

***PART ONE***

**Fifth International  
Anti-Corruption Conference  
8 - 12 March 1992**

## **BACKGROUND**

**T**he concept of an International Anti-Corruption Conference first arose at an inter-agency discussion on anti-corruption work hosted by the Hong Kong ICAC in 1982. Since then five International Anti-Corruption Conferences have been held, in Washington (1983), New York (1985), Hong Kong (1987), Sydney (1989) and Amsterdam (1992).

The Conferences aim to provide a venue for an exchange of information about corruption and anti-corruption strategies. The conferences have gained a reputation for stimulating discussion on new methods of addressing corruption and fostering greater co-operation between anti-corruption agencies. The conferences are attended by law enforcement officers, senior public servants, lawyers, politicians and researchers with an interest in anti-corruption work. The conference in Amsterdam was attended by over 270 delegates from more than 50 countries.

The theme of the Fifth International Anti-Corruption Conference was "Looking to the Future: the control of corruption in a perspective of growing internationalisation". Within this theme there was a focus upon the consequences of growing internationalisation for corruption in different regions, with a particular focus (through a number of workshops) upon the implications of political union in Europe. Other key issues discussed included the link between organised crime and corruption, and corruption prevention and education programs.

The Committee was first advised of the Amsterdam conference by the NSW ICAC in mid-1991. The NSW ICAC sent two delegates to the Conference: Ms Ann Read, Director of Corruption Prevention; and Mr Tim Robinson, Deputy Director of Operations. In late 1991 the committee resolved that it should be represented at the Conference and, following endorsement by the Parliamentary Presiding Officers, Malcolm Kerr MP (Chairman), Mr Peter Nagle MP and the Committee's Project Officer, Mr David Blunt, were registered as delegates.

Set out below is a brief summary of each of the major papers presented at the Conference. Where possible each of the Committee's delegates attended different workshops so that as many as possible could be covered. As stated in the Chairman's foreword, copies of most of the papers are held in the office of the Committee Secretariat and are available for inspection. Two of the key papers are reproduced in full as an appendix to this report, and the papers presented by the Committee's delegates and Ann Reed of the ICAC are reproduced in full later in part one of the report.

## PLENARY SESSIONS

### OFFICIAL OPENING

The conference commenced with a brief welcoming speech from Mr Peter van Vollenhoven, President of the Police and Society Foundation, the organisation which organised and hosted the Conference. This was followed by a brief opening speech by the Dutch Minister for Justice, Dr E Hirsch Bullin. The most interesting point to emerge from these brief speeches was Mr van Vollenhoven's assertion, later commented upon from the Conference floor, that the Netherlands has no real "tradition" of corruption or the fight against it, and that corruption had never attracted much public attention in the Netherlands.

### *John A Gardiner - Defining Corruption*

The first paper presented was from a US academic, John A Gardiner from the University of Illinois, Chicago. Mr Gardiner's paper on "Defining Corruption" is of a very high quality. It begins by distinguishing corruption by public officials from other similar problems such as: abuse of office by public officials; business corruption, fraud, theft, abuse, error and fraud; and organised crime and racketeering. Mr Gardiner's paper then discusses different means of defining corruption: legal; public interest; and public opinion definitions. The paper then briefly discusses variations amongst nations about definitions of corruption. Finally there are some conclusions about the significance of definitional issues. These conclusions include a reminder of limitations inherent in many legal definitions of corruption and the importance of public opinion and public awareness of the costs of corruption. Finally Mr Gardiner's paper includes a useful bibliography of key texts in relation to the study of corruption.

### *Mr Bellevance - Corruption and Social/Cultural Context*

Mr Bellevance represented the United Nations secretariat at the Conference, and presented a paper on behalf of the Development Administration within the UN's Department of Economic and Social Development. Mr Bellevance's paper provides a brief overview of studies of corruption in a number of developing countries in Africa, Asia and South America. The point is made that corruption is a complex phenomenon, upon which cultural, social and economic contexts each have a significant impact. The paper also refers to a UN sponsored Inter-Regional Seminar on Corruption in Government held in 1989, which identified ethical training for public

servants and public service codes of ethics as important initiatives in addressing corruption. The paper also briefly discusses the UN's program on public administration and finance which is aimed at providing assistance in the modernisation of public administration, particularly in developing countries. Following Mr Bellevance's presentation there was some vigorous discussion from the Conference floor about a perceived delay in the implementation by the UN secretariat of a number of specific recommendations which arose from the 1989 Inter-Regional Seminar referred to above.

***Professor Michael Johnston - Corruption as Process: Lessons for Analysis and Reform***

Professor Johnston is another US academic - he is a Professor of Political Science at Colgate University in New York. His paper begins with a historical survey of the development of corruption as a concept. Professor Johnston makes the point that corruption and reform "exist in a kind of dialectic with one another" in an ever changing state of flux. He states that vigorous political debate about corruption and indeed corruption scandals can be signs of hope, precursors to significant reform. However, for such reform to be successful it must reconcile the state's actions with society's expectations - laws must be changed to fit society and social standards must be modified. Professor Johnston's paper discusses two attempts at reform in the corruption area, one successful and one not successful. He describes the campaign finance reforms in the US after Watergate as a failure and puts this failure down to serious weaknesses in the political processes which developed the reforms. Little effort was made to properly delineate the specific aspects of the Watergate scandal or to link proposed reforms to these particular problems. The fact that the reforms have been a failure means that public expectations were raised and then seriously disappointed, resulting in increased public cynicism and apathy. In contrast Professor Johnston describes the work of the Hong Kong ICAC as a success due to the substantial attention given to public education and the public opinion surveys conducted by the Commission.

***Professor L van Ostrive - The Administration as Amplifier of Corruption***

Professor Ostrive is both an academic and a Belgian member of the European Parliament. Professor Ostrive's presentation was basically a case study of corruption within EC administration, with particular reference to the administration of EC agricultural subsidies. In addition to detailing quite shocking levels of corruption and fraud in the administration of agricultural subsidies, Professor Ostrive's paper seeks to identify the structural factors which have led to this situation. He identifies a number of factors which are "corruptogenic", that is, they have actually encouraged or provided opportunities for corruption. These corruptogenic factors include: unclear legislation and overly complex regulations; inadequate control mechanisms; and inequitable application of policies between regions.

***Peter Allan - Empirical Knowledge on Strategies for Corruption Control***

Peter Allan is the Commissioner of the Hong Kong ICAC. His presentation was one of the best attended and attracted considerable attention at the Conference. Basically, it was an overview of the Hong Kong ICAC and a description of its work. This paper is produced in full in part two of this report, as it provides a fairly thorough yet very readable overview of the Commission in the Commissioner's own words.

***Mrs M E Vazquez Nava - Controlling Corruption as a Social Responsibility***

Mrs Vazquez Nava is the Secretary of the Federal Controllershship General, which is an initiative of the Mexican Government against corruption. Her presentation was largely an outline of the role of the Controllershship General and other steps taken by the Mexican Government in the area of administrative reform and corruption prevention. Her papers emphasises the need for popular participation in corruption prevention and in the processes of Government generally and describes ways in which the Mexican Government has sought to involve the public in the monitoring of the public service and in the management of public resources. In answer to a question from the floor about how public participation in such programs could be sustained she replied that the community must be able to continually see the benefits of such participation. Unfortunately, and perhaps due to problems in translation, Mrs Vazquez Nava's paper is not very readable and reads a little like rhetoric/propaganda.

***Ronald Goldstock - Relationship between Corruption and Organised Crime***

Mr Goldstock has been the Director of the New York State Organised Crime Task Force since 1981. He is also Professor of Law at Cornell University. Each of the Committee's delegates agreed that Mr Goldstock's presentation was the highlight of the Conference. Mr Goldstock's paper discusses the inter-relationship between organised crime and corruption. It begins by outlining the different ways in which organised crime seeks to corrupt officials or use corrupt officials in the legislative, criminal justice and executive arms of Government.

The paper then turns to industrial corruption, specifically addressing the factors that make various industries more susceptible to corruption and racketeering. Throughout these sections of the paper factual examples are used to illustrate Mr Goldstock's points. Finally, the paper outlines a non-traditional approach being employed by the New York State Organised Crime Task Force to deal with organised crime and industrial corruption. This is the program whereby Certified Investigative Auditing Firms (CIAF's) are sent into companies found to have engaged in illegal or unethical behaviour. The CIAF's report both to the organisation and to law enforcement agencies, and are required to devise strategies for the reform of the organisation's internal controls and practices so as to reduce opportunities for fraud and corruption.

Due to the significance Mr Goldstock's paper the Committee has reproduced it in full as an appendix to this report, so as to encourage the widest possible reading and analysis of it in NSW.

***Professor Dr P Arlachi - Corruption, Organised Crime and Money Laundering World-Wide***

Professor Arlachi is an Italian academic, Professor of Sociology at the University of Florence, and an internationally renowned expert on the subject of money laundering. Professor Arlachi's paper begins by suggesting that the laundering of money originating from criminal operations should be seen in the context of the huge growth of international financial transactions which have nothing if anything to do with trade or real economic activity. He says that 95% of daily international financial transactions (about \$175M US per day) is made up of "hot" capital on the look out for short term speculative liquid assets. Within this volume of "hot" capital is "grey" capital, where the identity of the owner is concealed, and "dirty" money, that exists as a result of criminal activity. The key point in the process is that where organised crime integrates "dirty" money into the ordinary institutions of international finance. Professor Arlachi then goes on to discuss in some detail the sources of "dirty" money. Significantly, he lists illegal arms trading as high as illegal drugs in this regard. He then discusses the high levels of "off the books" capital which is moved internationally largely in order to evade taxation. Professor Arlachi says that it is significant that many of the same institutions/havens etc. used to launder "dirty" money are now being used expressly in order to avoid taxation on capital which may be quite legal in its origins. Professor Arlachi then adds to the discussion the role of flight capital leaving developing countries. He suggests that much of this flight capital is the proceeds of corruption and has been exported illegally by elites in developing countries, adding considerably to the debt crisis faced by their countries. In conclusion, Professor Arlachi points out that the considerable role of "dirty" money within the huge volume of speculative capital being transferred internationally has grave implications for the stability of the international financial system.

***Professor Dr Jan Tinbergen - Social Integrity in a New World Order***

Professor Tinbergen is Emeritus Professor of Development Planning at Erasmus University, Rotterdam. Professor Tinbergen's paper was fairly general. It sought to place the problem of corruption in the wider context of other pressing global issues - international security, environmental issues, sustainability and the poverty of underdeveloped countries - all of which require greater international co-operation if they are to be addressed. Professor Tinbergen's paper suggested that in the years ahead there would be a need for increasing levels of development assistance and that this would lead to greater opportunities for corruption. Professor Tinbergen called for the development of preventative measures to ensure against such corruption.

## WORKSHOPS

### *WORKSHOP I - INTERNATIONALISATION/REGIONAL DIFFERENCES*

**T**his workshop was attended by the Committee's Project Officer, who found the presentations and discussion to be of varying quality and relevance.

#### *Jim Buckle - Expected Consequences of Internationalisation for Corruption in Different Regions*

Mr Buckle is presently Deputy Director of Operations with the Hong Kong ICAC and is due to take over as Director of Operations later this year. His presentation was excellent. It basically dealt with the trends in corruption in Hong Kong as identified by the ICAC and set out the major corruption issues facing Hong Kong and surrounding countries in the next few years. Mr Buckle began by referring to extensive statistics on corruption reports which are kept by the Hong Kong ICAC. These tend to suggest that whilst Police corruption has largely been tackled, private sector corruption is becoming increasingly significant in Hong Kong. Mr Buckle's paper then discusses what the Hong Kong ICAC sees as the most serious corruption problems: passport rackets and illegal immigration; credit card fraud facilitated by corruption; and drug trafficking activities connected with or facilitated by corruption. Finally, Mr Buckle discusses the liaison between the Hong Kong ICAC and other investigative agencies in the region, with specific reference to the People's Republic of China.

#### *Dr Stephen Riley - Corruption in Africa*

Dr Stephen Riley is a British academic, who has written on corruption issues in Africa and is co-editor of the journal "Corruption and Reform". His presentation was most interesting and attracted considerable controversy. Dr Riley's paper discusses the process of democratisation and administrative reform which is presently happening in Africa and the impact of these developments on the serious corruption problems in that continent. He suggested that these developments were largely a result of the end of the Cold War and the new willingness of western nations to make aid conditional upon administrative reform and democratisation. He made particular reference to the British Government and the World Bank in this regard. Dr Riley then went on to talk about the considerable difficulties facing African states in their efforts to simultaneously introduce democratic, administrative and economic reforms. A number of delegates from African states were extremely critical of Dr Riley's paper,

particularly so far as it endorsed the new conditionality of western aid. A number of delegates criticised the lack of consultation with African people and administrators in the formulation of these western, "paternalistic" policies. They were also critical of the conference organisers for not inviting an African or Africans to speak and for allowing a European to purport to speak about corruption in Africa.

***Luis Vazquez Cana - Public Service in the Strategy to Combat Corruption***

As with Mrs Vazquez Nava who gave a presentation at a plenary session of the conference, Mr Vazquez Cana was also representing the Mexican General Controllershship. Unfortunately Mr Vazquez Cana's paper was very general and added little to Mrs Vazquez Nava's presentation, discussing the initiatives of the Mexican Government in addressing corruption. One of the few additional points made was to draw attention to the difficulties faced by many Latin American countries as they adopt austerity measures which result in declining living standards and therefore greater pressure for corruption.

***WORKSHOP II - MISMANAGEMENT AND CORRUPTION***

This workshop was attended by the Committee Chairman, Malcolm Kerr MP.

***Mrs Joyce Blalock - Mismanagement and Corruption***

Mrs Blalock is a senior professional corruption control officer, having served as an Inspector-General in two large US government agencies. Her paper seeks to distinguish mismanagement from corruption and then suggests strategies for addressing these problems - audit type tools for mismanagement and criminal investigative procedures for corruption.

***Professor Gerald Caiden - The BCCI Affair***

Gerald Caiden is Professor of Political Science at the University of Southern California. He has published widely on issues of administrative reform. Professor Caiden's paper discusses the Bank of Credit and Commerce International Affair as a case study of mismanagement and corruption. It is a brief, readable paper and is particularly critical of the failure of regulatory bodies to uncover the problems in the BCCI.

***Professor G W Lynch - Policing the Police***

Professor Lynch is President of the John Jay College of Criminal Justice in New York. Professor Lynch's paper discusses the question of civilian oversight of Police. The paper outlines the procedures for such oversight in relation to the New York City

Police Department, that is the Civilian Complaint Review Board.

***Tony Scott - Mismanagement and Corruption***

Tony Scott is the Director of Corruption Prevention with the Hong Kong ICAC. His paper discusses specific examples of the corruption prevention work of the Hong Kong ICAC. The areas covered include: purchasing of high value technical equipment; contract management; monitoring of waste dumping; supervision of Environmental Protection Department field staff; driver examinations; licensing of restaurants; and performance assessment of public housing building contractors. The paper then briefly discusses the difficulty in measuring the effectiveness of corruption prevention.

***WORKSHOP III - CORRUPTION AND COMMUNITY RELATIONS***

This workshop was attended by Peter Nagle MP

***Professor Dorothy Bracey - Corruption and Community Policing - the role of the Gift***

Dorothy Bracey is Professor of Anthropology and Criminal Justice of John Jay College of Criminal Justice at the City University of New York. She was recently a visiting fellow at the NSW Police Academy in Goulburn. Professor Bracey's paper is most interesting and very readable. It is concerned with the changing focus of policing from "professional" policing to "community" policing and the different approaches to police corruption which this change requires. Whilst "professional" policing was about enforcing the law impersonally and involved junior police having little discretion, "community" policing involves police interacting on personal level with communities and individuals with a view to helping people in trouble. Furthermore, it involves junior police being required to exercise initiative. While "professional" policing was in vogue anti-corruption efforts relied upon regulations and the reduction of opportunities for corruption.

Under "community policing, Professor Bracey argues that the work of police officers becomes more professionally and personally satisfying, thereby removing some of the incentive for corruption. However, opportunities for officers to receive small gifts increase, and Professor Bracey suggests that narrow policies about gifts need to be rethought. She gives a number of examples of small gifts provided to police which appear to fit into the "community" policing model but which would be prohibited under traditional anti-corruption approaches. Finally, she argues that for "community" policing to be successful police education and training needs to be improved, particularly in-the-field training.

***Mr KWAN Wing-Wah - Community Relations and Corruption***

Mr Kwan is Director of the Community Relations Department of the Hong Kong ICAC. His paper basically enunciates what he sees as key ingredients for an effective community relations approach to the problem of corruption, based upon the experience of the Hong Kong ICAC. These include: a favourable political environment (with support from the highest levels of Government); clear policy objectives; a comprehensive program (involving publicity, preventive education; moral education, and local community liaison); intensive use of mass media and interpersonal approaches; objective scientific research (involving regular research and public attitude surveys); and adequate resources.

***WORKSHOP IV - ACCOUNTANCY AND CORRUPTION***

This workshop was on at the same time as workshops I, II and III. It was not attended by any of the Committee's representatives and therefore it is not possible to provide an account of the workshop. However, the titles of the various papers are listed below.

***Professor Dr J A van Manen - Fighting Corruption: What Can Accountants Do?***

***Dr A J E Jansmen - The Integrity of the Profession: Questions, Doubts, Solutions.***

***Judge Peter Garde - A Banking Tragedy and Other Danish Stories of Accountancy and Auditing.***

***WORKSHOP V - CORRUPTION IN EUROPE I***

This workshop clashed with workshops IV, VII and VIII and was not attended by any of the Committee's representatives. The titles of the various papers are listed below.

***Mr A Smeetes - Dealing with Fraud and Irregularities within the scope of the European Agricultural Guidance and Guarantee Fund.***

***Professor Dr J A E Vervade - Fraud Against the Communities; Community Control Legislation and Member - States Responsibility***

***Professor Dr P Bernasconi - Corruption of Officers of E C Members: Legal Measures to Trace and Seize Proceeds "Laundered" outside the EC.***

## ***WORKSHOP VI- MONEY LAUNDERING AND BUSINESS SERVICES***

This workshop also clashed with others being attended by Committee representatives. However, the Committee has copies of the papers delivered at this workshop and brief summaries are provided below.

### ***Mr Jim Buckle - Money Laundering and Business Services***

Mr Buckle is Deputy Director of Operations with the Hong Kong ICAC and will be taking over as Director of Operations later this year. Mr Buckle's paper outlines the legislative provisions in relation to money laundering in Hong Kong and also the investigative agencies involved in combating money laundering in Hong Kong. Of most interest, his paper also includes a case study of a recent ICAC investigation. This is the case of Warwick Reid the former Crown Prosecutor recently convicted of corruption offences. The case study outlines the efforts that Mr Reid went to to launder the proceeds of his crimes and the ways in which he was caught.

### ***Mr J Italianer - Banks and Money Laundering***

Mr Italianer is a partner in a Dutch legal firm. His paper outlines the increasing co-operation from banks in efforts to detect and prevent money laundering, such as reporting of transactions. Mr Italianer suggests that the reporting of suspect transactions is more useful than the mandatory reporting of transactions above a certain amount. Mr Italianer draws attention to the problem of countries which do not have reporting requirements, and calls for the head offices of major banks to pay particular attention to the practices of their foreign offices in countries with a questionable attitude to money laundering.

### ***Mr J Koers - Current Methods and Techniques of Money Laundering***

Mr Koers is a senior Dutch Public Prosecutor. His paper provides a comprehensive description of methods and techniques of money laundering. The steps are identified as: placement of bulk cash proceeds of crime into the legitimate financial system; layering or disguising the audit trail of illicit proceeds through complex layers of financial transactions; and integration to provide the proceeds with legitimacy. Various methods within each step are discussed. Mr Koer's concludes that the weak link in money laundering is at the placement stage and that this is the area to which law enforcement agencies should be turning their attention.

## ***WORKSHOP VII - SELF CONTROL OF CORRUPTION IN THE PRIVATE SECTOR***

This workshop was attended by both Mr Peter Nagle MP and the Committee's Project Officer, David Blunt.

***Mr Thomas D Thacher - Combating Corruption and Racketeering: A Successful New Strategy for Reforming Public Contracting in New York City's Construction Industry***

It was largely in order to hear Mr Thacher's presentation that Mr Nagle and Mr Blunt attended this workshop. Mr Thacher is the Inspector-General of the New York City School Construction Authority. His work was praised by Mr Goldstock in his presentation as an example of a successful initiative in corruption prevention. The New York City School Construction Authority was created in 1988 to rebuild New York's rundown education facilities, a huge \$US 4.3 billion public works program. New York's construction industry, including public works, have been particularly vulnerable to corruption and organised crime. The establishment of the Office of the Inspector General of the School Construction Authority was an effort to protect this new authority from organised crime and racketeering. Mr Thacher's paper outlines the creation of the Office of the Inspector General; the principles which are central to the Office's operations; the mission statement, methodology and structure of the Office; and the relationship between the Office and the School Construction Authority. The paper then discusses a hypothetical case study which demonstrates the intelligence, investigative and reform work of the Office. Finally, the paper describes some of the achievements of the Office, particularly institutional reforms. This paper has been included, along with Ron Goldstock's paper, as an appendix to this report.

***Mr G H M Lugger - Business Interest or General Interest***

Mr Lugger is a former Dutch Police officer who is now Security Manager at a motor vehicle factory in the Netherlands. His presentation outlined the self-regulatory mechanisms put in place within the motor vehicle industry in the Netherlands to minimise corruption. Unfortunately a written copy of Mr Lugger's paper was not available.

***Professor Gerald Caiden - Public Disillusion and Organisational Self-Policing***

Gerald Caiden is Professor of Political Science at the University of Southern California. His paper outlined a number of recent efforts at self-regulation of US industries which have had a reputation for corrupt practices, such as the defence industry. He was generally sceptical about the value or genuineness of such self-regulation. There was some interesting discussion at the conclusion of Professor Caiden's paper about how self-regulation could be made to work or at least made more effective. The role of external auditors was discussed and it was generally agreed that there was a need for ethical training for professionals such as auditors and lawyers in relation to their public interest obligations. Attention was also drawn to the question of legislative or other mechanisms to require auditors to report matters to outside agencies.

**WORKSHOP VIII - PUBLIC OPINION AND CORRUPTION: THE ROLE OF THE PRESS**

This workshop was attended by Mr Malcolm Kerr MP

***Professor Jack Doppelt - "All the Corruption that's Fit to Print" International Coverage of the Manuel Noriega Trial***

Jack Doppelt is a former journalist and now Associate Professor in the Medill School of Journalism at the Northwestern University, Chicago. His paper examines the media coverage of the recent trial of Manuel Noriega in the US on drug and corruption charges. This trial promised to reveal extensive details of international corruption, money laundering, drug cartels, assassination plots and embarrassing information on the activities of the CIA. However, media coverage of the trial was extremely limited. Professor Doppelt's paper outlines the highs and lows of media coverage during the trial and attempts to analyse the reasons for the cursory level of this reporting. The reasons put forward include: concerns about the credibility of witnesses; the fact that Noriega as a personality was lost in the plethora of corruption revealed in the trial; and the lack of timeliness of the matters for which Noriega was being prosecuted (dating back to 1984 - 1986).

***Alan Doig - A Lack of Respect: The Decline of Investigatory Journalism in the United Kingdom, 1980 - 1992***

Alan Doig is a British academic and editor of the journal "Corruption and Reform". He has published widely on the subjects of corruption and conflicts of interest, including a recent book entitled "Westminster Babylon". Mr Doig's paper begins by describing the golden age of investigative journalism and its results in terms of corruption inquiries in the late 1960's and 1970's. He then describes the decline in investigative journalism in Britain during the 1980's which he puts down to five factors. Firstly, economic factors, technological changes and changes in the ownership and organisation of newspapers has resulted in a decline in resources devoted to press investigatory journalism. Secondly, the Thatcher Government was extremely critical of any journalists/programs which criticised the Government and sought to undermine their credibility. Thirdly, greater use has been made of defamation actions against investigatory journalists. Fourthly, there has been a lack of Governmental or Parliamentary action in relation to matters exposed by investigatory journalism during the 1980's. Lastly, the Thatcher Government's reforms to the BBC and commercial television resulted in a down-playing of the importance of current affairs programs. Mr Doig concludes that the decline in investigatory journalism in Britain in the 1980's demonstrates that the media's role as an accountability mechanism is neither formalised, guaranteed or constant, and indeed is subject to manipulation by Government.

***Ann Reed - Public Awareness of Corruption and Prevention***

Ann Reed is the Director of Corruption Prevention with the NSW ICAC. Her paper deals with such issues as the ICAC's relationship with the media and strategies for getting across the ICAC's corruption prevention and public education messages. The paper also outlines the ICAC's work to date in the area of public attitude surveys and research about perceptions of corruption. Ms Reed's paper is reproduced in full in the section of the report on the NSW Contribution to the Conference.

***WORKSHOP IX - ORGANISED CRIME AND CORRUPTION: THE POLICE***

This workshop was attended by Mr Malcolm Kerr MP, and the Committee's Project Officer, David Blunt. Unfortunately, of the three presentations during this workshop, the only written paper made available was that of Mr Markham.

***Professor C Fijnaut - Organised Crime and Police Corruption***

Mr Fijnaut is presently Professor of Criminology and Penal Law at Erasmus University in Rotterdam. He is also a former Police officer. Professor Fijnaut discussed the differences between "police corruption" and "police crime", reviewed the recent literature on police corruption, and outlined some recent case studies of police corruption in the Netherlands. Efforts are being made to obtain a copy of Professor Fijnaut's written paper.

***Mr P Walter - Police and Corruption: the German Experience***

Mr Walter is a Senior Police Officer, "Kriminaldirektor", from Frankfurt. During his presentation Mr Walter spoke at a very practical level about methods used by organised crime to corrupt police officers. These methods included offers of sex (prostitution) and status (such as free tickets to prestigious sporting events). He also raised concerns about the susceptibility of young police officers, who have themselves used illegal drugs, to corruption in relation to illegal drugs. Efforts are also being made to obtain a copy of Mr Walter's written paper.

***Mr G Markham - Wider Definitions of "Organisation" and "Corruption: Their Influence on Prevention and Dilemmas in Investigating Corruption in the Police Organisation***

Mr Markham is the Assistant Chief Constable (Operations) of the Essex Police Service in the UK. Mr Markham's presentation was most interesting and his written paper is extremely readable. His paper focused on a particular form of police corruption - perversion of the cause of justice to engineer a conviction - from within the police service rather than corruption resulting from the influence of organised crime. He spoke with great authority about a recent investigation he had conducted into the Metropolitan Police in London. This related to the conviction of Winston

Silcott for the murder of Police Constable Keith Blakelock in 1985. Subsequent to concerns being raised with the Home Secretary about the notes of interviews made by the Police officers who originally interviewed Mr Silcott, Mr Markham was appointed to conduct an inquiry into the original police investigation. Mr Markham's paper outlines the procedures by which he conducted his inquiry including selection of the investigating team and preparation of his report. After Mr Markham presented his report the Home Secretary referred Mr Silcott's case to the Court of Appeal. Mr Silcott's appeal against his conviction was granted in November 1991. In December 1991 summonses were issued against the two police officers who conducted the original investigation into the Blakelock murder. Mr Markham concluded by asserting that this investigation demonstrated the value of outside Police investigating allegations of serious corruption within a Police Service.

#### ***WORKSHOP X - CORRUPTION IN EASTERN EUROPE***

#### ***WORKSHOP XI - CORRUPTION IN EUROPE II***

Neither of these workshops, which clashed with workshops IX and XII, were attended by representatives of the Committee. Unfortunately, neither written papers or even a list of speakers at these workshops were available.

#### ***WORKSHOP XII - SOCIOLOGICAL AND ETHICAL ASPECTS OF CORRUPTION***

This workshop was attended by Mr Peter Nagle MP

#### ***Mr C B Leite - Marx, Freud, Einstein - and Corruption***

Mr Leite is an industrial relations expert and is Secretary General of the "Lento de Estudos de Previdência Social". Mr Leite's brief presentation focussed upon the suggestion that the spread of corruption is the result of a moral crisis whereby individuals feel themselves exempted from personal accountability. The title comes from the contributions of Marx, in asserting that the individual is the slave of social organisations and forces, and Freud, in stating that the individual is the product of subconscious forces determined by family antecedents. Furthermore, Einstein's theory of relativity has been misconceived as contributing to relativism, whereby there is no absolute truth or valid set of moral values. He thus suggests that a fundamental object of public education in relation to corruption prevention must be to restore concepts of personal responsibility and accountability.

***Professor Yvonne Andrews - Ethics in the Education and Training of Bureaucrats***

Professor Andrews is a South African academic from the University of Pretoria. Professor Andrew's paper begins by arguing the need for ethical education and training for bureaucrats as an effective tool in preventing corruption. The paper then goes on to set out the sort of issues that need to be included in curricula for ethical education and training. Finally a modular ethical education and training program is described, combining reading, practical exercises and case studies. The emphasis of this proposed program is on raising the consciousness of bureaucrats of the powers they wield and the ethical environment in which they work, as well as increasing their appreciation of accountability mechanisms.

## *PANEL DISCUSSION*

*I*n addition to papers from Professor Arlacchi on Money Laundering and Professor Tinbergen on "Social Integrity in a New World Order", (see summaries above) the last day of the Conference included a Panel Discussion.

The discussion was chaired by Professor Maurice Punch and included a number of the major speakers at the Conference. It is significant to note that Ann Reed from the NSW ICAC was invited to join the other distinguished figures in this discussion. The panel discussion was designed to summarise some of the key issues raised at the Conference. Peter Alan, Commissioner of the Hong Kong ICAC, discussed the value of a comprehensive public education and corruption prevention program and the need to demonstrate to the private sector that corruption prevention is in their best interests. Ann Reed also emphasised the need to market prevention strategies and argued that incremental reform is worthwhile and should be seen in a positive light. Other participants on the panel discussed: the question of industry self-regulation, and suggested that "the jury is still out" on this question; the need for proper evaluation of anti-corruption programs; and the need for analysis of the systematic conditions or context necessary for anti-corruption programs to be successful (pluralistic political systems, free press etc.). Some of the more interesting questions from the floor touched upon the implications of privatisation and reductions in the size of Government for corruption opportunities, and the role of trade unions and employer organisations in anti-corruption programs. In this regard Ann Reed noted that public sector managers sometimes use industrial relations as an excuse for resisting corruption prevention reforms (eg. stating that unions would never accept certain reforms). She also noted that unions provided useful sources of sometimes different information about the implementation of corruption prevention programs in public sector agencies.

## *NSW CONTRIBUTION*

**A**s mentioned above Ann Reed from the NSW ICAC was invited to participate on the panel discussion on the final day of the conference. Together with her paper "Public Awareness of Corruption and Prevention", this meant that her contribution to this conference was significant. In addition to this, the Committee's three representatives each gave a paper during a "free papers" session at the Conference. These papers are reproduced on the following pages. [It should be noted that the fact these four papers are grouped together does not mean the views expressed in these papers are necessarily shared by the Committee as a whole or by the ICAC.]

## PUBLIC AWARENESS OF CORRUPTION AND PREVENTION

Ann Reed, Director of Corruption Prevention  
NSW Independent Commission Against Corruption, Australia

The New South Wales Independent Commission Against Corruption (ICAC) was established in March 1989 to combat corruption in the public sector of New South Wales (NSW), which is the most populous State in Australia.

The ICAC is independent of the government of the day, and the Commissioner is appointed by the Governor of NSW for a maximum 5-year term. The ICAC sets its own agenda, but is accountable for its decisions to two statutory bodies. One is an Operations Review Committee, which reviews any decision not to investigate a complaint. The other is a Parliamentary Joint Committee, which reviews the exercise by the ICAC of its functions. That Committee has no role in operational decisions.

Three major strategies to combat corruption are described in the ICAC Act:<sup>1</sup> investigation, corruption prevention and public education. They are set out as 11 "principal functions" in the Act (Appendix 1). Only two of these deal directly with investigation of corrupt conduct. All others involve the ICAC in review, advice, education, co-operation and communication with public sector bodies and the public.

Each of the three major functions puts a strong emphasis on public awareness. That involves expanding the community's understanding of what constitutes corruption, how it is manifested, what is being done about it and how individuals can help. The long term goal is to change public attitudes so that apathy is reduced and public involvement in the fight against corruption is enlisted.

### Public awareness of investigations

From March 1989 to January 1991 the ICAC commenced 48 formal investigations of which 32 have been completed.<sup>2</sup> Any investigation involving a public hearing must be the subject of a report to Parliament, and the Act directs that public hearings are to be preferred to private ones. So far 18 investigations have been the subject of reports to Parliament, and those reports have been made public (Appendix 2).

The ICAC regards the public hearing / public report process as one of its most valuable tools for education. The hearings and reports, and the media coverage of both, bring details of corrupt activities to the public's attention; but more importantly, they provide the opportunity to explain structures, circumstances and cultural environments which allow corruption to occur.

---

<sup>1</sup> Independent Commission Against Corruption Act, 1988

<sup>2</sup> Figures at June 1992 were 53 investigations commenced, 45 completed.

Investigation reports invariably contain commentary and recommendations on issues underlying the factual events uncovered. The reports are written in plain language and widely distributed to the media, public authorities and libraries. The public is encouraged to obtain copies.

#### *The "19 Key Issues" booklet*

But of course investigation reports are somewhat specialist in nature and must contain a good deal of information presented in a formal way. It is unlikely that many ordinary people will read them. Recognising this, the ICAC decided last year to prepare a short publication which summarised key issues from published investigation reports over the first two years of its operation.

The "19 Key Issues" booklet tells simple stories and presses home important messages about the nature of corruption and how it might be prevented. About 100,000 copies were distributed to public and private sector organisations through a targeted mailout, and it has been widely used as educational material, both by the ICAC and other public authorities. It contains a very short outline of each investigation report and a tear-out enabling readers to order copies of the reports themselves, for free. Response to the tear-out order has been significant.

Work on a second Issues Booklet is nearing completion,<sup>1</sup> this time including issues deriving from formal corruption prevention projects as well as from investigations.

#### **Corruption Prevention - is reform boring?**

The second major function is corruption prevention. Five of the principal functions set out in the Act relate to this work. It deals not with individual acts but with systems and culture. In the long term, it will have the greater impact on reducing corruption.

Exposure and prosecution or disciplinary action against corrupt individuals can remove the offender but they do not eliminate the problem. They generally work only as damage control. Firm action against offenders can send a warning message to others that corruption will not be tolerated. Nevertheless, if the organisational systems and culture remain unchanged, the circumstances allowing corruption at one time will let it happen again.

Proposals for reform are directed to the organisations concerned, for implementation. That will achieve changes to faulty systems. But they need exposure in the media to bring the issues to public attention, if we are to achieve changes in culture, both organisational and popular. Using the popular press - or being used by it - is a perennial problem.

---

<sup>1</sup> Completed and published April 1992

It raises questions about effective and appropriate information management. In short, there is a fine line to be trodden by an agency like the ICAC between making serious efforts to disseminate important information, and playing the popular press at its own game of media manipulation.

#### *Confidential v public reports*

One important consideration has been the relative merits of confidential and open reporting of corruption loopholes in government systems. The ICAC's Corruption Prevention Department has now commenced 7 formal corruption prevention projects, 4 of which have been completed to date (Appendix 2).<sup>1</sup>

For the first two projects, a detailed report was provided to the organisation in confidence, and only a summary released publicly, containing a brief outline and the main findings and recommendations. The reasoning was that if corruption prevention reports exposed opportunities for corruption, the agency should be allowed sufficient time to plug the loopholes before the details were made public. Indeed, the ICAC itself might otherwise be held responsible for advertising how to abuse the system.

The summary reports were brought to the attention of many other government organisations to whom the issues were relevant. It soon became apparent that a summary could not satisfactorily impart the complexities of problems and solutions. The public summary approach was less than ideal in spreading the word about reform, even to organisations with a direct interest, let alone the wider public. A decision was made that future corruption prevention reports would be made public in full, excepting only any detail which could lead directly to abuse. That could be provided to the key agency in a confidential supplement.

The Commission's opinion is that the current strategy is the better one, but that cannot be stated conclusively until there have been more public reports. However, the response from public sector organisations and the press has been encouraging.

#### *Scandal is sexier than reform*

A second consideration is how well the media can be relied on to get the message right without direction. In our experience, it is far harder to co-opt the media to broadcast news about corruption prevention than about investigation. Scandal is front page news; reform is less "sexy".

This was demonstrated during the course of a lengthy investigation into land development during the ICAC's first year (*Report on Investigation into North Coast Land Development*, July 1990). The investigation dealt with attempts by public officials and private agents to manipulate the land development process,

---

<sup>1</sup> At June 1992, the figures were 12 projects commenced, 5 completed

through lobbying and political donations.

Two State government Ministers were involved in, but not central to, the investigation. However, media presentation of the hearings and the final report focussed heavily on those individuals, while glossing over the report's findings and recommendations which had important implications for management of the development process and election funding mechanisms. As Frank Anechiarico says in *Remembering Corruption*<sup>1</sup> :

*The obsession with the personal virtues and vices of public employees has obscured a more mundane, but more significant determinant of corruption: the structure of laws, rules and formal bureaucratic authority that shapes the behaviour of public servants and remains in place, even after corrupt politicians are behind bars.*

#### *A proactive approach*

A third consideration is the ability to predict with reasonable certainty the outcome of a proactive approach to media output. During the one-month period before Christmas last year, the ICAC undertook a proactive campaign to put out a series of articles featuring ICAC activities on the education and corruption prevention fronts. They included the ICAC's sponsorship of Youth Week, the release of a corruption prevention project report, and a series of three articles on ethics issues with which ordinary people would identify readily: gifts and benefits for public servants; use of public resources like telephones, photocopiers and cars; and whistleblowing.

The corruption prevention project dealt with the buying and selling of local council vehicles. A full public report was issued with a media release to national, state and local press, radio and television (*Corruption Prevention Project: Purchase and Sale of Local Government Vehicles*, December 1991). A concerted attempt was made to focus attention on information which would have media appeal.

The report exposed corruption opportunities (though not specific corrupt dealings), mismanagement and inefficiency, involving a waste of public funds which was quantified from a sample of transactions in two councils. Press coverage of the release was widespread in country papers - some 20 ran the story - although it appeared in only one of the daily papers in Sydney. Similarly, the series of articles on ethics was featured in about 20 country and suburban papers.

Of course, the media grab can have its down side. In this case, one of the councils examined by the project reacted strongly to media exposure of inefficiencies and loopholes in its system, which had an inbuilt preference for

---

<sup>1</sup> Frank Anechiarico, "Remembering Corruption: Charter revision and the elusive lessons of scandal in New York City", in *Corruption and Reform* 5 (1990):109-124

local suppliers. That council had co-operated with the project, under no duress, and no corruption had been exposed - facts which were clearly stated in the report and the media release. However, the council embarked on a concerted campaign of letter-writing, complaining that the ICAC had "sensationalised" matters in the media release, and particularly that the headline ("Cars, Councils and Corruption") implied corrupt activities where none had been found.

Clearly, the impact of different media strategies needs careful consideration. The media is quick to run with information about individuals, and that is appropriate when individual acts of corruption have been demonstrated. But the potential is always there for media reporting to affect individuals even when the system is the real focus.

#### Public awareness - what we know

The ICAC, in undertaking its public education function, has been active in bringing information about the ICAC and the nature of corruption to public attention through the media, and through campaigns directed at special target groups including children and those whose first language is not English. The latter have on occasion become victims of corrupt dealings by members of their own ethnic group. This was evidenced in the ICAC's extensive investigation into driver licensing, which revealed that some foreign-language instructors were bribing driver examiners on behalf of their clients, often without the clients' knowledge (*Report on Investigation into Driver Licensing*, December 1990).

The ICAC has so far conducted two series of public attitude surveys. They cannot be regarded as robust indicators of changes in attitude, because of limited sample size and the short period of time involved. However, some useful broad indicators have been obtained which point the way to more detailed research. Those indicators are also factors in determining public education strategy.

The surveys show that 85% of people in NSW believe there is corruption in the public sector. That figure has remained steady through almost three years of survey.

Of particular interest are reactions to three statements designed to expose apathy or concern about corruption.<sup>1</sup>

*There is serious corruption and efforts must be made to stamp it out.* 71%

*There is so little corruption it's not worth worrying about.* 7%

*You can never stamp out corruption so it's a waste to try.* 22%

---

<sup>1</sup> Responses averaged from 2 series each of 3 surveys: March & October 1989, May 1990; December 1990, May & December 1991.

The significant majority of people in NSW believes that corruption exists and should be dealt with. That is not altogether surprising, given a history of public sector corruption over the last twenty years, exposed through several inquiries and court proceedings during the 1980s. The present state government came to power in 1988 with the fight against corruption a major plank of its election platform. The setting up of the Independent Commission Against Corruption was a direct result.

#### *The effects of corruption*

Also interesting, and perhaps more surprising, were the responses to a series of propositions about the effects of corruption in the public sector. Respondents were asked if they agreed with the following statements:

<i>Corruption costs taxpayers money.</i>	92%
<i>Corruption means important decisions may be made to suit an individual, company or political party rather than for the overall good of society.</i>	87%
<i>Corruption means some people achieve power which puts them above the law.</i>	78%
<i>Corruption can cause delays for the public wanting services because others are "jumping the queue".</i>	77%

The proposition that corruption costs taxpayers money is the one people feel most strongly about. That result goes against a perception, perhaps more popular amongst law enforcers than management reformers, that the most damaging aspect of public sector corruption is in the establishment of illicit power structures. That perception is one which the media encourages by focussing on powerful political or bureaucratic figures, even though they may have an insignificant role in events under examination.

#### *Media activity*

A press monitoring agency provides the ICAC with a daily collection of news clippings gathered from newspapers published in Sydney (metropolitan and suburban), NSW country and capital cities in other States of Australia. The monitoring is broad and extends beyond issues of corruption to include all matters pertaining to government, law and order and public management.

A rough analysis was carried out to get a feel for the representation of articles specifically mentioning the ICAC. It involved a count of the total number of articles provided by the monitoring service on three days selected to represent different circumstances for ICAC and external activity, and the proportion of the total specifically mentioning the ICAC. The following emerged:

16 January 1991: One day after the Gulf War erupted. There were only 23 articles in the daily collection, of which four (17%) specifically mentioned the ICAC. All four related to a major hearing current at the time.

20 November 1991: There were 58 articles in the daily collection, of which 21 (36%) included mention of the ICAC. This was a busy time on the ICAC agenda. One hearing had just been completed; two more were in progress. One of those included the hearing of evidence from various sources including figures notorious in the criminal world. Eight articles referred to that hearing, five to other hearings. There were four articles reporting on activities in public education and another four of a general nature.

3 January 1992: A quiet day for world affairs and ICAC activity. There were 43 articles in the daily collection, 8 of which (19%) mentioned the ICAC. Two were about a previous hearing, four about a recently published corruption prevention project, one was a feature article put out by the ICAC and one was of a general nature.

These figures are by no means derived from comprehensive or rigorous research, and they are not offered as compelling evidence of trends. But some messages can be gleaned. It can be hypothesised that during a holiday period when the ICAC and business generally are relatively inactive, the ICAC gets considerably less media attention than at a time when it is busy executing its investigatory function in the public arena. A major world calamity displaces local matters of law and order but not the specific attention given to the ICAC.

#### *Future research*

Obviously the ICAC is keen to achieve as accurate as possible an appreciation of how people view corruption, its causes and effects, if education strategies are to be effective. The surveys conducted so far point to further useful research with a larger sample and a more focused questionnaire allowing better stratification. Also on the agenda of the ICAC's Research Unit are studies to supplement quantitative survey results with more comprehensive, qualitative information which probes questions of how and why people form their opinions.

Public servants are, of course, a major target for educational work. The Research Unit is now commencing a joint project with the NSW Bureau of Crime Statistics and Research to study the views of public servants on corruption in the public sector. Some of the questions on which research aims to shed light are:

*What kinds of acts constitute corruption, in the view of public servants, and which acts are more corrupt?*

*What factors contribute to public servants' views that some acts are more corrupt than others?*

*What circumstances do public servants regard as contributing to the occurrence of corruption?*

These projects will assist in ensuring that the ICAC's activities in corruption prevention and public education are founded on real needs, identified by comprehensive, systematic research.

#### **Agenda setting**

What we have learned points toward strategies in both education and corruption prevention. First, it signals the need to focus on exposure of matters the public regards as important. That has the benefit of strengthening perceptions of the value of the ICAC as a corruption-fighting body.

Clearly the agenda of an independent reform agency cannot be set by public opinion, just as it cannot be set by political direction. The public may be misguided in thinking that the financial costs of corruption are paramount. Other consequences of corruption are, and have been demonstrated to be, critical in eroding honest and impartial exercise of public duties. Corruption is broadly defined in the ICAC Act. That is deliberate, to reduce the chance that corruption might slip the net of a narrow legal interpretation (Appendix 3). It is important to bring to light those manifestations of corruption which are more difficult to recognise, and which may have less concrete effects.

In the same way, media preferences cannot be allowed to set the agenda for public awareness. The media's agenda is a different one. With all due respect for the achievements of first-rate investigative journalism, increasing audience share is and will always remain the primary goal.

#### *Strategic responses*

The NSW Independent Commission Against Corruption is still developing - it may be looked on as a young adult - but strategic directions are rapidly being consolidated. The matters discussed in this paper are not major determinants of the ICAC's anti-corruption strategy but will have a significant role in shaping activities aimed at increasing public awareness.

They will include greater public output by the ICAC's Corruption Prevention Department, further research on attitudes to corruption, and a significant increase in public contact through community groups, school curricula, media advertising and publicity.

It is recognised there must be a shift from dependence on the media for fair reporting, towards a more proactive strategy by the ICAC to promote appropriate messages. That calls for a stream of output issuing from the ICAC, fed by a range of strategies at many levels to disseminate to the public information which may be less newsworthy but will effect lasting changes in attitudes.

## APPENDIX 1

### Independent Commission Against Corruption Act 1988 (as amended) Extract regarding functions

#### Public interest to be paramount

12. In exercising its functions, the Commission shall regard the protection of the public interest and the prevention of breaches of public trust as its paramount concerns.

#### Principal functions

13.(1) The principal functions of the Commission are as follows:

- (a) to investigate any allegation or complaint that, or any circumstances which in the Commission's opinion imply that:
  - (i) corrupt conduct; or
  - (ii) conduct liable to allow, encourage or cause the occurrence of corrupt conduct; or
  - (iii) conduct connected with corrupt conduct,may have occurred, may be occurring or may be about to occur;
- (b) to investigate any matter referred to the Commission by both Houses of Parliament;
- (c) to communicate to appropriate authorities the results of its investigations;
- (d) to examine the laws governing, and the practices and procedures of, public authorities and public officials, in order to facilitate the discovery of corrupt conduct and to secure the revision of methods of work or procedures which, in the opinion of the Commission, may be conducive to corrupt conduct;
- (e) to instruct, advise and assist any public authority, public official or other person (on the request of the authority, official or person) on ways in which corrupt conduct may be eliminated;
- (f) to advise public authorities or public officials of changes in practices or procedures compatible with the effective exercise of their functions which the Commission thinks necessary to reduce the likelihood of the occurrence of corrupt conduct;
- (g) to co-operate with public authorities and public officials in reviewing laws, practices and procedures with a view to reducing the likelihood of the occurrence of corrupt conduct;
- (h) to educate and advise public authorities, public officials and the community on strategies to combat corrupt conduct;
- (i) to educate and disseminate information to the public on the detrimental effects of corrupt conduct and on the importance of maintaining the integrity of public administration;
- (j) to enlist and foster support in combating corrupt conduct;
- (k) to develop, arrange, supervise or participate in or conduct such educational or advisory programs as may be described in a reference made to the Commission by both Houses of Parliament.

## APPENDIX 2

### NSW Independent Commission Against Corruption Published Reports, March 1989 - February 1991

#### Summary of Investigation Reports

1. *Report on Investigation Relating to the Park Plaza Site, October 1989*

A public relations consultant to Kumagai Gumi Co Ltd claimed he had been approached by a man who offered quick approval by Sydney City Council of the company's Park Plaza development proposal, for the payment of \$2M. The Commission's Report found there had been no solicitation of a bribe from Kumagai Gumi, and that the consultant had fabricated the story.

2. *Report on Investigation Relating to the Raid on Frank Hakim's Office, December 1989*

The Chairman of the Police Board, acting under s.11 of the ICAC Act, requested the Commission to investigate an anonymous letter alleging that senior commissioned officers had unlawfully disposed of cannabis being held as an exhibit at Katoomba, and "loaded" Mr Hakim with drugs when they arrested him in February 1985. The Report found that the allegations lacked substance.

3. *Report on Investigation into the Silverwater Filling Operation, February 1990*

It was alleged that a contract was let to enable filling operations on land next to the Silverwater Prison Complex without the calling of tenders. There was a personal friendship between the general manager of the company that got the rights and Rex Jackson, the then Minister for Corrective Services who was personally involved in the letting of the contract. The Report was critical of the loose terms and poor enforcement of the contract and the disappearance of the relevant file from the Department. It concluded that although partiality was shown by Mr Jackson in the letting of the contract, it could not be established that money passing between the two men at the time amounted to illicit payments.

4. *Report on Investigation into North Coast Land Development, July 1990*

The investigation involved the conduct of public officials concerned with the use and development of land in the Northern Rivers region of New South Wales. It examined the conduct of those either involved in or connected with particular land development projects, the activities of private consultants and their dealings with various public officials, and the payment and processing of political donations. The investigation revealed that donations were made in a manner and in circumstances designed to conceal the identity of the donors. These donations were made to influence and to induce favourable treatment. At the time, the donors were either dealing with or about to deal with Government about decisions concerning developments they were involved in. Various prosecutions were suggested.

5. *Report on Investigation into Registration of DP 787368 at the Land Titles Office, July 1990*

The Commission reported on allegations that an illicit system for "fast-tracking" registration of plans at the Land Titles Office was occurring for double the ordinary fee. It found there was no evidence of corruption.

6. *Report on Investigation into the Randwick College of TAFE, August 1990*

An alleged attempt to bribe a teacher at the Randwick College of Technical and Further Education was found to lack substance.

7. *Report on Investigation into Dealings between Homfray Carpets and the Department of Housing, September 1990*

The Report concerned the conduct of people connected with or involved in the supply and laying of carpet in premises owned by the Department of Housing in its Sydney region. Conclusions reached were that employees of the carpet supply company had secured substantial secret commissions for themselves, and the departmental procedures were lax in the extreme. Several prosecutions were suggested.

8. *Report on Investigation into the Walsh Bay Redevelopment Project, October 1990*

It was alleged that the responsible Minister had interfered in the tendering process for a very large development project and favoured one of the applicants which was tendering to Government. Another allegation was that confidential information had been leaked and misused in order to cause embarrassment to Government. The report found no corrupt conduct.

9. *Report on Investigation into Driver Licensing, December 1990*

The Commission investigated allegations of corruption in driver licensing in New South Wales. It found that corruption was endemic in many key Sydney metropolitan registries during the past ten years, involving at least \$3M. Inquiries revealed that driving instructors paid bribes to driving examiners and that registry clerks were involved in illegally supplying tests with answers. Inefficiencies also existed in some areas of management, despite the recommendations of the 1979 Lower Report into corruption in the old Department of Motor Transport. A number of prosecutions were suggested, chiefly for giving false evidence to the ICAC.

10. *Report on Investigation into Harassing Telephone Calls Made to Edgar Azzopardi, January 1991*

The Report found that four police officers had made harassing telephone calls to Mr and Mrs Azzopardi in 1990, and lied to the Commission. Their behaviour constituted a breach of public trust of a fundamental order. Prosecution action was suggested.

11. *Report on Investigation Relating to Stait, Dainford and Waverley Council, January 1991*

The Commission looked at the nature and purpose of payments totalling \$115,000 made to the former engineer/planner with Waverley Council, by a developer. None of the dealings with or receipt of the money from the developer were disclosed to the Council. The conclusion reached was that the payments were corruptly made and received, and prosecution of the engineer/planner and the managing director of the developer was suggested.

12. *Report on Investigation into Sutherland Licensing Police, February 1991*

Investigations centred upon a series of \$250 weekly payments made by a hotel licensee to a licensing police officer. In total more than \$19,000 was paid over 18 months to November 1985. Prosecution of the police officer was suggested.

13. *Report on Investigation Concerning Neal and Mochalski, April 1991*

The Commission investigated allegations that there was a conspiracy to delay water being supplied for a subdivision proposal and that an MP (since resigned) tried to solicit \$250,000 from the developer, his constituent, for the purpose of bribery. These allegations were unproved, but it transpired that the MP had referred the developer to a solicitor with whom the MP had a fee-sharing arrangement, unknown to the developer. The report recommended a code of conduct be developed for Parliamentarians.

14. *Report on Investigation into Police and Truck Repairers, May 1991*

It was alleged that payments were made to police officers for acting as "spotters" for truck repair companies in the Wagga area. The report suggested disciplinary proceedings were warranted.

15. *Report on Investigation into the Maritime Services Board and Helicopter Services, July 1991*

The Commission reported on allegations that an employee of the Maritime Services Board had been instrumental in letting a contract for helicopter services to a company he owned. It was recommended that consideration be given to his dismissal.

16. *Report on Investigation into Tendering for Vinyl Floor Products, July 1991*

Investigations centred on allegations that a buyer-inspector with the Commercial Services Group gave favoured treatment to a particular company in letting a valuable period contract for vinyl flooring, and went to work for the company before he left his government job. The

report found that his conduct was corrupt, but as he was no longer a government employee, action against him could not be recommended.

17. *Report on Investigation into the Planning and Building Department of South Sydney Council, December 1991*

It was alleged that certain staff of South Sydney Council drew plans for private clients which were submitted to the council and sometimes assessed by those who had drawn them. Inquiries revealed that this had happened, and that one officer had referred applicants to his brother's architectural firm, from which the officer would benefit financially. It was recommended the council give consideration to dismissing that officer.

18. *Report on Investigation into Road Works in the Shire of Kyogle, January 1992*

The investigation was concerned with roadworks and earthworks in the Kyogle Shire Council area. A major contract for earthmoving equipment hire was let, through a badly flawed tender, to the brother of a councillor. Staff at the council's Bonalbo Depot arranged and did work for private citizens, sometimes for free, using public resources. Funding provided by the RTA for major roads was diverted to council and private roadworks.

#### Summary of Corruption Prevention Project Reports

1. *Corruption Prevention Project into Department of Housing Maintenance Contracts, February 1991 (Summary Report)*

The project examined the Department of Housing's system for managing the maintenance and repair of its 120,000 properties. The work is undertaken mainly by private contractors, the majority being selected by public tender. The report found serious problems relating to the checking of work against orders, the lack of a computerised system, and a cumbersome and confusing set of instructions. Appropriate recommendations were made and are being followed up with 6-monthly monitoring.

2. *Corruption Prevention Project into Roads and Traffic Authority Driver Licensing, April 1991 (Summary Report)*

Corruption prevention work was initiated during the conduct of the Commission's investigation into Driver Licensing. A comprehensive examination of the licensing system was undertaken, involving registries, head office functions and manufacture of photo-licences. The report made numerous recommendations for system and procedural changes in many aspects of the process. Implementation is proceeding and is being monitored regularly.

3. *Corruption Prevention Project into Purchase and Sale of Local Government Vehicles, December 1991*

The systems for replacing cars in several local councils were examined. The project recommended that most cars be purchased by open tender, and sold by auction or tender. Selective tenders and "local preference" policies could allow opportunities for corruption, increase costs and not necessarily achieve intended gains in local employment. It was also recommended that public servants be allowed to buy used council cars only on the same basis as members of the public.

4. *Corruption Prevention Project into Waterways Authority Boat Moorings, March 1992*

The project examined the allocation of boat moorings by the NSW Waterways Authority, following allegations that bribes had been taken to help people jump the queue for favoured locations. The report found the system open to abuse. Recommendations focussed on the need for more accurate information about the capacity of the system to be developed and published, controls to be tighter and procedures to be followed consistently.

All of the above reports are available free of charge by contacting the Independent Commission Against Corruption:

ADDRESS: 191 Cleveland Street  
REDFERN NSW 2016  
AUSTRALIA

POSTAL: GPO Box 500  
SYDNEY NSW 2001  
AUSTRALIA

TELEPHONE: 61 2 318 5999

FACSIMILE: 61 2 699 8067

## APPENDIX 3

### Independent Commission Against Corruption Act 1988 (as amended) Extract regarding definition of corrupt conduct

#### General nature of corrupt conduct

8.(1) Corrupt conduct is:

- (a) any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority; or
- (b) any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions; or
- (c) any conduct of a public official or former public official that constitutes or involves a breach of public trust; or
- (d) any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person.

(2) Corrupt conduct is also any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the exercise of official functions by any public official, any group or body of public officials or any public authority and which could involve any of the following matters:

- (a) official misconduct (including breach of trust, fraud in office, or nonfeasance, malfeasance, oppression, extortion or imposition);
- (b) bribery;
- (c) blackmail;
- (d) obtaining or offering secret commissions;
- (e) fraud;
- (f) theft;
- (g) perverting the course of justice;
- (h) embezzlement;
- (i) election bribery;
- (j) election funding offences;
- (k) election fraud;
- (l) treating;
- (m) tax evasion;
- (n) revenue evasion;
- (o) currency violations;
- (p) illegal drug dealings;
- (q) illegal gambling;
- (r) obtaining financial benefit by vice engaged in by others;
- (s) bankruptcy and company violations;
- (t) harbouring criminals;
- (u) forgery;
- (v) treason or other offences against the Sovereign;
- (w) homicide or violence;
- (x) matters of the same or a similar nature to any listed above;
- (y) any conspiracy or attempt in relation to any of the above.

(3) Conduct may amount to corrupt conduct under this section even though it occurred before the commencement of this subsection, and it does not matter that some or all of the effects or other ingredients necessary to establish such corrupt conduct occurred before that commencement and that any person or persons involved are no longer public officials.

(4) Conduct committed by or in relation to a person who was not or is not a public official may amount to corrupt conduct under this section with respect to the exercise of his or her official functions after becoming a public official.

(5) Conduct may amount to corrupt conduct under this section even though it occurred outside the State or outside Australia, and matters listed in subsection (2) refer to:

- (a) matters arising in the State or matters arising under the law of the State; or
- (b) matters arising outside the State or outside Australia or matters arising under the law of the Commonwealth or under any other law.

(6) The specific mention of a kind of conduct in a provision of this section shall not be regarded as limiting the scope of any other provision of this section.

**Limitation on nature of corrupt conduct**

9.(1) Despite section 8, conduct does not amount to corrupt conduct unless it could constitute or involve:

- (a) a criminal offence; or
- (b) a disciplinary offence; or
- (c) reasonable grounds for dismissing, dispensing with the services of or otherwise terminating the services of a public official.

(2) It does not matter that proceedings or action for such an offence can no longer be brought or continued, or that action for such dismissal, dispensing or other termination can no longer be taken.

(3) For the purposes of this section:

**"criminal offence"** means a criminal offence under the law of the State or under any other law relevant to the conduct in question;

**"disciplinary offence"** includes any misconduct, irregularity, neglect of duty, breach of discipline or other matter that constitutes or may constitute grounds for disciplinary action under any law.