



Transparency International

Papua New Guinea



Annual
Report **2016**

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WELCOME FROM THE BOARD CHAIRMAN



Dear Friends,

I am again pleased to present to you highlights of our work in 2016 through this annual report.

2016 will always be remembered by the number of demonstrations nationwide, particularly by leading tertiary institutions, demanding the resignation of Prime Minister, Peter O'Neill. During that time, Papua New Guinea's democracy was dragged into chaos again by people who apparently expect impunity from the law. The University of Papua New Guinea terminated the 2016 academic year. Students were sent home, included among the evictees were students of neighboring countries cajoled into believing that Papua New Guinea offers a good environment for study.

But we must not forget the real reason behind the students' protest and the civil unrest:

- A Commission of Inquiry that highlighted theft and misuse of public office and named individuals who should be investigated. The law firm most seriously implicated plays a lead role in delaying justice and public officials named in the inquiry continue to hold public office.
- The law firm gets paid anyway, then efforts to investigate even that payment are disrupted by unwillingness by those implicated to cooperate with the investigation causing widespread belief that the investigation was politically motivated.
- The previous (2015) government, which also includes members of the current government, "lost" K8 billion from public trust funds but not any one Member of Parliament is taking action to recover

the stolen funds or hold anyone accountable.

Corruption can happen anywhere. It is when politicians put their own interest above those of the public. When officials demand money and favors from citizens for services that should be free. At TIPNG, we know that corruption and its destructive effects are resilient, but we are committed to working to ensure that stronger systems are put in place to tackle corruption.

This year, and for the first time in the history of the board, a younger director was appointed by TIPNG members. Mr Dagia Aka (20 years old) brought with him a rich youth perspective in the fight against corruption. Dagia is not new to TIPNG; while attending Jubilee Secondary School he was a member of the Youth Against Corruption Association and volunteered his time for various TIPNG activities. As TIPNG moves to take on new dimensions, we welcome and value the involvement of the younger generation in being part of leadership of this quest.

Our five year strategy (2016 - 2020) reinforces our belief that the work we do matters and we know that we need to do more to realize our vision. We commit to work to do our part to ensure good governance and transparency. This will require collaboration, innovation and inspiration. We will try our best and work to pursuing our mission with other like-minded institutions and people.

LAWRENCE STEPHENS
Chairman

MESSAGE FROM THE **EXECUTIVE DIRECTOR**



It is a great pleasure to present to you this Annual Report.

2016 was another busy year for us at Transparency International PNG. We hosted our 3rd bi-annual exhibition in Kokopo, East New Britain Province and continued to inspire many young people across the nation through our Youth Against Corruption Association (YACA) forums and the annual Mike Manning Youth Democracy Camp.

We also launched the report on people's understanding of corruption which recorded that 99% of the population surveyed think corruption is a serious issue. Ninety percent of the people surveyed believe the problem is getting worse and 76% think that the government is not genuine in its attempts to stop corruption.

These results challenge us to continue our work to help people fully understand how corruption works, its detrimental effects and what they can do about it. There was an air of uncertainty mid-2016, as our major donors determined their new priorities.

As well as this, our organization experienced a re-structure. Sadly we had to let go of some staff and

re-strategise our goals. Such is the dilemma for an organization like ours.

Our fundraising activities are still on-going through membership subscriptions and our flagship event - the Sir Anthony Siaguru Walk Against Corruption. Plans are underway for TIPNG to purchase an office property and we are excited about this turn onto the road of sustainability.

Finally, this is my 11th and last annual report and I must say I am very humbled to lead this organization into a new direction. I retire in January 2017 and I trust my successor will take TIPNG into greater heights. I thank the staff that have come and gone under my leadership; they have, in one way or another, given me a fully accomplished professional life.

Working with TIPNG and its cause is a job like no other. It's not just a job, it's a conviction. A conviction to challenge silence and taboo; a conviction to do the right thing.

Emily George Taule, BEM

Executive Director

WHO WE ARE

THE GLOBAL PROGRAMME

Transparency International (TI) is a world-wide network of national chapters who believe that corruption is neither inevitable nor desirable. TI works through national coalitions of partners in the business sector, government and civil society to strategise ways to tackle corruption.

TRANSPARENCY INTERNATIONAL PNG (TIPNG) is a national chapter of TI. Following a business ethics seminar in 1996, a number of concerned Papua New Guinean individuals came together to try to do something about the problem of ethics in the wider context of society. These concerned Papua New Guineans then decided to establish a national chapter of TI to promote ethical conduct in the relationship between business, government and civil society. TIPNG was then launched in January 1997 and has since been in the forefront of anti-corruption campaigning in Papua New Guinea.

Over the years, we have grown to be a confident organization; we have established solid partnerships and strong network. We are a peak body that pulls together other civil society organizations, a respected commentator and an avenue for those eager to create change in their society.



OUR APPROACH

A key element in TIPNG's approach is mobilising civil society to promote transparency and empower citizens to be courageous in standing up against corruption. We do not indulge in politics but raise awareness on corruption and seek solutions that really work. We work with our partners in the public sector, business and civil society to strategise ways to combat corruption. We believe our non-confrontational approach is necessary to get all relevant parties around the negotiation table.

OUR 2016 STRATEGIC PRIORITIES

TIPNG is focused on four (4) strategic goals: Values, People & Partners, Strong Movement and Enforcement & Justice.

- **VALUES** - A high level of integrity in our society.
- **PEOPLE & PARTNERS** - Strong and sustainable relationships with youth, people and partners to take action against corruption in PNG.
- **STRONG MOVEMENT** - Implementation of effective anti-corruption initiatives in key public institutions and private sector organizations.
- **ENFORCEMENT & JUSTICE** - More effective enforcement of well-founded laws & standards and reduced



CORRUPTION PERCEPTIONS INDEX 2016

Papua New Guinea still scores below average

The Corruption Perceptions Index (CPI) 2016 ranked Papua New Guinea “highly corrupt” again positioning our country at 136 out of 176 countries with a score of 28 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”.

For several years running Papua New Guinea has failed to make the changes needed to bring itself from among the countries seen as the world’s “most corrupt”. Countries emerging from wars and civil strife have made great advances in the CPI while PNG remains where it has been for years. Timor Leste in the Asia Pacific region has leapt up the index by 7 points from scoring 28 out of 100 in the 2015 CPI to 35 out of 100 this year. If Rwanda, an African nation torn by genocide and civil strife a few years ago, is also able to achieve a score of 54 out of 100, Papua New Guinea, as a nation, must critically ask itself what it must do to be at least as well perceived as Rwanda. Given PNG’s current low spot on the CPI, the government and citizens alike, need to give serious thought about why this is so.

We believe that unkept promises and failures to protect national assets are among the reasons PNG has not been ranked higher. Just to name a few: The Independent Commission Against Corruption (ICAC) was promised by the Government of PNG but it has still not been delivered. K8 billion from trust funds have gone missing and our government show no sign of any plans to recover it.

PNG faces the issue of corruption at all levels of government; from the issuing of local permits to the enforcement of laws and regulations. There is little or no accountability for many of those who fail to follow the rule of law in dealing with state assets and decisions. Legal loopholes, delaying tactics and lack of political will facilitate domestic and cross-border corruption. Many offenders enjoy scandalous levels of impunity while average people are deprived of basic services because of corruption.

Some good things are happening

The Government of PNG has taken steps to improve our ranking and to promote accountability and transparency in the nation’s development. Most recently, the Government passed laws to fight money laundering and terrorist financing activities. This removed PNG from the Financial Action Task Force greylist. Other notable initiatives by the government include PNG’s engagement in the United Nations Convention Against Corruption, Open Government Partnership and the Extractive Industries Transparency Initiative.

What needs to be done

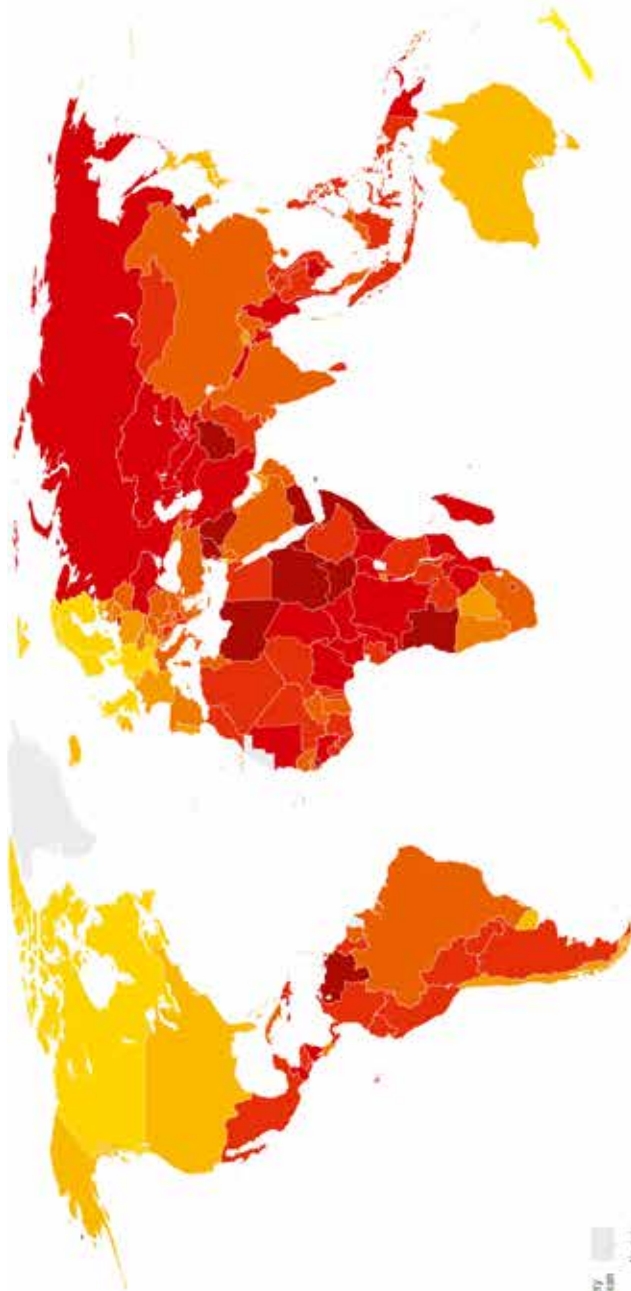
In order to improve on the CPI, PNG’s public institutions must be more open and transparent about their work and their decision-making. More needs to be done in strengthening and supporting integrity institutions that enforce best practices and regulations with a view to reducing corruption and promoting good governance. 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. Through the 2017 National Elections, Papua New Guineans have the opportunity to make things better for themselves by exercising their rights to vote accountable leaders. We also hope that the much talked about APEC meeting in 2018 will have anti-corruption as an agenda high on its priority list.

The CPI reflects the views of observers from around the world including experts living and working in the countries evaluated. It is based on a combination of data collected by 12 reputable organizations globally. The information on PNG was sourced from five surveys: Bertelsmann Foundation Transformation Index 2016, Political Risk Services International Country Risk Guide 2016, World Bank Country Policy and Institutional Assessment 2015, Economist Intelligence Unit Country Risk Ratings 2016, and Global Insight Country Risk Ratings 2015.



CORRUPTION PERCEPTIONS INDEX 2016

The perceived levels of public sector corruption in 176 countries/territories around the world.



SCORE



RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE
1	Denmark	90	71	Uruguay	71	136	Myanmar	28	159	Burundi	20
2	New Zealand	89	72	Estonia	70	137	Nigeria	28	160	Central African Republic	20
3	Finland	89	73	France	69	138	Poland	27	161	Chad	20
4	Sweden	88	74	Bahrain	68	139	Guinea	27	162	Haiti	20
5	Switzerland	88	75	Chile	66	140	Mauritius	27	163	Republic of Congo	18
6	Norway	85	76	United Arab Emirates	66	141	Mozambique	26	164	Angola	18
7	Singapore	84	77	Latvia	65	142	Bangladesh	26	165	Eritrea	18
8	Netherlands	83	78	Georgia	64	143	Cameroon	26	166	Iran	17
9	Canada	82	79	Israel	64	144	Kenya	26	167	Venezuela	17
10	Germany	81	80	Cyprus	63	145	Madagascar	26	168	Guinea-Bissau	16
11	Luxembourg	81	81	Czech Republic	62	146	Nicaragua	26	169	Afghanistan	15
12	United Kingdom	81	82	Malta	61	147	Tajikistan	25	170	Libya	14
13	Australia	79	83	Rwanda	61	148	Uganda	25	171	Sudan	14
14	Iceland	78	84	Korea (South)	61	149	Comoros	24	172	Yemen	14
15	Belgium	77	85	Namibia	60	150	Turkmenistan	22	173	Syria	13
16	Hong Kong	77	86	Slovakia	59	151	Zimbabwe	22	174	Korea (North)	12
17	Austria	76	87	Croatia	58	152	Cambodia	21	175	South Sudan	11
18	United States	74	88	Malaysia	57	153	Democratic Republic of Congo	21	176	Somalia	10
19	Ireland	73	89	Hungary	56	154	Uzbekistan	21			
20	Japan	72	90	Jordan	55	155					
			91	Romania	54	156					
			92	Cuba	53	157					
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			141		4						
			142		3						
			143		2						
			144		1						

CORRUPTION PERCEPTIONS INDEX 2016

Asia Pacific



GLOBAL
Average score **43**



ASIA PACIFIC
Average score **44**



RANK	COUNTRY/TERRITORY	SCORE
1	New Zealand	90
7	Singapore	84
13	Australia	79
15	Hong Kong	77
20	Japan	72
27	Bhutan	65
31	Taiwan	61
41	Brunei	58
52	Korea (South)	53
55	Malaysia	49
72	Solomon Islands	42
79	China	40
79	India	40
87	Mongolia	38
90	Indonesia	37
95	Maldives	36
95	Sri Lanka	36
101	Philippines	35
101	Thailand	35
101	Timor-Leste	35
113	Vietnam	33
116	Pakistan	32
123	Laos	30
131	Nepal	29
136	Myanmar	28
136	Papua New Guinea	28
145	Bangladesh	26
156	Cambodia	21
169	Afghanistan	15
174	Korea (North)	12

PEOPLE & PARTNERS

We work with a wide range of people to act to confront corruption, demand accountability and contribute to anti-corruption approaches that are systematic and sustainable.

“Together Against Corruption” Exhibition

As part of our campaign to help citizens understand the damages of corruption and the work that we do, we held our 3rd biannual exhibition in Kokopo, East New Britain Province.

The theme of the exhibition was “Together Against Corruption” and the event displayed TIPNG’s partnership with various stakeholders. Our message was a simple one - inviting people to join us and TOGETHER create a better Papua New Guinea.

The exhibition was officially opened by former Governor General, Sir Paulias Matane and was graced with the presence of Deputy Prime Minister and Governor of East New Britain, Grand Chief, Honourable Sir Leo Dion and other important guests from the public and business sectors of East New Britain Province.

More than 300 people visited our exhibition. The first exhibition was held in Port Moresby and the second event was done in Lae Morobe Province. We are looking forward to taking our exhibition up to the Highlands in 2018.

TIPNG’s partners that participated in the exhibition in Kokopo were:

1. Business Against Corruption Alliance
2. CIMC
3. Extractive Industries Transparency Initiative
4. National Parliament, Civic Education
5. Department of Finance
6. UNDP
7. Ombudsman Commission of PNG, NGI Regional Division
8. Department of National Planning - STARS
9. Bank of PNG
10. East New Britain Savings & Loans Society
11. East New Britain Today
12. Correctional Service of PNG
13. Royal Constabulary of PNG - Drug Squad





Keeping a Light of Hope burning

International Anti-Corruption Day vigil

To commemorate International Anti Corruption Day in 2016, we hosted a vigil at the St Josephs International Catholic College amphi-theatre.

The aim of the vigil was to inspire supporters of good governance to keep their light of hope burning for a better Papua New Guinea. To symbolize this hope, participants formed a map of PNG by standing with their vigil lights.

International Anti Corruption Day falls on December 9 every year. The day is significant to raising public awareness on the damages corruption causes. Events on the day are often focused on encouraging governments, businesses, non-governmental organizations, churches, media and citizens to join forces to minimise incidences of corruption.





Vote Against Corruption

10th Sir Anthony Siaguru Walk Against Corruption

The Sir Anthony Walk Against Corruption in 2016 raised a total of K240,000.

The walk was held in Lae, Kokopo and Port Moresby. Altogether the 2016 walk against corruption saw the participation of 84 schools, 16 civil society organizations, 26 families and 64 corporate houses (this includes government departments/institutions).

The theme of the walk was "Vote Against Corruption". Through our partnership with the Electoral Commission of PNG, we urged participants of the walk to exercise

their rights to vote by updating their information on the electoral roll and to vote for good leaders in the 2017 National Election.

The Sir Anthony Siaguru Walk Against Corruption is TIPNG's major fundraising event. Its prime purpose is to raise funds for the operations of TIPNG. It is also a major awareness and outreach event and provides an avenue for citizens to safely express their opposition to corruption in a peaceful manner.

TIPNG board and management acknowledge the support of all the organizations that participated including those that donated their resources making it possible for another successful event.



STRONG MOVEMENT

We facilitate need-based knowledge sharing within and outside Transparency International movement

Working together to raise ethical standards

In 2016, TIPNG continued to work with the Royal PNG Constabulary Internal Affairs Directorate by facilitating ethic workshop sessions to raise the level of integrity within the police force. The partnership started in the year 2014.

Ethics and integrity remains a key challenge to policing in Papua New Guinea. If left unchecked, corruption will continue to undermine the ability of the police to discharge their responsibilities effectively by alienating those they are supposed to serve. Strong internal disciplinary processes are essential to keep policing truly disciplined and professional.

TIPNG hopes that the collaborative effort will restore ethical discipline and values in the police force and in turn renew the public's trust in protecting them and ensuring safer communities. TIPNG hopes to expand its ethics workshop and partnership with the

police to target new police recruits while they are still undergoing training at the police college in Bomana, Port Moresby in order to instill good values in them before they pass out into the real force.

The sessions involved identifying ethical situations and doing the right thing, defining integrity and understanding corruption. We have received positive feedback from participants, assuring us that often times certain situations in their line of duty challenges their integrity and the sessions have helped them understand that doing the right thing even when no one is watching is always the best option.

TIPNG has conducted ethical workshops with the police in the Autonomous Region of Bougainville, the police in the Momase, Southern, New Guinea Islands and Highlands regions.



Open Government Partnership in Papua New Guinea

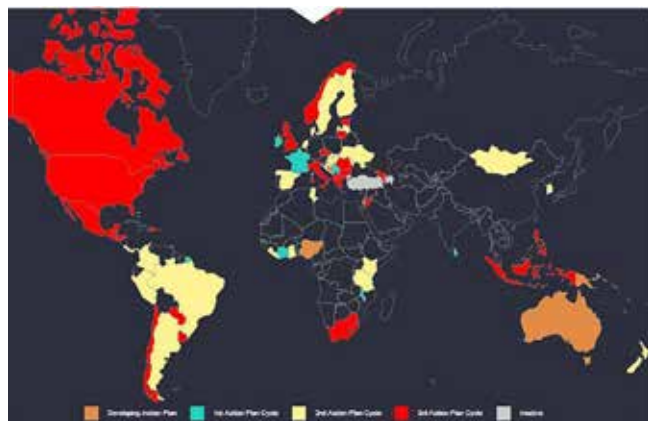


We have been supporting the Open Government Partnership (OGP) process in Papua New Guinea. The OGP is a global initiative which countries sign up to and is a mechanism that aligns with TIPNG's own mission to empower citizens to take an active stance against corruption.

Minister for Foreign Affairs and Immigration, Honourable Rimbink Pato, first expressed PNG's interest of joining at the OGP International Forum in Bali 2014. An NEC submission was made and the Council endorsed PNG's intention of becoming an OGP member country. Following the statement at the Bali conference, Transparency International PNG Inc. with the assistance of the OGP Core Team in Indonesia organized the 1st National OGP workshop from 27-28 November 2014 in Port Moresby. In December 2015 at the Mexico OGP Global Summit, Papua New Guinea was formally accepted as a Member

As an OGP Member country Papua New Guinea had till October to draft a 2-year National Action Plan (NAP). The NAP in keeping with the spirit of the OGP movement has to be a collaborative document between civil society and government. To ensure this, the PNG OGP Steering Committee was co-chaired by both the Department of Foreign Affairs and TIPNG. The drafting of the document involved key government agencies and relevant NGOs. There were 6 government inter-agency meetings which defined the commitments that PNG would be making to further the OGP agenda. The OGP process requires countries to select thematic clusters to help group national commitments to be achieved within the timeframe of the NAP, i.e. 2 years. Out of a possible 7 clusters, the PNG OGP Steering Committee made a selection of the following 4 under which commitments would be made:

1. Access to Information - strengthen mechanisms for citizens to access information as it contributes to transparency and accountability. There are plans to develop a specific legislation (Access to Information Act) that will enable greater participation of citizens in the management of public affairs and to develop a centralised information storage and sharing systems that can be accessible by citizens;
2. Public Participation - the OGP National Action Plan



- hopes to encourage effective citizen participation;
3. Fiscal Transparency - the OGP National Action Plan would like to ensure that public finance transcending at the national to trans-national level must be accounted and public procurement processes must be transparent;
4. Extractive Industry Transparency - to ensure good governance in Papua New Guinea's rich natural resource sector. This is to ensure tax and revenue generated from the extractive resource sector supports the development of communities and improves citizen's welfare.

The commitments made under these categories would then need to have a timeframe and deliverables which would further the government's aim to be open and transparent with citizens. TIPNG has been at the forefront of the design of OGP to ensure that citizens of this country have a means to hold our Government accountable to ensure service delivery.

OGP participating countries

OGP was launched in 2011 to provide an international platform for domestic reformers committed to making their governments more open, accountable, and responsive to citizens. Since then, OGP has grown from 8 countries to the 70 participating countries indicated on the map below. In all of these countries, government and civil society are working together to develop and implement ambitious open government reforms.

OGP's Mission and Strategy

OGP's vision is that more governments become sustainably more transparent, more accountable, and more responsive to their own citizens, with the ultimate goal of improving the quality of governance, as well as the quality of services that citizens receive. This will require a shift in norms and culture to ensure genuine dialogue and collaboration between governments and civil society.

OGP aspires to support both government and civil society reformers by elevating open government to the highest levels of political discourse, providing 'cover' for difficult reforms, and creating a supportive community of like-minded reformers from countries around the world.

Now that OGP is established and has grown significantly, our key objective over the next two years is to make sure that real change is happening on the ground in a majority of OGP countries, and that this change is benefitting citizens. There are three primary ways for OGP to help make sure the right conditions are in place for countries to deliver ambitious open government reforms:

- 1) Maintain high-level political leadership and commitment to OGP within participating countries
 - 2) Support domestic reformers with technical expertise and inspiration
 - 3) Foster more engagement in OGP by a diverse group of citizens and civil society organizations
- In addition, OGP's Independent Reporting Mechanism (IRM) seeks to:
- 4) Ensure that countries are held accountable for making progress toward achieving their OGP commitments.

Read more at www.opengovpartnership.org



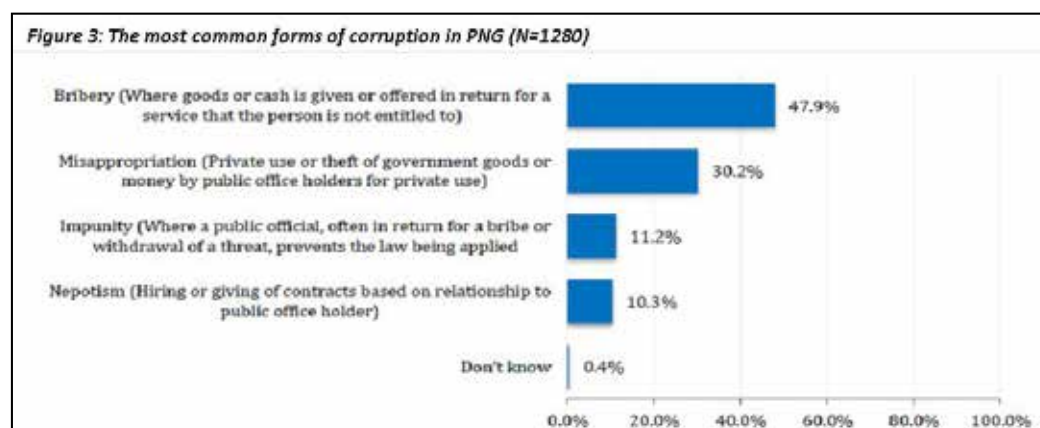
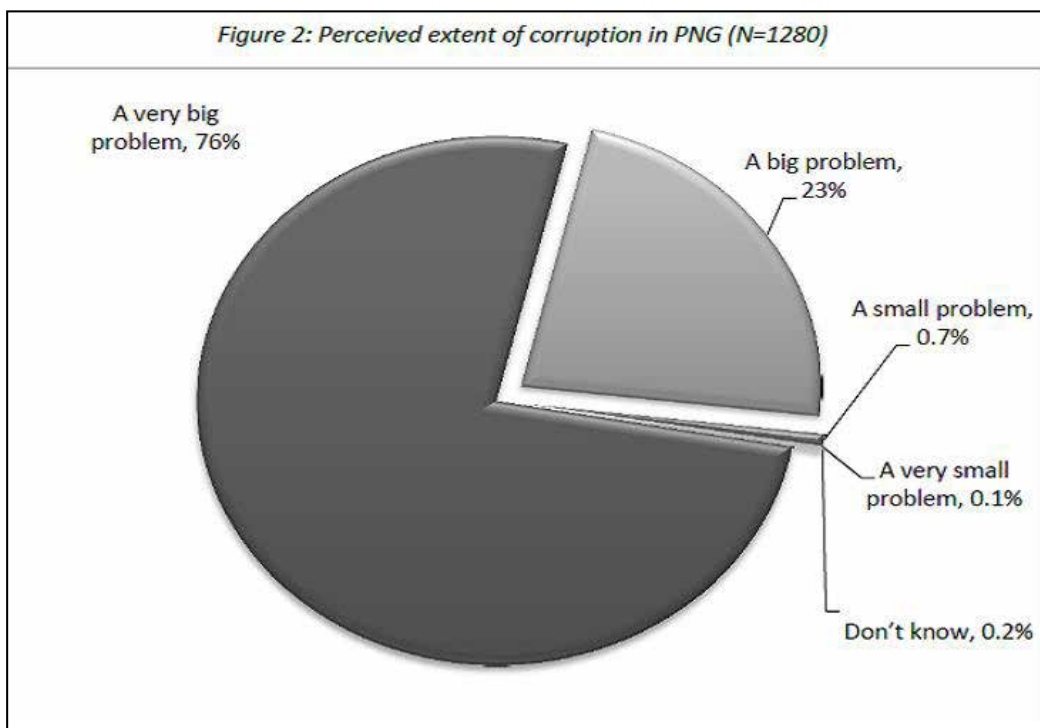
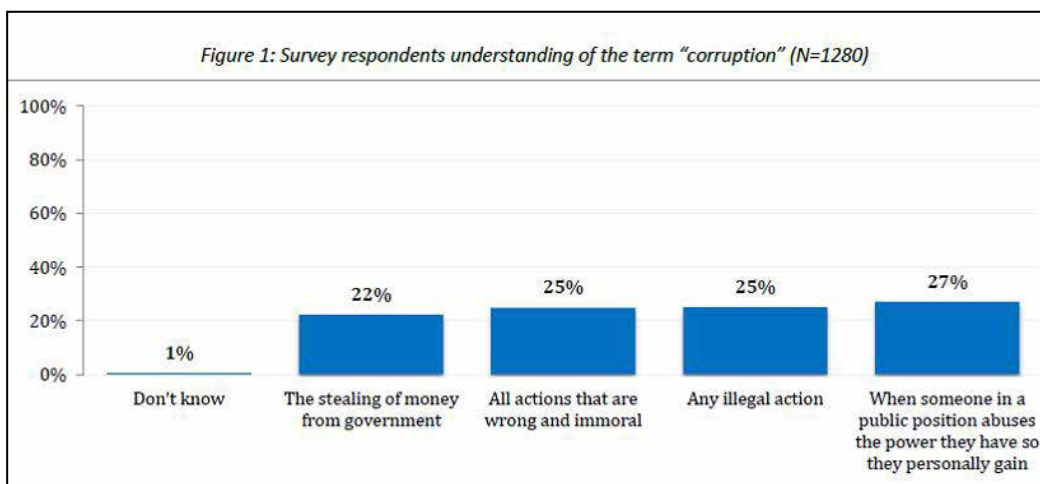
Bribery - the most common form of corruption

In June, TIPNG launched a report examining what ordinary PNG citizens living in rural and urban areas think is the level of corruption in PNG and its consequences. The data from the survey suggest that if anything the general public see the CPI as generous.

According to the public opinion survey results, 99% said that corruption was a serious issue. Ninety percent of the people surveyed believed the problem was getting worse and 76% think that the government was not genuine in its attempts to stop corruption. While some agencies came in for a fair degree of criticism, it was interesting to see that people still saw the police as a key agency for fighting corruption.

The survey was carried out in five provinces amongst 1280 participants. So as to maintain the integrity of the data TIPNG staff were not involved in the data collection or the raw analysis





TIPNG Membership

A lot of Papua New Guinean individuals and various business organizations continue to support the anti-corruption cause. We are grateful to our individual and corporate members for their commitment to see good governance prevail in Papua New Guinea.

The support that we receive through our membership drive assists us to carry out our programs such as maintaining our corruption complaints toll free hotline, run community awareness programs, produce information education materials and many more.

In 2016, we had 612 individual members, 23 corporate members (including government departments), 4 association members and seven families that signed up as members. We also received a donation of K500 from the Sallians of Don Bosco.

Our members give us the mandate to speak out on all forms of corruption. Our members are at the core of everything we do. **DONATE NOW**



Arthur Luluai is an individual member of TIPNG in East New Britain Province. He was instrumental in organizing various outreach activities in the province including ground work for the TIPNG Exhibition.

Like Arthur, a lot of our members volunteer as helping hands during our events and campaigns. We are always inspired by their commitment and appreciate



ENFORCEMENT & JUSTICE

We develop, monitor and advocate for key anti-corruption standards and practises

Advocacy & Legal Advice Center

We provide FREE legal advice for your corruption complaints!

TIPNG's Advocacy & Legal Advice Centre (ALAC) is a service to the public that provides free legal assistance to victims and witnesses of corruption. It is an avenue for advocacy and to educate the public on their rights and responsibilities to counter corruption. ALAC can readily provide legal assistance in terms of structuring complaints, referring complainants to the correct authorities and building bridges with state agencies to combat corruption. Public Education: Through our outreach programs, ALAC works to teach people their rights, recognize corruption and know what to do about it.

Legal support to victims and witnesses of corruption: We know very well that the legal system may be long, confusing and expensive. ALAC offers free and confidential legal advice. We also work with relevant authorities to process citizen's corruption complaints.

As well as receiving complaints and giving advice, our corruption complaints database help us identify where problems are and partner with other institutions to fix this.



VALUES

School Based Civic Education

The 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. One of these materials is a teacher resource book that contains over 300 teaching-learning tasks that should assist teachers in facilitating students' learning on concepts about democracy, governance processes, human rights, rule of law and leadership. The other materials include a book of background readings, a student reader, a book of posters, 10 big books for those students with low literacy, two android applications, a teacher training manual and a website for teachers: www.tcsbcetipng.wix.com/sbce

There are insufficient civic education materials in PNG schools hence Transparency International PNG (TIPNG) tasked itself, in consultation with the National Department of Education (NDoE), to produce these materials.

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.

The objectives of the project are that, through the employment of SBCE materials in schools, students will be able to: -

- 1) Describe underlying principles of a democratic society where good governance is applied,
- 2) Demonstrate skills of active citizenship which model democratic governance, and
- 3) Recognize features of our national history and culture that contribute towards a shared national identity.



The main goal of having the SBCE materials in a school is to provide teachers the supplementary resources to be able to facilitate teaching and learning activities related to democracy, governance processes, human rights, rule of law and leadership.

The schools-based civic education materials now exist in East Goroka Primary School (EHP), St. Michaels' Primary School (NCD), Koki Primary School (NCD), the Division of Education Services in the Western Highlands Province, Bena Bena Secondary School (EHP), Bishop Leo Secondary School (ESP), Kupiano Secondary School (CP) and Iopara Primary School (CP).

The teachers in these schools now have a supplementary resource to assist them in their teaching of democracy, governance processes, human rights, rule of law and leadership.

TIPNG is now challenged with the dilemma of distributing the SBCE materials to all schools in PNG in the next three years.

Uncertainty in project funding for the next three years contributes to uncertainty in properly planning the countrywide distribution.



VALUES

We aim to instill a high level of integrity within societies

YOUTH INTEGRITY PROGRAM

Too often, young people are left out of decision making, especially from decisions that will affect their lives. We hear many speeches to youth that start off by saying 'Youth are the leaders of today' or 'Youth are the leaders of tomorrow'. As powerful as these statements are, we remain certain that the only way young people can be leaders of today or leaders of tomorrow, is if these leadership roles become available to them.

We may ask ourselves why young people are left out. Simply because there is no formal process for youth involvement or participation.

The Youth Against Corruption Association or YACA as it is more widely known, provides a platform for young people to use their voice and speak out against corruption. It gives young people an opportunity to meet other like-minded young people and encourages leadership among the younger generation.

YACA is centred around a very simple idea – The YACA Pledge. YACA members are asked to memorize this pledge and say it everyday to remind themselves of their commitment to opposing corruption. The basic idea behind the YACA pledge is that it is up to each person to personally reject corruption in their own lives.

In 2016, YACA conducted

Our Youth Forums took us to Lae, Popondetta and Goroka, discussing Crime & Youth in the City, the System of Government in PNG and Youth, Leadership and the fight against corruption.

We visited Schools in Kokopo to introduce YACA and

in Port Moresby to keep the movement strong.

We partnered with our friends from PNG Assembly of Disabled Persons to raise awareness about the challenges persons with disabilities face on a daily basis, to promote better access for persons with disabilities in our communities, to promote the rights of persons with disabilities and to ensure all members of society are able to participate in Anti-Corruption programs.

We spent a week in Lae with over 70 young people, discussing the issues in Lae, their dream for Morobe, interesting facts about Morobe and their solutions to the issues they identified. The forum was themed 'Youth on the move for a better Lae city' and at the end of the workshop, the participants held their first Press Conference to present their outcome document to the Member for Lae Open, JICA, Lae Chamber of Commerce and other organizations in Lae.

We ended the year off with a Mock Election exercise in Port Moresby, together with the PNG Electoral Commission. Participants went through the processes involved in Elections (Enrolment to Declaration), the importance of the 'VOTE', the importance of choosing good leaders and why youth should be involved in the Elections.

In 2017, YACA is taking a new direction.

YACA will be working on building the capacity of our groups and making YACA truly a VOICE for the YOUTH! We will be recruiting a new volunteer YACA Board to plan and organize YACA activities around the country and make Youth Participation a REALITY for PNG!





Youth Against Corruption Association



The Youth Against Corruption Association is a membership-based youth organization, run by young people, for young people who are committed to the fight against corruption in PNG. YACA brings young people together and provides a platform that they can use to voice their concerns. YACA provides youth the opportunity to develop leadership skills and be a positive influence in your communities.

In 2016 TIPNG's Youth Against Corruption Association (YACA) conducted a number of youth activities.

Youth Forums

As part of YACA's information and empowerment program, YACA conducted two youth forums in Lae and Popondetta. The forums broadened the young people's understanding of PNG's government system and youth leadership in the fight against corruption.

School visits in East New Britain Province

In April, YACA carried out school visits in Kokopo and Rabaul. Schools visited were: Vunabosco, Kokopo Secondary, Malaguna Technical, Malabunga Secondary, Vuvu Secondary and Warangoi High School. The school visits were aimed at generating discussions among young people on corruption and what they felt needed to be done to promote good values among their peers. Students in East New Britain are keen to be part of the fight against corruption in their province with some schools expressing interest to form their own YACA groups.

Collaborations

Human Rights Disability Inclusion Training - YACA partnered with PNG Assembly of Disabled Persons

to host the joint Human Rights Disability Inclusion Training for youth leaders in Port Moresby. Twenty-eight youth leaders from ten different organizations, including two media organizations participated in this year's training. The aim of the training was to ensure people with disabilities are an equal partner and contributor to anti-corruption initiatives.

Moresby Arts Theatre PRIDE Youth Arts Program - YACA was invited by the Moresby Arts Theatre to be part of the PRIDE Youth Arts Program. PRIDE is a 6-week programme designed for Year Nine students as a stimulating initiative to learn and interact with students from other schools. The program also gives NGO's and institutions the opportunity to share information with young people on topics relevant to their lives. YACA presented on what corruption is, the consequences and what can be done to fight corruption. The schools in attendance during the week were tasked to put together dramas relating to the presentation. The dramas were performed in September at the Moresby Arts Theatre.



I am the hero of my own story

Mike Manning Youth Democracy Camp

Forty-nine young people from across the country were privileged to take part in TIPNG's 9th annual Mike Manning Youth Democracy Camp (MMYDC) from 22nd September - 2nd October 2016. The camp was held at the Correctional Service Training College in Bomana, Port Moresby.

The MMYDC is an annual event that aims to empower young people to participate more actively for a less corrupt society. Participants at the camp came from 15 secondary schools, five community based organizations and one tertiary institution.

The camp takes the young leaders through an intensive programme that balances a governance simulation, capacity and skills building exercises and presentations by guest speakers.

The main activity of the camp is the governance

simulation where camp participants have to govern the Republic of Bomana – a made-up independent country in crisis.

The camp participants were given the opportunity to meet and interact with NCD Governor, Honourable Powes Parkop, the US Ambassador Catherine Ebert-Gray, member for Gazelle District a, Dr Allan Marat and many others.

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.

2016's camp was financially supported by the Exxon Mobil PNG Ltd, United Nations Development Programme in PNG, Mineral Resources Authority and Pacific MMI Insurance



TIPNG BOARD OF DIRECTORS 2016



Our Board of Directors

TIPNG is governed by a Board of 15 directors. In 2016, TIPNG had 13 directors and two vacancies on the board. Board directors are not remunerated to hold office but volunteer to lead this dynamic organization. All the directors volunteer their time, resources and expertise and are committed to the vision of a corrupt-free country.

Board meetings and participation

Fourteen board meetings were held in the period of September 2016 to June 2017 and these were well attended by the directors. Meetings are usually held on the weekend or after business hours during weekdays.

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.

LAWRENCE STEPHENS

Chairman

Lawrence Stephens has worked in government, business, faith-based and non-government organizations in PNG since 1976. His interests include sustainable community, organisational and social development, social and political advocacy, public and NGO governance, management and team leadership. He served as a member of the PNG Industries Assistance Board and the Minimum Wages

Board (2000). Current board member of Dove Travel, Rural Airstrip Agency, Word Publishing, Finance Board Catholic Bishops Conference, Finance Committee Archdiocese of Mt Hagen. Stephens has extensive experience in most provinces of PNG. He has served as the Chairman since 2011, prior to that he also served as Secretary on the TIPNG Board.

First elected: 2005,

Positions held: Chairman (2010 -present), Secretary,

VALENTINA KAMAN

Secretary

Experience and expertise: Valentina has worked in the petroleum sector for more than 14-years and has a legal background in oil and gas. She started out as paralegal student with the Department of Petroleum, Legal and Policy Branch and worked her way up to be the Principle Legal Office within the Department. Valentina played a significant role as part of the State Benefit Sharing leadership team and was the youngest and only female team lead to deliver the License Based Sharing Agreement for Gobe Project for the PNG LNG Project.

In 2010, she joined ExxonMobil as a government relations advisor and subsequently moved into her current role as Corporate Community Investment Lead.

She is an executive and current Vice President of the Business Professional Women's Club and registered member with the PNG Law Society. She is an avid advocate for leadership initiatives and promotion of small medium enterprises to harness economic growth.

First elected: 2015

Positions held: Secretary

MICHELLE HAU'OFA

Treasurer

Michelle has a private sector background with over 20-years of experience in property development & management and business development. She is a staunch advocate of corporate and individual social responsibility, and of good and transparent governance. Michelle has gained valuable experience in the public sector and community development while working for Dame Carol Kidu, former Leader of the Opposition and former Minister for Community Development.

Michelle is the Producer of 'Senisim Pasin' - a documentary on gender based violence in PNG (Sept 2015 release).

First Elected: 2013

PETER AITSI, MBE

Director

Peter Aitsi currently holds the position of Country Manager PNG for Newcrest Mining Ltd, having joined the company in 2011. He has extensive private sector experience at senior levels and these skills are further strengthened by his long term and ongoing involvement with important community organisations such as Transparency International PNG, Media Council of PNG, City Mission PNG, Badili Club, and Leadership PNG. In 2008 was awarded a MBE for services to the PNG Media Industry.

He serves as the resident director of various Newcrest PNG entities and is on the Board of Steamships Trading Ltd, PNGFM Ltd, CPL Group, Kumul Consolidated Holdings and is Senior Vice President of the PNG Chamber of Mines & Petroleum.

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

MICHAEL MCWALTER, OL

Board Director

Michael McWalter is a specialist in petroleum industry regulation, administration, and institutional development with over 36 years' experience of the oil and gas industry, predominantly in the Ministries and Agencies of newly-emerging oil and gas producing nations.

He first came to PNG in 1976 as a VSO when he taught at Catholic Mission Fatima. After working on many petroleum exploration wells in PNG in the 1980s, he joined the Geological Survey of PNG in 1987 rising to the position of Chief Petroleum Geologist. He subsequently became Director of the Petroleum Division in the Department of Mining and Petroleum until 1997 and later Adviser to the Department of Petroleum and Energy until 2006 under World Bank funding.

Up to 2014, he was a part-time adviser to the Dept. of Petroleum and Energy and has undertaken frequent assignments for various development agencies such as the World Bank, Asian Development Bank and USAID, which have taken him in recent years to Uganda, South Sudan, Ghana, Liberia Cambodia, Seychelles, Turkmenistan and the Democratic Republic of Sao Tome and Principe.

As well as being a Director of TI-PNG, he is Vice-President of the Circum-Pacific Council for Energy and Mineral Resources, Treasurer of the Asia-Pacific Regional Council of the American Association of Petroleum Geologists, and a lay member of the Finance Board of the Catholic Bishops' Conference of PNG and Solomon Islands.

He is an advocate of good governance in the petroleum industry though the establishment of sound institutional management and administration of the sector.

First elected: 2004,

FR JOHN GLYNN, OL

Board Director

Fr John was born in Ireland in 1936. He attended Castleknock College, Dublin, and University College, Cork. He held various jobs in England and migrated to Australia in 1961. Fr John came to PNG as a teacher in 1963 and taught in Primary and High Schools in New Ireland.

After studies in Australia, he was ordained a Catholic Priest in 1980 and served in New Ireland and Manus.

Retired in 2000 and moved to Port Moresby. Taught at Pom Grammar and then as Teacher, Chaplain and Counsellor at Jubilee up to the present.

Fr John is the Founder and Patron of the Youth Against Corruption Association (YACA) and of the Foundation for Women and Children at Risk (WeCARE!). He also serves on the board of Digicel Foundation and assist in the Catholic Parish of the Sacred Heart at Hohola.

First elected: 2002

BRIAN ALOIS

Board Director

Brian Alois is currently the Regional Works Manager (Northern) with the Department of Works office in Lae, Morobe Province. He has over 20 years work experience in the Construction/Maintenance of Roads & Bridges and has served in 11 provinces, including the Head Office in the National Capital District.

Brian has a Bachelor's Degree in Civil Engineering and a Master's in Business Administration. He is presently a Board Director of both the Institute of Engineers PNG and the Professional Engineers Registration Board since 2008 and is also a member of the Civil Engineering Board of Studies at the PNG University of Technology. As part of his personal commitment to his community he co-founded the Angau Angels Foundation and is currently a Board Director with the Angau Memorial Hospital.

First elected: 2014

DAGIA AKA

Board Director

Dagia is TIPNG's youngest board director. Dagia is a Youth advocate with over five years experience working with young people. He has worked with youth organizations include the Youth Against Corruption Association (YACA), Lasallian Youth Ministry ANZPPNG and The Voice Inc (Clean Generation Campaign). Dagia's highest level of education at this point in time is graduating from Jubilee Catholic Secondary School. Voluntary Positions/ Titles: Social Media Coordinator YACA and Social Media Coordinator Pacific Youth Forum Against Corruption.

First elected: 2016

MAYAMBO PEIPUL

Board Director

First Elected: 2016

JOHN IPIDARI

Board Director

John works with Mineral Resources Authority (MRA) as Manager – Project Coordination and is responsible for supervising 8 Project Coordinators for Papua New Guinea's (PNG) 8 operating mines. MRA regulates mining industry in PNG and John provides advice, facilitates, coordinates and implements project development agreements to promote harmonious, equitable and sustainable relationship between the State and other stakeholders of mining projects. John has 8 years work experience in Mining and 5 years in Petroleum industry. John is also the Acting Chairman and Deputy Chairman and HR Committee Chairman of National Aids Council, Committee member of PNG government's Tax Credit Scheme and also Committee Member of Consultative Implementation & Monitoring Council (CIMC) and Member on Porgera Environment Advisory Committee (PEAK) and Chairman of Angore Oil & Limited Umbrella Landowner Company for PDL 08, Angore Gas Field. John holds a Bachelor of Business (Human Resources Management) - Central Queensland University, Australia and Diploma Business Studies (Accounting) - Divine Word University, PNG.

First Elected: 2016,

PAUL BARKER

Board Director

Paul Barker, from the UK, came to Papua New Guinea in January 1978 and was based in the Highlands for five years with the Primary Industry Department. He headed the economics, marketing and statistics Branch of the Primary Industry Dept until 1988, when appointed special economic sector adviser in the Prime Minister's Department., a post he filled until mid-2004. He was technical adviser with the European Delegation in the Solomon Islands until January 2006, and then appointed Executive Director of the Institute of National Affairs, an independent policy think-tank based in Port Moresby, which addresses a wide range of economic and social issues affecting the country (and manages CIMC, which facilitates government-private sector and civil society dialogue in PNG). He has been a director and chaired various State and civil society organisations in PNG, including National Cultural Commission, Higher Education Board, Research and Conservation Foundation and Business Council of PNG

First elected: 2015

RICHARD KASSMAN, OBE

Board Director

Richard has developed a career over 40 years in insurance & risk management, tourism and more recently in the petroleum sector. He has held managerial roles and Board roles in private sector, government SOE's, professional bodies and civil society organisations. He has worked with multi-national companies incl. in insurance Bowings, Marsh & Sedgwicks, and petroleum with ExxonMobil, Talisman Energy and Total. He has established 3 x start-ups in insurance broking and underwriting.

He served on State Boards of Air Niugini, PNG Waterboard and the Independent Public Business Corporation (IPBC) plus NCDC Supplies & Tenders Committee. He has held executive positions in professional/business organizations incl. PNG Chamber of Mines & Petroleum, PNG Insurance Institute, PNG Insurance Council, Chamber of Commerce & Industry and the PNG Institute of Directors.

The longest serving Chairman of the International Education Agency. He was an inaugural member of the St. John's Ambulance Board. A founding Board member of Transparency International PNG Inc, he is now serving his second term. Sports, he served on the PNG Olympic Committee and was Chef de Mission for the 2015 Pacific Games in Port Moresby.

He was award Order of the British Empire (OBE) in recognition of services to business and community services, and his investiture occurred in 2011 at Buckingham Palace. His current position Director Corporate Affairs with Total E&P PNG Limited he is responsible for Government Relations, Community Relations, National Content & Societal & Environmental Studies covering the Papua LNG Project and other deep water licenses in PNG.

Founding director 1997

IAN SHORT, SBSTJ

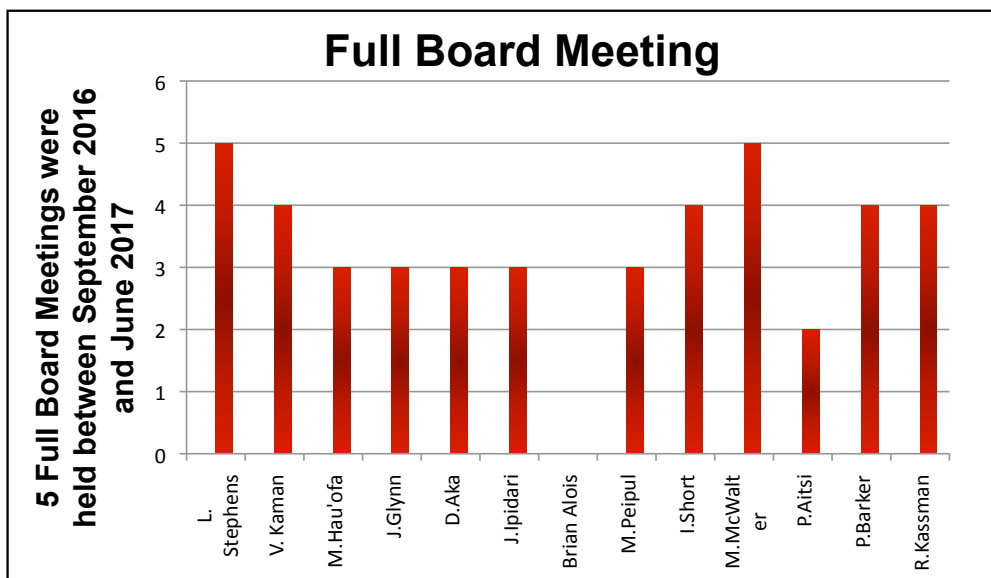
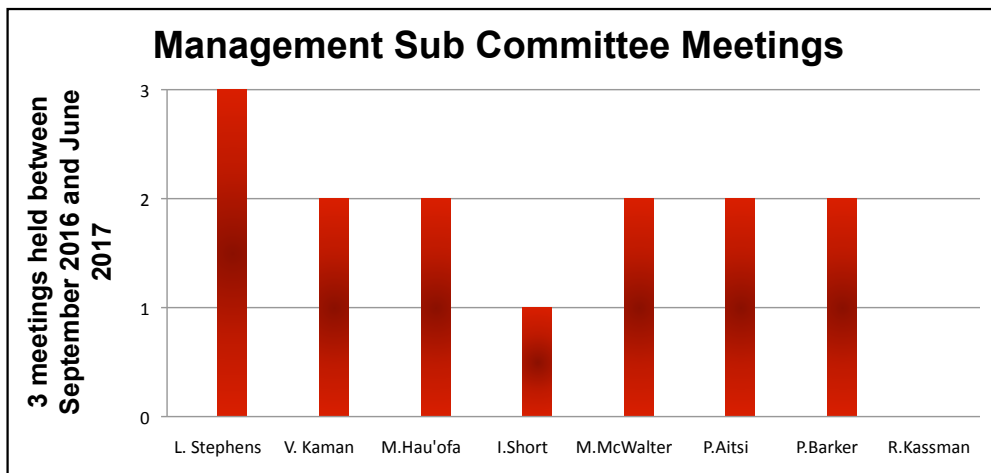
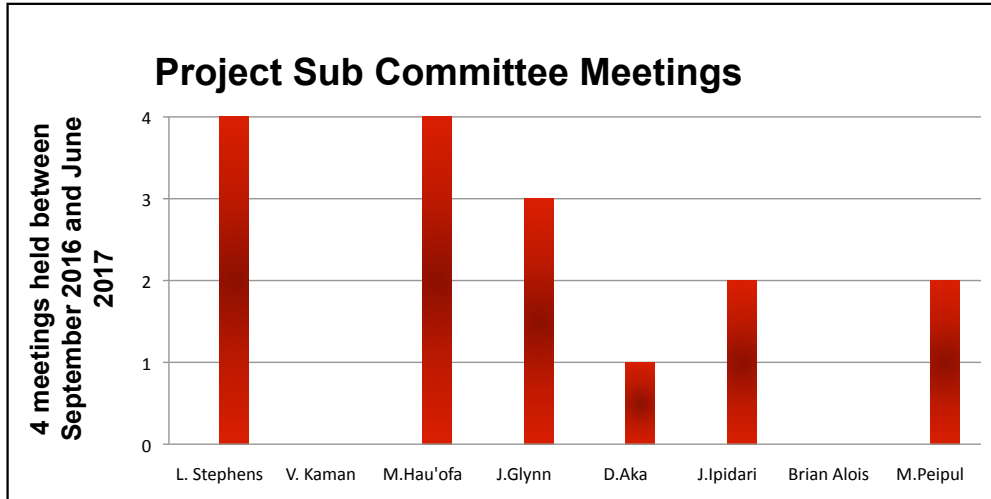
Board Director

Ian has vast experience living and working in PNG since 1964. He was involved in mainly private enterprise operations but there was a three year involvement in 1986 with, now, PNG Power Limited. Ian has many years involvement on a voluntary basis with PNG Scout Association and then both PNG Red Cross and St John Ambulance PNG. Ian first became involved with TIPNG in 2003.

First elected: 2016

Board contribution

Board Directors volunteer their time to ensure the trademark of Transparency International PNG is maintained internally and externally. Board Members are usually the less visible but crucial players in the success of TIPNG. They sit and preside over more than 10 meetings in a year providing guidance and support.





FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

Statement by the Executive Committee

1. The net income for the year ended 31 December 2016 amounted to K387,369 (2015 - K95,229, deficiency).
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 2016 and the results and cash flows of the Association for the year ended 31 December 2016;
 - (b) 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:



Committee Member



Committee Member

Dated in Port Moresby, 30 November 2017



Independent auditor's report

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

Report on the audit of the financial statements

Our opinion

We have audited the accompanying special purpose financial statements of Transparency International Papua New Guinea, Inc. (the Association), which comprise of the Statement of Financial position as at 31 December 2016, the Statement of Income and Expenditure and Statement of Cash Flows for the year then ended and the notes to the special purpose financial statements which include a summary of significant accounting policies and other explanatory information. The special purpose financial statements have been prepared in accordance with the accounting policies set out in Note 1.

In our opinion, the accompanying special purpose financial statements presents fairly the financial position of the Association as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with the accounting policies set out in Note 1 to the special purpose financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the special purpose financial report section of our report.

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

Independence

We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in the Association.

Information other than the financial statements and auditor's report

The committee members are responsible for the annual report which includes other information. Our opinion on the special purpose financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information.

In connection with our audit of the special purpose financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the special purpose financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

PricewaterhouseCoopers

PwC Haus, Level 6, Harbour City, Konedobu, PO Box 484, Port Moresby, Papua New Guinea

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FINANCIAL STATEMENTS

Responsibilities of the committee members for the special purpose financial statements

The committee members are responsible, on behalf of the Association, for the preparation of the special purpose financial statements that presents fairly the matters to which it relates in accordance with the accounting policies set out in Note 1 to the special purpose financial statements and are appropriate to meet the requirements of the Rules of the Association and the needs of the members, and for such internal control as the committee members determine are necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the committee members 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 unless the committee members either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements, as a whole, is 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 ISAs 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 special purpose financial statements.

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the application of the accounting policies set out in Note 1 and reasonableness of accounting estimates and the related disclosures made by the committee members.
- Conclude on the appropriateness of the committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or, if such disclosures are inadequate, to modify our report. Our conclusions are based on our audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with the accounting policies set out in Note 1.

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

Who we report to

This report is made solely to the Members of the Association, as a body, to assist them to meet the requirements of the Associations Incorporation Act 1966 and the Rules of the Association. Our audit work has been undertaken so that we might state to the Members 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 Members of the Association, as a body, for our audit work, for this report or for the opinions we have formed.



PricewaterhouseCoopers



A Judd

Partner

Registered under the Accountants Act 1996

Port Moresby

30 November 2017

This statement should be read in conjunction with the notes set out on pages 9 to 18.

FINANCIAL STATEMENTS

Statement of Income and Expenditure for the year ended 31 December 2016

Note		2016 K	2015 K
Income			
Project income	4	2,371,366	2,683,973
Core income	4	800,562	1,583,828
Total income		<hr/> 3,171,928	<hr/> 4,267,801
Expenditure			
Project expenses		1,826,709	2,683,968
Core expenses		957,850	1,679,062
Total expenditure		<hr/> 2,784,559	<hr/> 4,363,030
Net income/(deficiency) for the year		<hr/> 387,369	<hr/> (95,229)

This statement should be read in conjunction with the notes set out on pages 10 to 18.

FINANCIAL STATEMENTS

Statement of Financial Position as at 31 December 2016

	Note	2016 K	2015 K
MEMBER'S FUNDS			
Member's funds brought forward		204,648	299,877
Net income/(deficiency) for the year		387,369	(95,229)
Total members funds		592,017	204,648
Represented by:			
NON CURRENT ASSETS			
Property and equipment	5	472,492	121,099
Total non current assets		472,492	121,099
CURRENT ASSETS			
Cash	6	611,214	406,260
Accounts receivable	7	504,610	443,471
Total current assets		1,115,824	849,731
Total assets		1,588,316	970,830
CURRENT LIABILITIES			
Creditors and accruals	8	628,909	287,347
Unspent project funds	10	356,761	345,577
Employee provisions	11	10,629	43,924
Total current liabilities		996,299	676,848
NON CURRENT LIABILITIES			
Employee provisions	11	-	89,334
Total non current liabilities		-	89,334
TOTAL LIABILITIES		996,299	766,182
NET ASSETS		592,017	204,648

Signed on behalf of the Executive Committee:



Committee Member

PORT MORESBY

30 November 2017



Committee Member

This statement should be read in conjunction with the notes set out on pages 9 to 18.

FINANCIAL STATEMENTS

Statement of Cash Flows for the year ended 31 December 2016

	Note	2016 K	2015 K
CASH FLOW FROM OPERATING ACTIVITIES			
Subscription and donations received		107,942	168,584
Core income		643,040	1,778,041
Payments to suppliers and employees		(709,719)	(1,933,994)
Net cash flows from operating activities		41,263	12,631
CASH FLOW FROM INVESTING ACTIVITIES			
Interest income		846	66
Purchase of property, plant and equipment		(381,812)	-
Net cash (used in)/flows from investing activities		(380,966)	66
CASH FLOW USED IN FUNDING ACTIVITIES			
Project funding receipts		2,371,366	2,500,000
Project funding utilised		(1,826,709)	(2,545,952)
Net cash flows from/(used in) funding activities		544,657	(45,952)
NET INCREASE/(DECREASE) IN CASH		204,954	(33,255)
CASH AT THE BEGINNING OF THE YEAR		406,260	439,515
CASH AT THE END OF THE YEAR		611,214	406,260

This statement should be read in conjunction with the notes set out on pages 9 to 18.

FINANCIAL STATEMENTS

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.

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

FINANCIAL STATEMENTS

Notes to the financial statements

B. PARTICULAR ACCOUNTING POLICIES (continued)

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

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.

FINANCIAL STATEMENTS

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.

FINANCIAL STATEMENTS

Notes to the financial statements

4. PROJECT AND CORE INCOME

Project income for the period is as follows:

	2016 K	2015 K
Project income - SPSN	1,207,242	120
Project income - JSS4D	921,780	-
Project income - EMPNG/ESSO	103,926	09,966
OPP income - Funds in FCA	39,610	224,048
Project income - UNDP	32,875	-
Project income - Norad	29,770	-
Mining for Sustainable Development Project	2,301	-
Project income - YACA/BHC	19,015	-
Project income - ALAC Pacific	7,370	-
Project income - OGP	7,324	-
Project income - YDC US Government Project	153	-
Project income - SBCE	-	808,323
Project income - PACREDD	-	344,732
Project income - SACLN	-	292,850
YDC Income - SPSN Funding	-	297,690
Project income - CCAC	-	160,585
Project income - YACA	-	107,661
Project income - EITI	-	23,522
FASA Income - BMZ Funding	-	12,806
Sponsorship income - ESSO H/L	-	317
Project income - Voter Ed	-	229
Project income - UCTD	-	142
Project income - DGTP	-	156
Project income - CBCE	-	120
Project income - UNDEF	-	238
ESP3 Project Funds	-	156
FASA Income - FAO Funding	-	156
Project income - DEO	-	156
	<u>2,371,366</u>	<u>2,683,973</u>

Core income for the period is as follows:

Other income	454,535	-
Registration fees	145,724	-
Membership fee- Corporate	102,327	129,936
MFAT Core support grants	92,114	-
Donations	2,806	-
Membership fee- Individual	2,210	5,779
Interest on bank account	846	66
SPSN Core support grants	-	510,839
PINSP Core support grants	-	259,387
WAC fees	-	216,987
Management fees	-	312,926
Project overhead fees	-	107,349
Reimbursements	-	40,559
	<u>800,562</u>	<u>1,583,828</u>

FINANCIAL STATEMENTS

5. PROPERTY AND EQUIPMENT

	Motor Vehicle K	Office Equipment K	Office Furniture K	Work in-Progress K	TOTAL K
Cost					
At 1 January 2015	126,229	220,502	9,698	-	356,429
Additions	-	-	-	-	-
At 31 December 2015	126,229	220,502	9,698	-	356,429
Additions	-	20,152	-	361,660	381,812
Disposals	-	-	-	-	-
At 31 December 2016	126,229	240,654	9,698	361,660	738,241
Depreciation					
At 1 January 2015	78,785	113,554	6,478	-	198,817
Charge for the year	14,233	21,797	483	-	36,513
At 31 December 2015	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
Net Book Value					
At 31 December 2016	23,248	85,257	2,327	361,660	472,492
At 31 December 2015	33,211	85,151	2,737	-	121,099

FINANCIAL STATEMENTS

Notes to the financial statements

6. CASH

	2016 K	2015 K
BSP Operating A/C 1000038232	267,857	90,644
Project Funds Clearing Account	134,288	27,209
SACLN Project Account	116,095	116,261
YDC - BSP 1001327201	49,189	4,556
ALAC Project Account	22,139	-
SBCE Bank Account - BSP	19,833	81,797
UNDEF - ANZ 12822916	1,321	1,427
Petty Cash	400	400
CPS A/C - BSP 1001103665	92	221
OPP - 1013732811	-	39,610
VoterEd. Project Account - BSP	-	22,690
FGI Account - 1001557635	-	10,965
DGTP - BSP 1001526765	-	6,617
DEO Project Account	-	1,183
FASA Project - BMZ Funding	-	1,140
FASA Project - FAO Funding	-	970
UCTD BSP A/C 1001701920	-	473
CAIEI Project Account - BSP	-	97
	<u>611,214</u>	<u>406,260</u>

7. ACCOUNTS RECEIVABLE

	2016 K	2015 K
Accounts receivable	40,859	92,720
Accrued income	-	280,961
Prepayments	17,528	24,075
Other receivables	469,245	241,231
	<u>527,632</u>	<u>638,987</u>
Allowance for doubtful collection – other receivables	(23,022)	(195,516)
Total accounts receivable, net	<u>504,610</u>	<u>443,471</u>

8. CREDITORS AND ACCRUALS

	2016 K	2015 K
Accounts payable	261,140	72,278
Accruals	367,769	215,069
Total creditors and accruals	<u>628,909</u>	<u>287,347</u>

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

FINANCIAL STATEMENTS

Notes to the financial statements

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.

	2016 K	2015 K
UNDEF/GGACE Project		
Balance Brought Forward	1,427	1,665
Receipt	-	-
Expenditure	(106)	(238)
Balance Carried Forward	<u>1,321</u>	<u>1,427</u>
YDC Project		
Balance Brought Forward	4,556	317
Receipt	-	5,000
Expenditure	(1,125)	(761)
Balance Carried Forward	<u>3,431</u>	<u>4,556</u>
FASA Project - FAO Funding		
Balance Brought Forward	970	1,126
Receipt	-	-
Expenditure	(143)	(156)
Balance Carried Forward	<u>827</u>	<u>970</u>
FASA Project - BMZ Funding		
Balance Brought Forward	1,140	1,297
Receipt	-	-
Expenditure	(143)	(157)
Balance Carried Forward	<u>997</u>	<u>1,140</u>
OPP Project - EU Funding		
Balance Brought Forward	39,610	238,051
Receipt	-	38
Expenditure	(39,610)	(198,479)
Balance Carried Forward	<u>-</u>	<u>39,610</u>
OGP		
Balance Brought Forward	-	-
Receipt	14,837	-
Expenditure	(7,324)	-
Balance Carried Forward	<u>7,513</u>	<u>-</u>

FINANCIAL STATEMENTS

Notes to the financial statements

10. UNSPENT PROJECT FUNDS (continued)

	2016 K	2015 K
NORAD Project		
Balance Brought Forward		
- Accrued income (presented as part of accounts receivable)	(18,384)	-
- Unspent project funds	(4,612)	(4,612)
Receipt	116,457	-
Expenditure	(30,336)	-
Balance Carried Forward	63,125	(4,612)
JSS4D Project		
Balance Carried Forward	-	-
Receipt	1,000,000	-
Expenditure	(921,780)	-
Balance Carried Forward	78,220	-
BHC		
Balance Brought Forward	-	-
Receipt	19,216	-
Expenditure	(19,016)	-
Balance Carried Forward	200	-
EMPNG/Esso		
Balance Brought Forward	-	-
Receipt	141,000	-
Expenditure	(103,926)	-
Balance Carried Forward	37,074	-
ALAC Pacific		
Balance Brought Forward	47,696	47,696
Receipt	36,926	-
Repayment to Donor	(7,111)	-
Expenditure	(7,370)	-
Balance Carried Forward	70,141	47,696
DFID		
Balance Brought Forward	13,710	13,710
Receipt	-	-
Expenditure	-	-
Balance Carried Forward	13,710	13,710

FINANCIAL STATEMENTS

Notes to the financial statements

10. UNSPENT PROJECT FUNDS (continued)

	2016 K	2015 K
AUSAID		
Balance Brought Forward	4,764	4,764
Receipt	-	-
Expenditure	-	-
Balance Carried Forward	<u>4,764</u>	<u>4,764</u>
YDC Project/US Government		
Balance Brought Forward	-	-
Receipt	46,440	-
Expenditure	(153)	-
Balance Carried Forward	<u>46,287</u>	<u>-</u>
Mining for Sustainable Development		
Balance Brought Forward	-	-
Receipt	24,188	-
Expenditure	(2,301)	-
Balance Carried Forward	<u>21,887</u>	<u>-</u>
UNDP		
Balance Brought Forward	32,008	32,008
Receipt	-	-
Expenditure	(24,748)	-
Balance Carried Forward	<u>7,264</u>	<u>32,008</u>
SPSN		
Balance Brought Forward	204,308	149,074
Net movement	(204,308)	55,234
Balance Carried Forward	<u>-</u>	<u>204,308</u>

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.

11. EMPLOYEE PROVISIONS

	2016 K	2015 K
Current		
Annual leave	10,629	39,262
Other employee accruals	-	4,662
	<u>10,629</u>	<u>43,924</u>
Non current		
Long service leave	-	89,334
	<u>-</u>	<u>89,334</u>
Total employee provisions	<u>10,629</u>	<u>133,258</u>

THANK YOU

We could not have done all that you've just read about without you!

The staff and Board of Transparency International PNG Inc. would like to extend their deepest gratitude to the following who have supported us in 2016:

All our 2016 individual and corporate members for your financial support and commitment towards the fight against corruption in Papua New Guinea

- The media for being a key player in the anti-corruption campaign
- Civil Society partners involved in the game of good governance
- The Electoral Commission of PNG for the collaboration at the 10th Sir Anthony Siaguru Walk Against Corruption
- 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 2016 Sir Anthony Siaguru Walk Against Corruption
- The Port Moresby US Embassy, Pacific MMI and ExxonMobil PNG Limited for supporting the 9th 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 activities
- For being supportive partners: The Institute of National Affairs (INA), Consultative Implementation & Monitoring Council (CIMC), Family & Sexual Violence Committee (FSVAC), Port Moresby Chamber of Commerce & Industry, Business Against Corruption Alliance (BACA), and the National Research Institute.
- PriceWaterhouse Coopers honorary auditors and KPMG fund managers
- Transparency International Secretariat, Berlin, Germany
- The selfless volunteers that assisted us during the 10th Sir Anthony Siaguru Walk Against Corruption in Port Moresby, Lae and Kokopo
- All citizens of PNG who continue to fight and believe in good actions and principles of justice, equality, transparency and accountability.

NOTES



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