far.

Looking at its domestic impact within Papua New Guinea, it is our hope that the teachers who have been trained in this way will firstly understand the need for values education and secondly realise how important they are as role models for their students.

If this results in teachers inspiring the children under their care to fight against corruption and in providing good, ethical role models, then our goals will have been achieved and we will have contributed to building an anti-corruption culture in our country.

6.

Another project we attempted to get off the ground in 1998 involved the establishment of Codes of Conduct in the private sector. This was done because several professional bodies had expressed an interest in working with TI to develop meaningful Codes of Conduct for their members.

Specifically, the Institute of Accountants agreed to lead the way in a joint project with us. The plan was not only to develop a generic Code of Conduct which could, with adaptations be applied in any profession or industry group.

It also involved an initiative to have a specific anti-corruption component added to the IPA regulations governing the establishment of new businesses in PNG.

I am sorry to say that for a number of reasons, this project did not proceed and for now, we do not regard it as a priority. We should however keep it on the back burner and as circumstances dictate, we may revive it with either the Institute of Accountants or another professional body like the Law Society.

As for matters regional and international, in 1998, we established contact with the people in Fiji who were trying to establish a chapter in that country. We provided some help to them. We made contact with interested parties in the Solomons, Vanuatu and Western Samoa.

I attended the Annual General Meeting of the International Body in Kuala Lumpur and again, put forward the case for PNG's inclusion in the CPI.

In the wings of this AGM, I attended a meeting of the APEC Group which had put together a resolution which was conveyed to Senior Officials with the request that they forward it with their endorsement to the heads of state of APEC member countries which were scheduled to meet that year in New Zealand.

This subsequently did occur and we are informed, it was well received by the Heads of State.

In 1999, we agreed to change our reporting year from December to March so that my report for the 3rd Annual General Meeting took place in March 2000 and covered a 15-month period instead of the usual 12-month period.

Thereafter, our AGMs have occurred in March of each year.

During that year, the Board lost the services of Rodney Hills, Frank Kolma and Meg Taylor. Both Rodney Hills and Meg Taylor had been with us from the very beginning and so we were sorry to see them go.

7.

The vacancies were filled by Peter Aitsi, Vincent Bull, Flora Carruthers, Anne Kerepia and Michael Manning. They have proved to be excellent choices.

During that period also, we lost the services of Suki Beavers and welcomed Jane Story, another CUSO Volunteer.

As has become our practice, we also held another internal review of our programmes and activities. This review identified two issues as priorities.

First, we determined to give Information and Outreach special emphasis.

A spate of news releases were issued on subjects such as:

- politicisation within the public service
- accountability for the Members' Slush Fund
- implementation of the Ombudsman reports on the Cairns Conservatory Deal and Malagan House
- white collar crime by PNG professionals
- the CPI and the BPI.

Two special briefing sessions were held with our community coalition members and stakeholders.

Visits were made to Don Bosco and the Pacific Adventist University which covered between 800 and 1,000 students at these two institutions.

A special meeting was arranged with the newly-established NACA (the National Anti-Corruption Action group involving the Police Fraud Squad, Attorney-General's Department, the Auditor-General's Office, the IRC and the Ombudsman Commission).

A National Anti-Corruption Strategy Workshop was co-hosted with the Attorney-General's Department, the Ombudsman Commission and the RPNGC. This was facilitated by the IDLI (International Development Law Institute) and the CDI (Centre for Democratic Institutions) of the ANU (Australian National University).

The report from that Workshop which used our 14-point NIAP (National Integrity Action Plan) as the template is yet to be presented to the Prime Minister. We hope this will be done following the next elections and the formation of the next Government.

8.

A highlight of the year was the agreement reached with the EU (European Union) for the funding of the ERP (Electoral Reform Project) to the value of K800,000.

With a ten percent top-up from the Electoral Commission and the CDC (Constitutional Development Commission) we were able to recruit a team of ladies to undertake this project.

That year also we commenced the distinguished visitor series with a public lecture by Sir Louis Blom-Cooper of the United Kingdom. This was well-attended by public officeholders, business executives and community representatives.

We also made or responded to contacts and enquiries dealing with the possible establishment of branches in the East New Britain Province, the East Sepik Province, Manus, Morobe, Milne Bay and the Oro Province.

A second result of the internal review we held that year was the proposal that we consider introducing Logical Framework development to clarify outputs designed to ensure that our objectives as an organisation were being met.

I am sorry to report that this has not taken place and the primary reason is that we have not yet secured the services of a person or persons with the necessary skills and ability to establish this for us. The idea however is sound and we should consider introducing it as circumstances, especially resources, permit.

That year (1999 which covered the period to March 2000) also saw us spend time and resources on the ICAC project, the Education project and with reduced emphasis, the project involving the PNGIA (PNG Institute of Accountants) and the IPA (Investment Promotion Authority) for the adoption of Codes of Conduct for professional bodies and the inclusion of a specific anti-corruption section in the IPA regulations governing new business establishments in Papua New Guinea.

That year also, we commenced work on the Freedom Of Information Act.

We also supported strongly the new Morauta Government's proposal to fast-track the Integrity of Political Parties & Candidates legislation. Its partner act of changing the voting system was also a project we started that year by initiating discussions with the CDC (Constitutional Development Commission) and the Electoral Commission.

In 1999, we proposed an Integrity Pact for all contracts involving public finances. This came out as a direct result of a special Forum on the subject of privatization which we organised.

This Forum was addressed by the new Prime Minister at that time, Sir Mekere Morauta as the keynote speaker.

Subsequently, the concept of the Integrity Pact was put specifically to the NCDC (National Capital District Commission) for all of its contracts.

As well, the concept was put to the Privatization Commission which had at that time just been established by special legislation to take on the privatization of State Owned Enterprises.

On the regional and international front, we held meetings with our colleagues in the South Pacific (Fiji and Vanuatu) about establishing branches in some of the other Island countries in the South Pacific.

We attended the World Bank's Anti-Corruption Advisory Group for East Asia and the Pacific. We continued to maintain contact with other chapters in the Asia-Pacific Region to co-ordinate activities to further support our work in the APEC context with both ABAC (APEC Business Advisory Council) and PBEC (Pacific Basin Economic Cooperation Council).

We attended the 9th IACC (International Anti-Corruption Conference) in Durban, South Africa. In its wings, we had the AGM of the parent body.

Looking back, 1999/2000 was a busy year for TI (PNG). We were able to consolidate even though there were serious staff disruptions with the changes at the top of both Management and at the Board level.

With the new Morauta-Government at that time, we were able to push strongly for the Integrity of Political Parties & Candidates and for the reform of the voting system.

The Integrity Pact concept was floated and work commenced on the Freedom Of Information Act.

This now brings me to the year 2000/2001.

At the 4th Annual General Meeting which covered this period, I was able to welcome Charles Dalton to our organisation on a part-time basis.

Hilda Dawa continued and Jane Story was able to appoint an assistant Rachael Keaeke who continues to work with us.

In looking at the working structure of our organisation at that time, I reported with some disappointment that while we had succeeded in generating good publicity both in terms of news releases and also particularly when we commenced the Newsletter, our total outreach to our stakeholders had not been the success that we had hoped it would be.

At that AGM, I reviewed the committee system and noted that of the 4 Committees we had established, 2 were not meeting regularly and so Directors needed to rededicate themselves to ensuring the system worked for the benefit of the organisation.

I commended Vincent Bull for his perseverance with the Fund Development Committee whose job had become near impossible by the slow-down in the economy of our country.

As for achievements, we launched our first quarterly newsletter in January 2000. These newsletters have proved to be a useful means to keep our Members and Coalition Partners informed of our activities.

I am told they also attract new members and supporters.

I am informed that more than 1,200 copies of the first Newsletter issues were distributed.

We also went on-line with our website which connects TI (PNG) to a global community with the similar interest of fighting corruption internationally.

We continued our campaign to convince all authorities of the need to act swiftly in regard to the revelations coming out of the NPF Inquiry.

We continued our visits to educational institutions.

We had a special meeting with the Principals of all teachers colleges at Loloata.

We continued our meetings to consolidate our relationship with our Community Coalition Members and Corporate Sponsors.

We continued the pressure on ICAC, the Education Project, the Freedom Of Information legislation, the Integrity of Political Parties & Candidates initiative, the Integrity Pact, and the reform of the voting system.

On the regional and international front, we sent a strong delegation to Vanuatu when it was decided that there should be a regular meeting within the region of TI and interested groups.

11.

We were able to share knowledge and experience among the TI family and its affiliated organisations at that meeting in Vila.

We also sent a small delegation to attend a regional conference on Media and Financial Reporting in Fiji.

Our then Secretary/Treasurer Richard Kassman was part of a TI delegation to visit East Timor to help the Timorese organise a TI branch which could be affiliated with the international organisation.

We continued to attend the World Bank's Anti-Corruption Action Group which I was invited to join in my personal capacity.

As well, Peter Aitsi accompanied me to the Annual General Meeting of the international body in Ottawa that year. At that AGM, we spoke about our efforts to persuade the Privatization Commission and the NCDC to apply the Integrity Pact.

The year 2001 was one of continuing consolidation because by that time, we had a number of important projects taken from our NIAP (National Integrity Action Plan) in progress and it was a matter of trying to maintain the momentum.

I now come to the last year for this consolidated review - the period from March 2001 to the present time.

A number of major milestones were achieved.

The Government of the Prime Minister Sir Mekere Morauta successfully passed the Constitutional and Organic Law on the Integrity of Political Parties & Candidates.

In welcoming this major achievement, we held out the hope that this would herald a new era in politics in our country.

We expressed the hope that with the speedy establishment of the structures and organisations to implement this legislation, the chances of curtailing the corruption prevalent in our country's politics would be enhanced.

We added the cautionary note however that if the legislation was subverted for Machiavellian purposes, nothing will change and good governance in our country would continue to be undermined.

Another major milestone occurred in January 2002 when Parliament passed by a majority of 83 members the legislation to change the voting system from the First-Past-The-Post to the Preferential System.

Taken with the Integrity of Political Parties & Candidates legislation, this change of the voting system legislation will hopefully bring about a fairer and more representative democratic system for our country.

Both pieces of legislation which were milestone achievements for TI (PNG) and its Coalition Partners, were successfully passed because of an unprecedented awareness and education campaign funded by the European Union in November 2000.

Work on the Education Project continued as I have earlier indicated.

Electronic copies of the education booklet for facilitators and participants were made and distributed.

The project will be specially considered during the next Annual General Meeting of Transparency International, the International and Parent Body.

Arrangements are under way to have the education booklets placed on our website so they can be downloaded and printed.

Work on the Freedom Of Information Act continued.

Two newsletters were issued and their circulation reached 3,500 copies from the original 1,500 copies which the first issue in January 2000 achieved.

TI entered and then withdrew from an agreement to apply the Integrity Pact concept with the NCDC (National Capital District Commission).

Our offer to apply the Integrity Pact concept to the privatization process which had been communicated to the Commission in the year 2000 was withdrawn.

We explained in a press statement issued after we withdrew that despite some interest to apply the concept to the privatization process, there appear to be technical reasons which we could not fully understand or accept.

In the circumstances, we thought it best to disengage and so we did.

With the elections due in the next 3 months or so, we met with Members of our Community Coalition and the Electoral Commission to consider ways and means by which we could assist in making the coming general elections free and fair.

Several visits were made to the Electoral Commission and in the presence of the Media representatives, Members of the TI Board, the ERP (Electoral Reform Project) Project Team as well as TI staff inspected the common roll updating process.

In regard to cooperation amongst Members of the TI Community Coalition, active support came from the National Council of Women as well as some of the churches. In close harness with these organisations, we are looking at preparing some publicity and possibly some posters designed to encourage voters to think very carefully before casting their vote in June 2002.

Though a request was put to the Government to endorse the Freedom Of Information Act and introduce it into Parliament, lack of consistent pressure and follow-up led to delays which in turn now means that the legislation will have to wait until the next Government is formed following the general elections later this year.

We continued to maintain pressure on all bodies including the Law Society (with whom we held in-depth discussions) and the Accountants to consider the possibility of initiating action against their members who were implicated in the NPF Inquiry as uncovered by the Commission of Inquiry.

In the case of the Law Society, a decision was taken by it to engage the services of a person especially to assess the transcripts of the Commission of Inquiry with the view to determining whether or not any of the lawyers implicated in the Commission's findings ought to be brought before the Disciplinary Committee to answer questions and where appropriate, face charges.

Lobbying continued throughout the year for the enactment of the ICAC (Independent Commission Against Corruption) legislation. The report of the Special Committee chaired by Dame Josephine Abaijah (Milne Bay Regional) was not presented to Parliament for reasons we could not quite fathom.

We suspect, as we have done all along, that vested interests on the part of many political leaders means that this important legislation will not come forward quickly.

Accordingly, we determined to ask the private sector group that was established especially to prepare a brief for the new incoming Government post-elections to include ICAC, possibly with a provision for amnesty, as one of the highest priorities for action by the next Government.

On the wider front concerning the NPF Inquiry, we are considering the possibility of a private prosecution against those implicated in the findings of the Commission of Inquiry.

As an alternative to this proposal, we are looking at ways and means of ensuring that the required resources are made available to the Public Prosecutor and the Fraud Squad so as to enable them to bring about successful prosecutions.

After the successful enactment of the Integrity of Political Parties & Candidates legislation as well as the change in the voting system, our team at the ERP (Electoral Reform Project) headed by Daisy Taylor and guided by a special committee chaired by Professor John Nonggorr has been planning its future strategies for the information dissemination and education campaign which will follow the general elections.

While they are waiting for the elections to end so that they can commence their education campaign, their services have been secured by the Public Sector Reform Management Unit at the Department of Prime Minister & NEC.

A public awareness plan is being prepared by the ERP team in consultation with the Office of the Chief Secretary.

This plan includes a campaign for the dissemination of information in regard to an ambitious public sector reform programme being introduced by the Morauta-Government.

This programme which includes many of the recommendations from our Integrity Workshop in December 1999 regarding the public service is likely to be placed before the last sitting of this current Parliament.

Coming to the international and regional scene, we continued our close liaison with the Pacific Island Community.

The annual regional meeting in Suva, Fiji was well covered by a delegation of Directors including Peter Aitsi, Flora Carruthers and Mike Manning.

We are expecting to host the next one due in May 2002 and our Committee headed by Mike Manning has matters in hand for that event which will be held at Alotau in the Milne Bay Province.

Internationally, Mike Manning and I attended the AGM in Prague which was held in the wings of the 10th IACC (International Anti Corruption Conference).

Between us, we covered a total of 20 Sessions and Working Groups over the three days period of the Meeting and Conference.

Turning to the subject of our organisation's structure and management, we determined to keep in place the existing structures although there were some changes within the administration.

Jane Story left us and we are expecting a replacement CUSO Volunteer to arrive in April 2002.

We moved offices from Defens Haus to Mogoru Moto across the street.

We have offered Charles Dalton a contract under which we can engage him on a full-time basis rather than part-time as has been the case since he joined our staff.

Professor Les Eastcott, the recently-appointed Vice-Chancellor of the University of Papua New Guinea joined the Board as a Director. We welcome him and look forward to working closely with him in the years ahead.

Many of our Directors spent countless hours on a purely voluntary basis in furthering the work of our organisation. I cannot thank enough my fellow Directors for the excellent work that you have all done as volunteers.

I have said this before and I will say it again.

Without your generosity which we call on every week and which all the time, requires each of you to make sacrifices, it would not have been possible to achieve any way near that which we have achieved.

It has been suggested to me that we should keep a diary which will indicate the number of hours and the types of engagement that our Directors are called on to voluntarily provide.

I shall ask Charles Dalton to make sure this happens in the future because I am sure that if we had such a diary for the last year, we would be surprised at the amount of time and the level of dedication that each of you have given our organisation.

I also wish to place on record our sincere appreciation to our staff not just at the TI office here in Mogoru Moto (Charles Dalton, Rachael Keaeke and Hilda Dawa) but also our ladies' team at Pacific Place.

I know that Daisy, Jacquie, Barbara and Patricia have rendered excellent service. For that, I thank them.

I should note in passing that when I heard less than 24 hours ago that some of these ladies were out looking for alternative employment because of a misunderstanding about funding of the ERP Project, I was not pleased.

We have to make sure this type of misunderstanding does not occur again especially as this is a small organisation and all of us consider ourselves as part of one family.

Friends, I have taken much more time than usual in this Annual General Meeting because I thought it important to trace over our history while outlining some of our achievements and indicating at the same time some of the difficulties we have had to face.

As an organisation, we reached our 5th birthday two months ago.

That was a milestone and so I thought it right to take a bit of your time this afternoon to provide a thumb-nail sketch of the road we have so far travelled together.

Although we have achieved some results, we are still at the beginning of this long road.

I urge you all to continue with your dedication and to keep giving your support.

Without this, we will fail in our commitment to make our society a better place for us, our children and our grandchildren.

Thank you and God Bless.



TRANSPARENCY INTERNATIONAL PAPUA NEW GUINEA INC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001

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TRANSPARENCY INTERNATIONAL PAPUA NEW GUINEA INC

ASSOCIATION COMMITTEE'S REPORT

The Committee of Transparency International Papua New Guinea Inc. submits its report made in accordance with a resolution of the Committee with respect to the results of the Association for the year ended 31 December 2001 and the Association's state of affairs as at 31 December 2001.

The surplus for the year ended 31 December 2001 amounted to K23,856 (2000 deficit of K65,566).

The payment of any dividend or any payment in the nature of a dividend to its members is prohibited under the rules of the Association.

For and on behalf of the Association.



Committee Member



Committee Member

Dated this 26th day of March, 2002

INDEPENDENT AUDIT REPORT
TO THE ASSOCIATION COMMITTEE AND MEMBERS OF THE ASSOCIATION

Scope

We have audited the financial statements set out on pages 3 to 9, comprising the Balance Sheet and the Income and Expenditure Statement of Transparency International Papua New Guinea Inc. for the year ended 31 December 2001. The Association Committee is responsible for the preparation and presentation of the financial statements and the information contained therein, and have determined that the accounting policies used are consistent with the Association's financial reporting requirements in order to express an opinion to the management committee and the members on their preparation and presentation. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

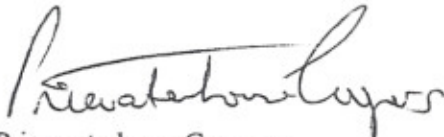
The financial statements have been prepared for distribution to members for the purpose of fulfilling the Association Committee's financial reporting requirements under the Act. We disclaim any assumption of responsibility for any reliance based on this report or on the financial statements to which it relates, by any person other than the members, or for any purpose other than for which it was prepared.

Our audit has been conducted in accordance with International Standards on Auditing. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements. These procedures have been undertaken to form an opinion as to whether, all material respects, the financial statements are presented fairly in accordance with the accounting policies described in Note 1 to the financial statements. These policies do not require the application of all Accounting Standards adopted for use in Papua New Guinea.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Association Incorporation Act and present fairly, in accordance with the accounting policies described in Note 1 to the financial statements, the state of the affairs of Transparency International Papua New Guinea Inc. as at 31 December 2001 and its results for the year ended on that date.



PricewaterhouseCoopers

by SC Beach

Registered under the Accountants Act 1996

Port Moresby 27 March, 2002

TRANSPARENCY INTERNATIONAL PAPUA NEW GUINEA INC

**INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	2001 K	2000 K
Income		
Subscriptions and donations	89,089	39,820
Activity funding	27,800	107,805
Other income	<u>70,323</u>	<u>6,375</u>
	<u>187,212</u>	<u>154,000</u>
Expenses		
Activity expenses	29,129	94,988
Administrative expenses	<u>134,227</u>	<u>124,578</u>
	<u>163,356</u>	<u>219,566</u>
Surplus/(deficit) for the year	<u><u>23,856</u></u>	<u><u>(65,566)</u></u>

The above income and expenditure statement is to be read in conjunction with the notes on pages 6 to 9.

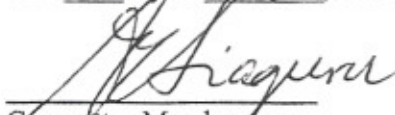
TRANSPARENCY INTERNATIONAL PAPUA NEW GUINEA INC

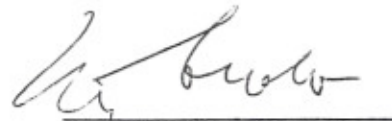
BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	2001 K	2000 K
MEMBERS' FUNDS			
Members' funds brought forward		15,151	80,717
Surplus/(deficit) for the year		<u>23,856</u>	<u>(65,566)</u>
TOTAL MEMBERS' FUNDS		<u><u>39,007</u></u>	<u><u>15,151</u></u>
Represented by:			
NON-CURRENT ASSETS			
Fixed Assets	6	9,333	15,485
CURRENT ASSETS			
Cash at bank and on hand	7	61,690	39,023
Treasury bills		190,000	10,000
Interest withholding tax receivable		494	494
Sundry debtors		<u>529</u>	<u>328</u>
		<u>252,713</u>	<u>49,845</u>
TOTAL ASSETS		<u><u>262,046</u></u>	<u><u>65,330</u></u>
CURRENT LIABILITIES			
Creditors and accruals	8	9,216	19,298
Unspent project funds	9	<u>213,823</u>	<u>30,881</u>
Total current liabilities		<u>223,039</u>	<u>50,179</u>
NET ASSETS		<u><u>39,007</u></u>	<u><u>15,151</u></u>

Signed in accordance with a resolution of the Association Committee at Port Moresby.

This 26th day of March 2002


Committee Member


Committee Member

The above balance sheet is to be read in conjunction with the notes on pages 6 to 9.

TRANSPARENCY INTERNATIONAL PAPUA NEW GUINEA INC

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 K	2000 K
Cash flows from operating activities		
Subscriptions and donations received	89,089	39,820
Other income and activity receipts	56,143	110,866
Payments to suppliers and employees	<u>(167,487)</u>	<u>(213,018)</u>
	<u>(22,255)</u>	<u>(62,332)</u>
Cash flows from investing activities		
Interest income	41,980	3,314
Purchase of fixed assets	-	(5,430)
Purchase of treasury bills	<u>(180,000)</u>	<u>(10,000)</u>
	<u>(138,020)</u>	<u>(12,116)</u>
Cash flow from funding activities		
Project funding received	566,736	45,550
Project funds paid out	<u>(383,794)</u>	<u>(14,669)</u>
	<u>182,942</u>	<u>30,881</u>
Net cash inflow (outflow)	22,667	(43,567)
Cash brought forward	<u>39,023</u>	<u>82,590</u>
Cash carried forward	<u>61,690</u>	<u>39,023</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Set out hereunder are the significant accounting policies adopted by the Association in the preparation of its financial statements.

(a) Accounting Conventions

The accounts have been prepared using the historical cost convention and the accruals basis of accounting.

(b) 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 the more appropriate.

The principal rates in use are:

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

(c) Project funding

Funding received by the Association as manager for specified projects is treated as a liability and reduced as project expenses are incurred. In prior years, project funding had been taken to income. The comparative figures for 2000 have been amended from the prior years accounts to ensure consistent treatment.

2. INCORPORATION AND PRINCIPAL ACTIVITIES

Transparency International Papua New Guinea Inc. was launched on 24 January 1997 and was incorporated under the Associations Incorporation Act in Papua New Guinea as a non-profit organisation on 2 December 1996.

The principal activities of Transparency International Papua New Guinea Inc. 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 transaction, 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

TRANSPARENCY INTERNATIONAL PAPUA NEW GUINEA INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001 (CONTINUED)

- (iii) to support and promote the charitable educational aims and objectives of Transparency International, a not for profit organisation 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 organisations 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 organise 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 OF MEMBERS

The members of Transparency International Papua New Guinea Inc. 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. SUBSCRIPTIONS AND DONATIONS

The financial members of Transparency International Papua New Guinea Inc. is made up of individuals, volunteers and corporate members. The membership subscription fees are not enforceable to the members. However, the members contribute to the organization what ever the amount they wish to donate. The association maintains an up to date register of members.

5. INCOME TAX

The Association is exempt from income tax under Section 26 of the Papua New Guinea Income Tax Act. Donations to the Association are tax deductible to the donor.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001
(CONTINUED)**

	2001 K	2000 K
6. FIXED ASSETS		
Motor Vehicle at cost	8,240	8,240
Less accumulated depreciation	<u>(8,240)</u>	<u>(6,607)</u>
Written down value	<u>-</u>	<u>1,633</u>
Office equipment at cost	22,109	16,679
Add additions	<u>-</u>	<u>5,430</u>
	22,109	22,109
Less accumulated depreciation	<u>(13,176)</u>	<u>(8,755)</u>
Written down value	<u>8,933</u>	<u>13,354</u>
Office furniture	650	650
Less accumulated depreciation	<u>(250)</u>	<u>(152)</u>
Written down value	<u>400</u>	<u>498</u>
Total cost	30,999	30,999
Total accumulated depreciation	<u>(21,666)</u>	<u>(15,514)</u>
Written down value	<u><u>9,333</u></u>	<u><u>15,485</u></u>
7. CASH AT BANK AND ON HAND		
Bank of South Pacific	49,636	18,669
ANZ Bank	<u>12,054</u>	<u>20,354</u>
	<u><u>61,690</u></u>	<u><u>39,023</u></u>

The Bank of South of South Pacific is the Associations' main operating account.

The ANZ Bank account was established to handle all transactions for the AusAid grant monies in relation to the National Community Workshop held on the Independent Commission against Corruption.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001
(CONTINUED)**

	2001 K	2000 K
8. CREDITORS AND ACCRUALS		
Salary and wages tax	2,338	9,646
Accrued audit and accounting fees	4,400	4,400
Global Internet	-	22
Globalscape	-	254
Rent	2,088	4,176
Telephone	390	800
	<u>9,216</u>	<u>19,298</u>
9. UNSPENT PROJECT FUNDS		
Electoral Reform Project		
Income - European Union	496,013	-
Expenditure	(360,468)	-
Balance carried forward	<u>135,545</u>	<u>-</u>
Freedom of Information Project		
Income - AusAID	15,485	45,000
Expenditure	(23,153)	(14,659)
Balance brought forward	30,341	-
Balance carried forward	<u>22,673</u>	<u>30,341</u>
Education Project		
Income	-	550
Expenditure	(173)	(10)
Balance brought forward	540	-
Balance carried forward	<u>367</u>	<u>540</u>
Governance Project		
Income - UNDP	55,238	-
Expenditure	-	-
Balance carried forward	<u>55,238</u>	<u>-</u>
Total unspent funds carried forward	<u>213,823</u>	<u>30,881</u>

TRANSPARENCY INTERNATIONAL PAPUA NEW GUINEA INC
DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 K	2000 K
INCOME		
Subscriptions and donations	<u>89,089</u>	<u>39,820</u>
Activity funding		
Prague trip - British High Commission	20,494	-
Regional Conference	7,306	-
IBRD Thailand meeting	-	13,809
Privatisation - World Bank	-	93,996
	<u>27,800</u>	<u>107,805</u>
Other income		
Miscellaneous income	-	4
Interest income	41,980	3,314
Travel and accommodation	-	757
Newsletter	500	1,800
ERP project management fee	23,688	-
Reimbursements	4,155	-
Website design	-	500
	<u>70,323</u>	<u>6,375</u>
Total income	187,212	154,000
Total expenses as over	<u>(163,356)</u>	<u>(219,566)</u>
Net surplus (deficit)	<u><u>23,856</u></u>	<u><u>(65,566)</u></u>

TRANSPARENCY INTERNATIONAL PAPUA NEW GUINEA INC
DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001 (cont'd)

	2001 K	2000 K
EXPENDITURE		
Activity expenses		
Prague	21,794	-
Regional conference	7,335	-
Thailand meeting	-	12,322
Workshop - Privatisation	-	82,666
	<u>29,129</u>	<u>94,988</u>
Administrative expenses		
Advertising	3,897	843
AGM	130	680
Accounting fees	-	1,320
Audit fees	5,100	4,844
Bank charges	136	1,381
Board meetings	435	178
Computer expenses	-	1,204
Courier	-	76
Consultancy fees	41,936	10,417
Depreciation	6,152	3,716
Employment expenses	973	3
Entertainment	-	6
General expenses	50	323
Integrity Pact	-	7,318
Internet cost	1,662	1,552
Insurance	2,588	1,694
Motor vehicle expenses	1,521	6,297
Motor vehicle fuel expenses	2,000	1,568
Newsletter	8,498	13,909
Office equipment maintenance	1,649	3,006
Office maintenance	4,184	169
Postage	658	274
Relocation	18	-
Printing & stationery	2,533	2,383
Rent	20,880	22,202
Staff amenities	733	366
Subscriptions	349	280
Travel	-	3,114
Telephone	9,742	10,737
Wages	17,929	23,695
Web site	474	1,023
	<u>134,227</u>	<u>124,578</u>
Total expenses	<u><u>163,356</u></u>	<u><u>219,566</u></u>