

# Corruption

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Some things you need to know!

SOLGM Conference

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# What is corruption?

- There is no NZ definition of corruption.
- Conventional views
  - Corruption: obtain advantage via misuse of influence, abuse of trust, collusion
  - Asian Development Bank defines corruption as the abuse of public or private office for personal gain
- We find talking about corrupt behaviours more useful from a prevention perspective.

Conduct

Unacceptable conduct

Theft offences

Other dishonesty offences

Misconduct

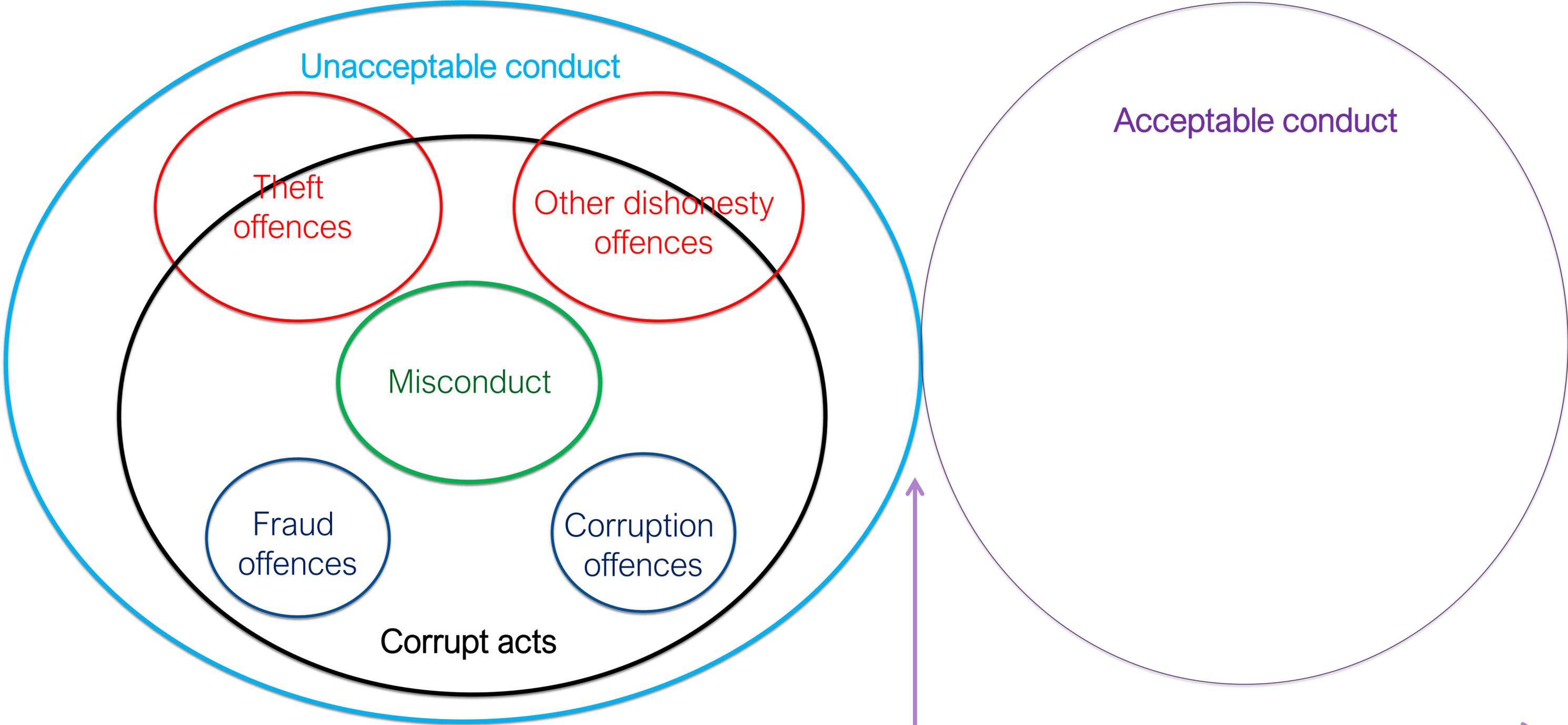
Fraud offences

Corruption offences

Corrupt acts

Acceptable conduct

Opportunity



# Joanne Harrison



- Is an outlier in New Zealand terms
- Stole \$726,000 from Ministry of Transport
- Four charges of using a document (2016)
- Sentenced to 3 years 7 months imprisonment
- Red flag - First questioned about 'dubious' contract in 2014 – claimed genuine misunderstanding
- Red flag - Subject of fraud investigation in Australia – Police contacted MoT
- Subsequently convicted of benefit fraud

# But also not an isolated incident?

## Former Waitangi Trust manager sentenced for stealing \$1.2 million

Imogen Neale · 17:28, Feb 22 2019



SUPPLIED

Wallace Te Ahuru was sentenced at the Papakura District Court on Friday to three years and eight months imprisonment.

The man who stole \$1.2 million from the trust that administers the Waitangi Treaty grounds spent the money on overseas travel, clothing and cosmetic surgery.

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

23 Feb, 2017 5:00am

4 minutes to read



## Fraud investigation after Auckland cake decorator wins contract to build Franz Josef's new sewage plant

15 Mar, 2017 7:18am

4 minutes to read



## 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

## Named: Former Auckland Council official accused of taking bribe

Edward Gay · 11:52, Jul 26 2019

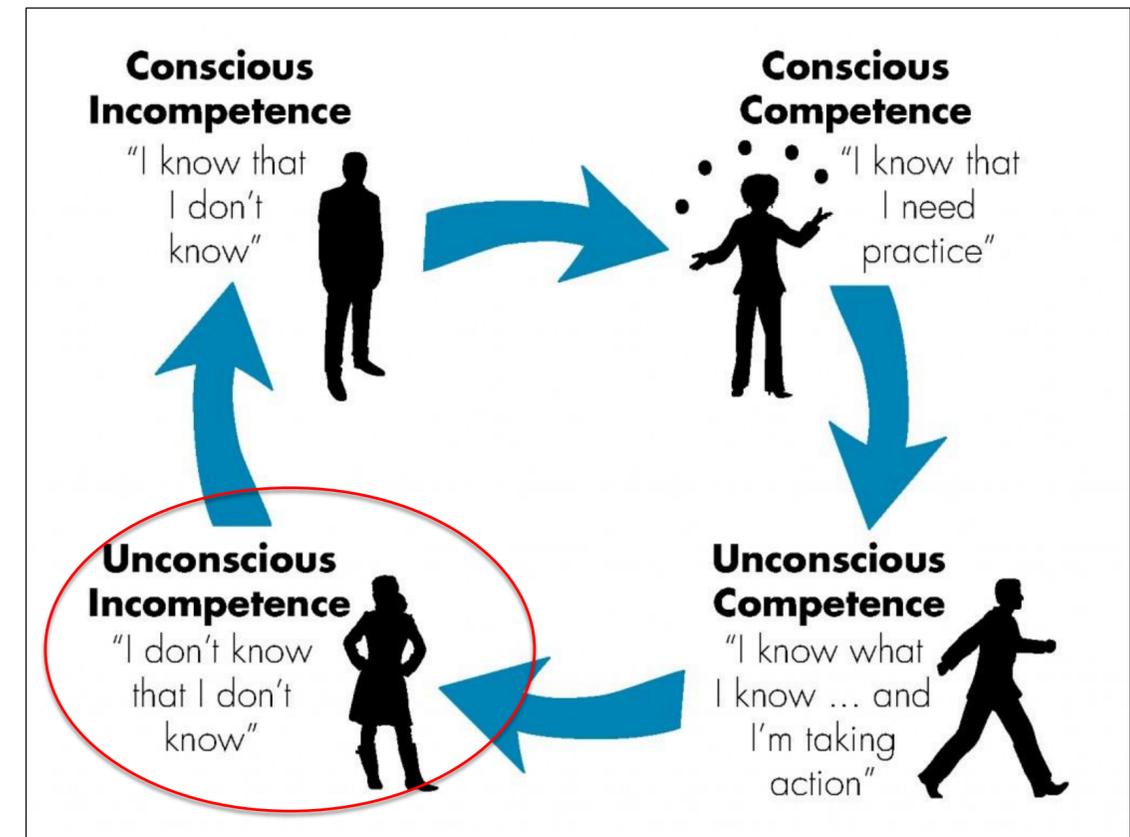


The former Auckland Council worker, Sundeep Dilip Rasila, is said to have taken a \$7500 bribe for awarding a contract initially worth over \$150,000.

A former Auckland Council official accused of taking a bribe in exchange for helping his friend get a council contract worth over \$150,000 can now be named.

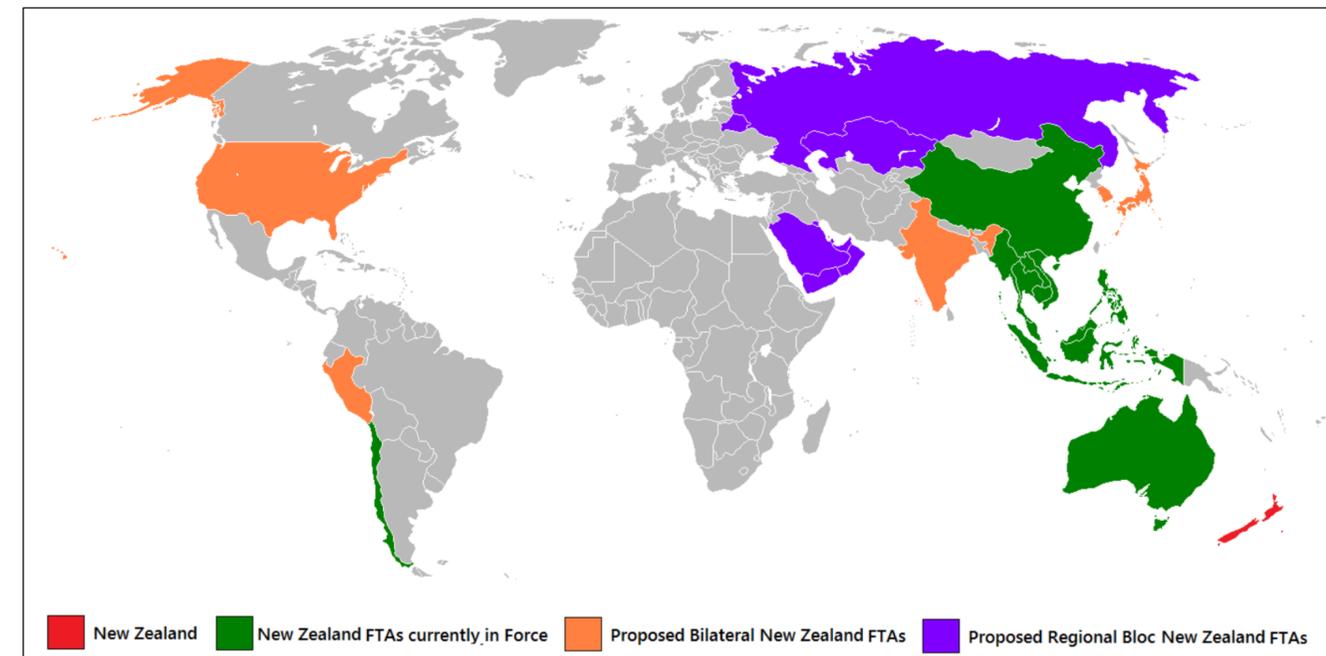
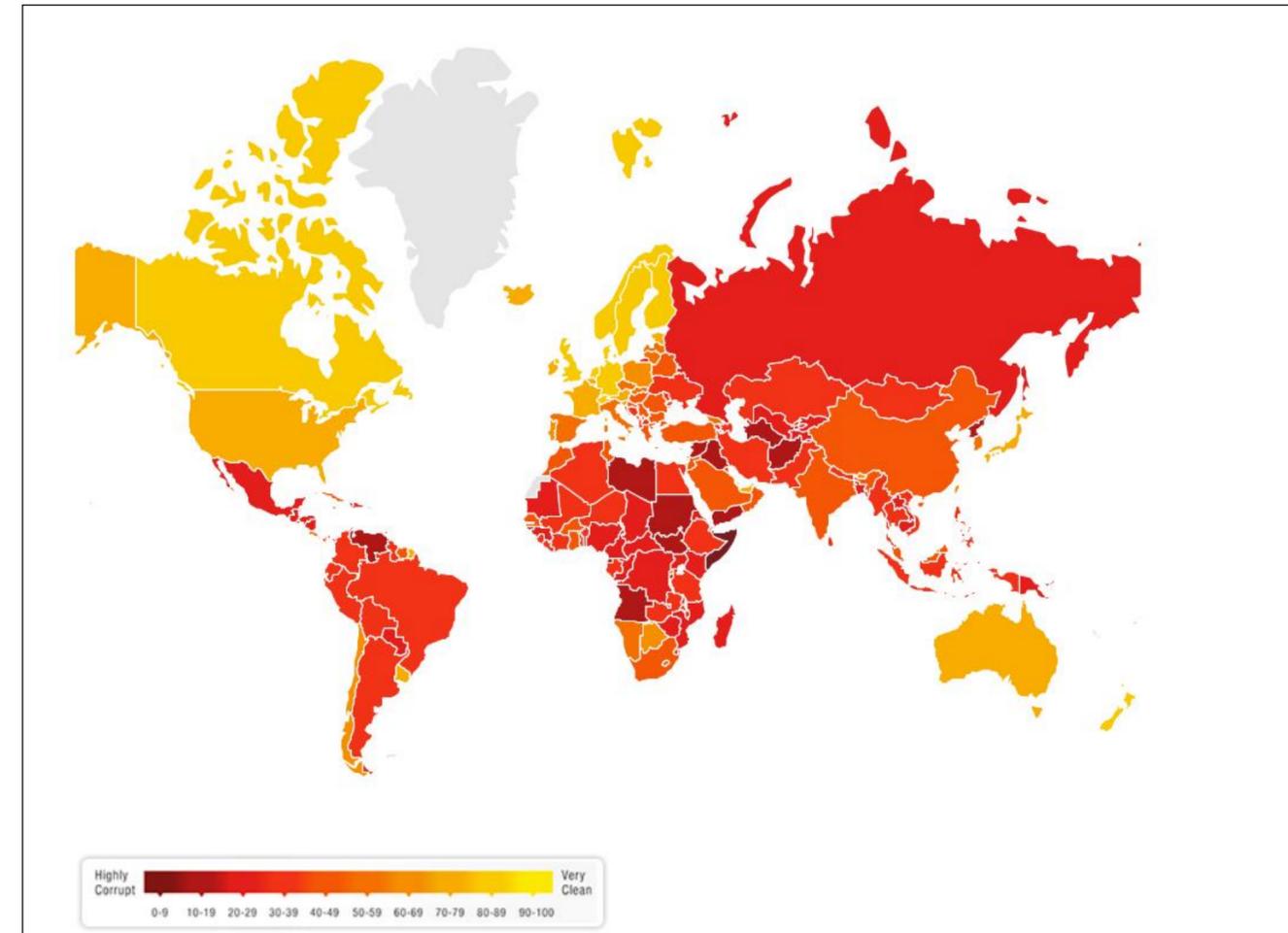
# Kiwi context

- 40% increase in SFO public sector cases since 2014
- Nine out of 20 current SFO investigations are public sector related – two include possible instances of foreign bribery
- 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

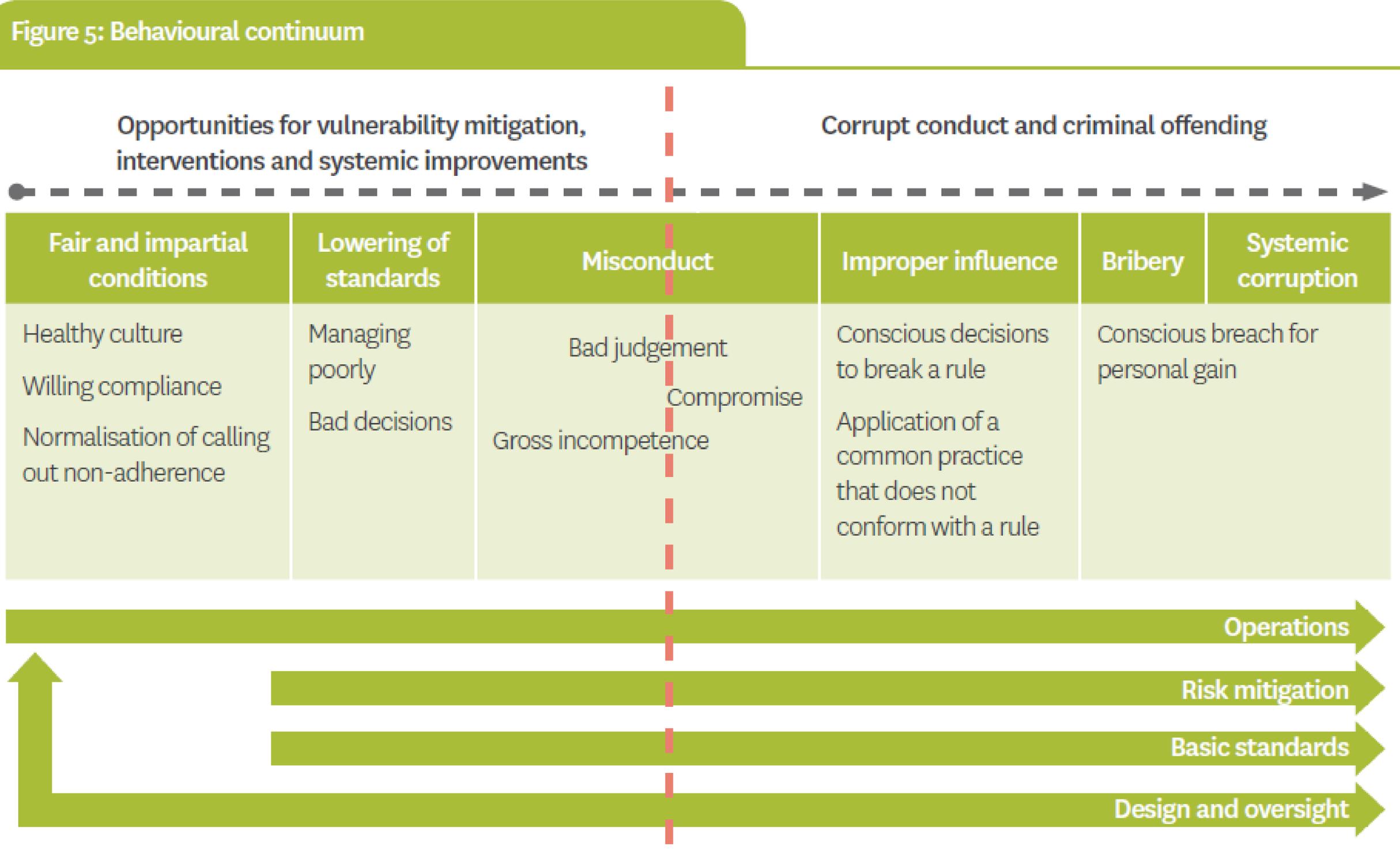


# Emerging risks and vulnerabilities?

- Population growth
  - New Zealand's population density at 30 June was 18/km compared with 13 in 1991
  - Change in demographics
  - up to 18,000/km in Central Auckland
- Wealth distribution
- Diversity of cultural norms
  - willingness to engage in corruption reflects universalistic social norms internalised by people where they grew up (*Barr and Serra 2010, Fisman and Miguel 2008*)
- Increase in diversity of trading partners
- Organised Crime influences
- Trust – New Zealand is characterised by individuals who think the best of one another
- **Complacency....**



# Slippery slope? Cause and effect....



# Corruption myths

<p><b>Bad apples</b></p> <p>Can draw attention away from considering organisational vulnerability and integrity systems as a whole</p> <p>Bad apple then turns in to bad barrel</p>	<p><b>The training fix-all</b></p> <p>Aimed at 'average' employee, which may ultimately be of limited relevance</p> <p>Senior staff model desired behaviour to foster a culture of integrity</p>	<p><b>It is all in the front line</b></p> <p>Non-operational staff may be as vulnerable, and less prepared to respond, to improper approaches</p> <p>Many have similar or higher levels of access to sensitive information and systems to operational people</p>
<p><b>It is all about the money</b></p> <p>Assuming this misses possible indicators</p> <p>Personal benefit might take other forms, such as social reward, ideological satisfaction, or excitement</p>	<p><b>The slippery slope</b></p> <p>Early intervention is possible, if organisation integrity systems are strong, fair and employees have trust in them</p> <p>This empowers staff to take accountability for their decisions, and to report risks</p>	<p><b>No reports = no problem</b></p> <p>Transparency should result in knowing exactly what is going on, the near misses and the fluid nature of risks</p> <p>If nobody is ever raising anything, be concerned</p>

# Misconduct diamond – Harrison context

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## Opportunity

- Limits kept to operational needs
- Regular audit
- 3<sup>rd</sup> party scrutiny
- Central point for integrity reporting

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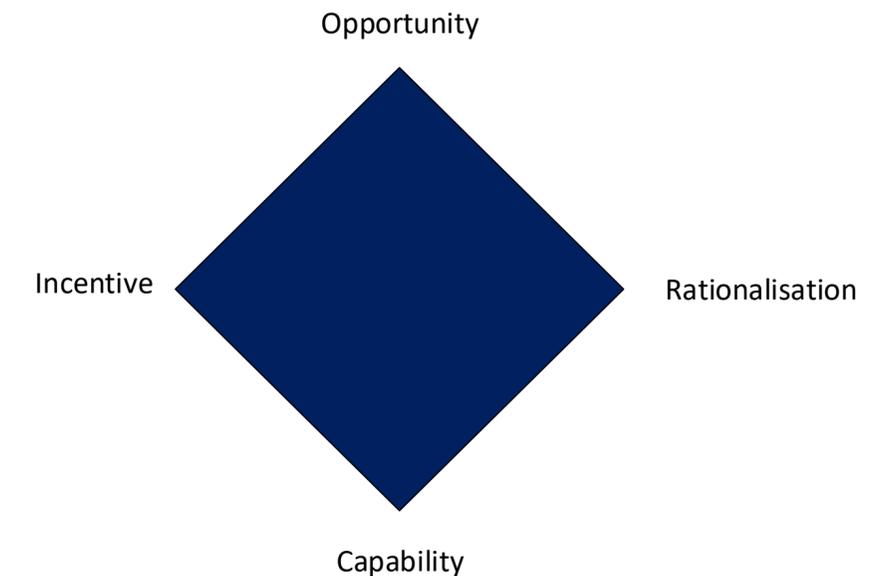
## Incentive

- Employee support
- Whistleblower policies
- Education
- Recognition for values led behaviours

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## Rationalisation

- Clear guidelines
- Integrity applies to all
- Tone at the top/Mood in the middle
- Organisational culture



# How can we help you.....?

- Guidance and training resources, created in partnership with Local Government New Zealand and SOLGM. Based on common themes identified in recent procurement-related prosecutions.
- Visit [www.sfo.govt.nz/detection-and-prevention](http://www.sfo.govt.nz/detection-and-prevention)
- Joint SFO/LGNZ Webinar to be launched in December (available at the above link)
- New section in the LGNZ handbook about corruption
- Further procurement good practice guidance at Ministry of Business, Innovation and Employment and Office of Auditor-General websites
- **Any concerns please contact the SFO. We are happy to talk confidentially**

# The end

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