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## Whistleblowing:

Opportunity  
or  
Threat ?

Transparency International Australia  
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### Questions?

"What presents the most likely threat to your security?:

- A terrorist explosion in the CBD?
- Losing your uninsured home in a bushfire?
- Your super'n "dying" before you do?
- Being mugged on the way home tonight?



### Answer !

"What presents the most likely threat to your security?:

- Your superannuation "dying" before you do?



### USA Experience and Action

Allan Greenspan, Chairman US Federal Reserve said that the main cause of the negative impact on share prices was:

"...the failure for one reason or another to detect and blow the whistle on those who breached the level of trust essential to well-functioning markets."



### UK Experience

Theo Blackwell of The Work Foundation said :

"Transparent, well run organisations will have nothing to fear by providing their employees with an encouraging environment in which they can raise their concerns."



## Australian Experience

- Heightening of interest in corporate governance
- Potential Federal legislation
- State Whistleblowing legislation



## Anonymity

Anonymity is the ONLY true protection for whistleblowers!

- Sarbanes-Oxley Act
- Whistleblowers Protection Act (Vic) 2001
- STOPline



## The STOPline Process

Our success at STOPline depends on:

- Trusted anonymity
- A secure contact system
- Experienced interviewers
- A senior level company disclosure officer



## Myths and Misunderstandings

First challenge is to overcome the Myths and Misunderstandings:

- Malice and mischief



## "Malice and Mischief"

Victorian Office of Public Employment 2002 survey of Public Sector:

- 97% of employees believe those who report corruption are NOT troublemakers
- 65% believed that those who made reports are likely suffer as a result.
- 30% did NOT know where to report the problem



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- Malice and mischief
- Australians don't do it



## "Australian don't do"

- 120,000 calls to Crime Stoppers each year
- EPA in Victoria
  - - 14,700 calls on smokey vehicles (2000/01)
  - - 7,500 calls on litter from cars (6mths)
- Hotlines for
  - Building Industry Taskforce
  - "Be alert, not alarmed" terrorist campaign



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- This is more than a "look good, feel good" thing.



## "More than Look Good, Feel Good"

- Occupational fraud and abuse is estimated at 6% of revenue
  - American Certified Fraud Examiners (Report to the Nation 2002)
- Bullying in Australia costs \$20,000 per occasion
  - Griffiths University 2002



## "More than Look Good, Feel Good"

*McKinsey Research found :*

- *social and environmental governance can improve share prices by up to 18%*
- *50% of investors regard corporate governance as important as financial performance*
- *75% of investors are willing to pay a premium for good governance*



## Myths and Misunderstandings

First challenge is to overcome the Myths and Misunderstandings:

- Malice and mischief
- Australians don't do
- I have an open door policy
- This is more a "look good, feel good" thing.
- Issues will be petty



## The Challenges

- Helping people overcome the myths and misunderstandings of whistleblowing
- Overcoming the fears of middle managers
- Convincing managers that disclosures should be reported at senior management level.



## Conclusion

Underlying principles of good governance are:

- Integrity
- Openness
- Accountability



## Conclusion

- Benefits of using STOPline process:
  - Protecting your assets, people & reputation
- Preserving our society's and personal economic security
- Ensures all stakeholders have confidence in your company



Protecting your Assets,  
People & Reputation  
[www.stopline.com.au](http://www.stopline.com.au)