

# Maintaining New Zealand's corruption free reputation

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**SFO FRAUD  
AND CORRUPTION  
CONFERENCE 2019**

PROTECTING NEW ZEALAND'S TAONGA



# Anti-corruption : a joined up approach

Two overarching goals:

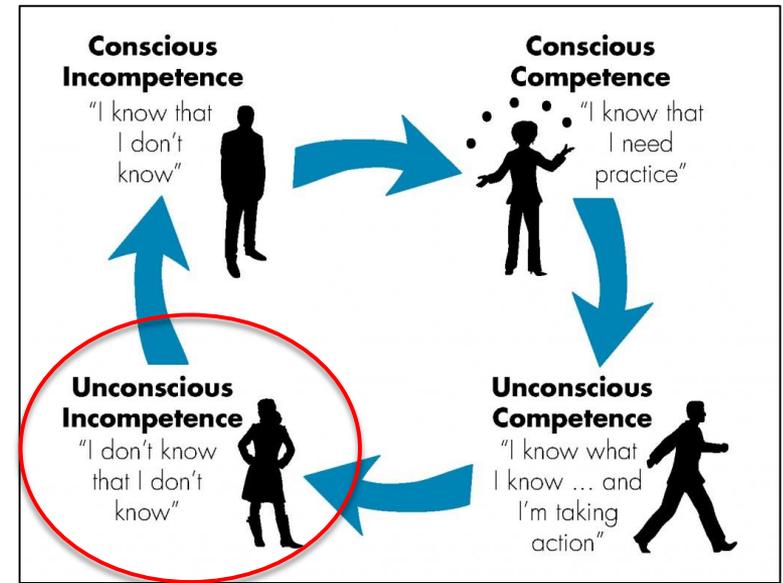
- **Proactively** respond to, and reduce the risks of, fraudulent and corrupt behaviours becoming embedded in New Zealand
- Co-ordinate national and international engagement on fraud and corruption vulnerabilities and support **proactive and consistent** actions by the public, private and not-for-profit sectors.

Through a focus on:

- developing a shared understanding of vulnerabilities
- allocation and expenditure of public money
- procurement, particularly in Local Government
- measurement of savings from prevention efforts
- engagement with industry groups
- providing legislative advice on (MoJ):
  - modernising of the corruption offence framework;
  - deferred prosecution agreements for corruption offences
  - auditor reporting responsibilities

# Kiwi context

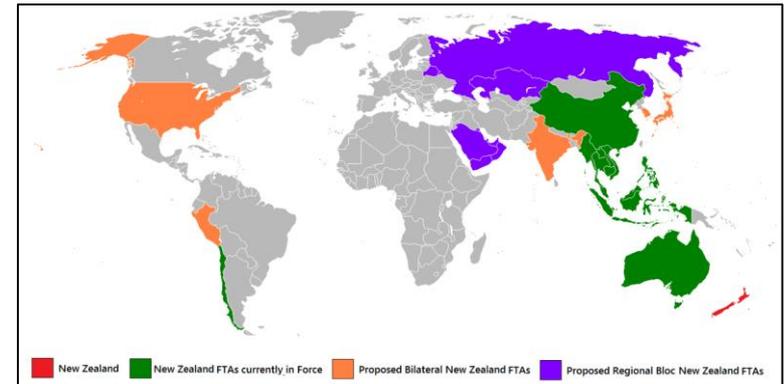
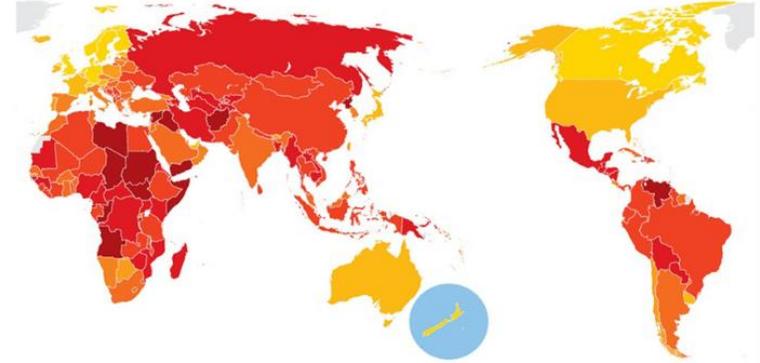
- \$188 million in alleged value for prosecutions brought by the SFO 2017/18 FY
- 51% of NZ organisations have experienced economic crime in the past two years
- The most common types of domestic corruption are
  - undisclosed conflicts of interest
  - inappropriate gifts and favours
  - misappropriation of assets
  - procurement fraud



# Emerging risks and vulnerabilities?

- Population growth
  - New Zealand's population density at 30 June was 18 per km compared with 13 in 1991
  - up to 18,000 per km in Central Auckland
- Wealth distribution
  - wealthiest 1 % have 20 % of all assets and
  - wealthiest 10 % have 59 %.
  - poorest 50% of adults (1.8 million New Zealanders) have just 2 percent of all wealth
- Increase in diversity of trading partners

## CORRUPTION PERCEPTIONS INDEX 2018



# Perception or reality?

- New Zealand has dropped to 2nd in the 2018 Transparency International Corruption Perceptions Index.
- This is due to a significant fall in a single survey, the World Economic Forum Executive Opinion Survey 2018.
- Two survey questions, answered by 66 NZ business executives from January to April 2018



SCORE	COUNTRY/TERRITORY	RANK
88	Denmark	1
87	New Zealand	2
85	Finland	3
85	Singapore	3
85	Sweden	3
85	Switzerland	3
84	Norway	7
82	Netherlands	8
81	Canada	9
81	Luxembourg	9
80	Germany	11
80	United Kingdom	11
77	Australia	13
76	Austria	14

# World Economic Forum Executive Opinion Survey questions

- In your country, how common is it for firms to make undocumented extra payments or bribes connected with the following:
  - Imports and exports
  - Public utilities
  - Annual tax payments
  - Awarding of public contracts and licenses
  - Obtaining favourable judicial decisions
- In your country, how common is diversion of public funds to companies, individuals or groups due to corruption?

**With that in mind...**

# Lately in NZ...

## Banker, lawyer and wife of a property developer guilty over \$54m mortgage fraud

15 Jun, 2018 10:15am

5 minutes to read



Kang Xu, lawyer Gang Chen and former banker Zongliang Jiang, pictured at the start of their trial. Photo / Michael Craig

## Finance consultant guilty over \$41m Auckland hotel fraud

15 May, 2018 9:45am

2 minutes to read



The Waldorf Astoria Apartment Hotel on Anzac Ave in Auckland. Photo / Brett Phibbs

## Two jailed, six leave jobs in country's largest bribery case

23 Feb, 2017 5:00am

4 minutes to read



NEW ZEALAND

## Manager jailed for stealing \$1.2m of Waitangi Trust cash to fund cosmetic surgery and luxury lifestyle

22 Feb, 2019 4:36pm

6 minutes to read



Wallace Te Ahuru was sentenced today on fraud charges. Photo / Brett Phibbs

## Home detention for man who defrauded government-funded disabilities trust

27 Mar, 2018 10:17am

4 minutes to read



Saul Roberts received secret cash payments on 90 occasions, totaling more than \$200,000. Photo / Michael

## Christchurch couple admit stealing \$500,000 from disability trust for lavish lifestyle

19 Jul, 2018 4:48pm

2 minutes to read



The couple plead guilty to defrauding a Government-funded disability trust of nearly \$500,000. Photo / File

# The 'system' response – supporting work



- Police Organised crime work – specifically TNOG, Sport Integrity
- State Services Commission Integrity and Conduct Programme
  - Issuing guidance and standards, e.g. “Speaking Up”
  - Support for agencies to implement the guidance and standards
  - Review of the Protected Disclosure Act (Whistle-blowers)
- OAG work programme – procurement focus

# Next steps

- Focusing on our shared objectives:
  - Show the positive impacts of a joined up approach where all sectors play a role in combatting corruption
  - Provide robust evidence about where there are risks, and have mitigations in place to address these risks
  - Build capacity across the system
  - Adopt a focus on prevention as business-as-usual to ensure future success
- A system of leaders
- Number 1 CPI ranking

