

PARLIAMENT OF NEW SOUTH WALES

COMMITTEE ON THE ICAC

R E P O R T O N

FIFTH INTERNATIONAL ANTI-CORRUPTION CONFERENCE

8 - 12 MARCH 1992

AND

HONG KONG STUDY TOUR

11 - 18 APRIL 1992

COMMITTEE MEMBERSHIP AND STAFF



MJ Kerr MP
(Chairman)



BJ Gaudry MP



JE Hatton MP



PR Nagle MP



AA Tink MP



JH Turner MP



Hon JC Burnwoods MLC



Hon DJ Gay MLC
(Vice-Chairman)



Hon SB Mutch MLC



Ms R Miller
(Clerk)



Mr DM Blunt
(Project Officer)



Miss GC Penrose
(Assistant Committee Officer)

COMMITTEE FUNCTIONS

INDEPENDENT COMMISSION AGAINST CORRUPTION ACT 1988

- "64 (1) The functions of the joint Committee are as follows:
- (a) to monitor and to review the exercise by the Commission of its functions;
 - (b) to report to both Houses of Parliament, with such comments as it thinks fit, on any matter appertaining to the Commission or connected with the exercise of its functions to which, in the opinion of the Joint Committee, the attention of Parliament should be directed;
 - (c) to examine each annual and other report of the Commission and report to both Houses of Parliament on any matter appearing in, or arising out of, any such report;
 - (d) to examine trends and changes in corrupt conduct, and practices and methods relating to corrupt conduct, and report to both Houses of Parliament any change which the Joint Committee thinks desirable to the functions, structures and procedures of the Commission;
 - (e) to inquire into any question in connection with its functions which is referred to it by both Houses of Parliament, and report to both Houses on that question.
- (2) Nothing in this Part authorises the Joint Committee -
- (a) to investigate a matter relating to particular conduct; or
 - (b) to reconsider a decision to investigate, not to investigate or to discontinue investigation of a particular complaint; or
 - (c) to reconsider the findings, recommendations, determinations or other decisions of the Commission in relation to a particular investigation or complaint."

CHAIRMAN'S FOREWORD

Earlier this year, along with Peter Nagle MP and the Committee's Project Officer, David Blunt, I attended the Fifth International Anti-Corruption Conference. In April the entire Committee (with the exception of John Hatton MP who was not able to come due to pressure of work) visited the Hong Kong ICAC.

As a result the Committee has significantly increased its knowledge base on anti-corruption issues and has compiled a vast amount of documentary material of direct relevance to its work. I decided to have this report prepared so that this material and information could be placed before the Parliament, made available to other Members of Parliament, and made available to members of the public with an interest in anti-corruption issues. As mentioned in the report, copies of conference papers and other documentary material are available to be inspected in the office of the Committee Secretariat upon request.

The report is divided into two parts. The first part deals with the Fifth International Anti-Corruption Conference, and the second part deals with the Committee's Hong Kong Study Tour. Each part includes a summary of key issues of relevance to NSW. I would emphasise that the issues identified are put forward to encourage discussion. No definitive recommendations are made.

I would personally like to draw attention to the two papers from the Fifth International Anti-Corruption Conference which are reproduced in appendix one. These papers were highlights of the Conference and they deal with issues of considerable relevance to NSW. The paper by Ron Goldstock discusses the inter-relationship between organised crime and corruption. The paper by Thomas Thacher outlines an innovative approach to safeguarding large public sector capital works projects from corruption.

I would particularly like to place on the record my thanks to Ginetta Balestrin of Daniel Travel for her tireless work in efficiently handling the Committee's travel arrangements. I would also like to thank the Hon Neil Pickard and his staff, particularly Elizabeth Hill, for their assistance with the program for the delegation in London.



M J Kerr MP
Chairman

TABLE OF CONTENTS

COMMITTEE MEMBERSHIP	ii
COMMITTEE'S FUNCTIONS	iii
CHAIRMAN'S FOREWORD	iv

PART ONE - FIFTH INTERNATIONAL ANTI-CORRUPTION CONFERENCE

BACKGROUND	2
PLENARY SESSIONS	3
Official Opening	3
Defining Corruption	3
Corruption and Social/Cultural Context	3
Corruption as Process	4
The Administration as Amplifier of Corruption	4
Empirical Knowledge on Strategies for Corruption Control	5
Controlling Corruption as a Social Responsibility	5
Organised Crime and Corruption	5
Money Laundering	6
Social Integrity in a New World Order	6
WORKSHOPS	7
Expected Consequences of Internationalisation for Corruption in Different Regions	7
Mismanagement and Corruption	8
Corruption and Community Relations	9
Money Laundering	11
Self Control of Corruption in the Private Sector	11
Public Opinion and Corruption: The Role of the Press	13
Organised Crime and Corruption: The Police	14
Sociological and Ethical Aspects of Corruption	15
PANEL DISCUSSION	17

NSW CONTRIBUTION	18
Ann Reed, ICAC	19
Peter Nagle MP	33
Malcolm Kerr MP	42
David Blunt	48
KEY ISSUES FOR NSW	60
Global Perspective: Democratisation and Administrative Reform	60
Organised Crime and Corruption	61
Corruption Prevention and Public Education	61
Evaluation	62
Strategic Intelligence and Identification of Trends	62
Police Corruption: Issues New and Old	62
Money Laundering	63
LONDON APPOINTMENTS	64
Serious Fraud Office	64
House of Commons: Register of Members' Interests	65
Royal Commission on Criminal Justice	66

***PART TWO -
HONG KONG STUDY TOUR***

BACKGROUND	68
HONG KONG ICAC	69
Background information on its history, structure and work	70
ICAC BRIEFINGS	91
Operations Department	91
Operations Review Committee	93
Inspection of Operations Department Premises	99
Corruption Prevention Department	99
Community Relations Department	109
G Group	113
GOVERNMENT OFFICIALS	115
Ombudsman and Police Complaints Committee	115
Legislative Council	116
Attorney-General	118
Royal Hong Kong Police	119

PRIVATE SECTOR	121
Bankers Association	121
Stock Exchange	121
ACADEMICS AND LAWYERS	123
RELEVANT ISSUES FOR NSW	124
Operations Review Committee	124
Complaints Committee	125
Advisory Committee	125
Professional Advisory Panels	126
Staff Training	126
Sanctions Against False Reports	127
Strategic Intelligence	127
Education: Strategies	127
Education: Competition with other Government Agencies	128
Police Complaints	128
APPENDIX ONE: KEY PAPERS DELIVERED AT FIFTH INTERNATIONAL ANTI-CORRUPTION CONFERENCE	130
<u>"Organised Crime and Corruption"</u> Ronald Goldstock, Director, New York State Organised Crime Task Force	131
<u>"Combating Corruption and Racketeering: A Successful New Strategy for Reforming Public Contracting in New York City's Construction Industry"</u> Thomas Thacher, Inspector General, New York City School Construction Authority	143
APPENDIX TWO: BIBLIOGRAPHY ON THE HONG KONG ICAC AND CORRUPTION IN HONG KONG	172