

Combating Public Sector Corruption in Singapore & Hong Kong: Lessons for the Private Sector in Asian Countries

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Outline of Presentation

- 1. Patterns of Corruption Control in Asian Countries**
- 2. Singapore's Effective Anti-Corruption Strategy**
- 3. Hong Kong's Effective Anti-Corruption Strategy**
- 4. Lessons for the Private Sector in Asian Countries**

Patterns of Corruption Control in Asian Countries

Pattern	Countries
1. Anti-corruption laws without an ACA	Japan
2. Anti-corruption laws with multiple ACAs	Cambodia, China, India, Laos, Philippines, Taiwan and Vietnam
3. Anti-corruption laws with an independent ACA	Singapore, Malaysia, Hong Kong SAR, Brunei Darussalam, Nepal, Sri Lanka, Pakistan, Thailand, Macao SAR, South Korea, Indonesia, Bangladesh, Bhutan, Mongolia, Timor-Leste

Table 1: Singapore's & Hong Kong's Performance on three Corruption Indicators

Country	Control of Corruption (2009)	CPI Rank & Score (2010)	PERC 2011 Rank & Survey
Singapore	99.0	1st (9.3)	1st (0.37)
Hong Kong	94.3	13th (8.4)	2nd (1.10)

***CPI score ranges from 0 (Highly Corrupt) to 10 (Very Clean)**

****PERC score ranges from 0 (least corrupt) to 10 (Most Corrupt)**

Sources: http://info.worldbank.org/governance/wgi/sc_chart.asp; and http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results.

Singapore's Effective Anti-Corruption Strategy

- 1. Corruption was a serious problem during the British colonial period for two reasons:**
 - ❑ British colonial government's lack of political will:**
 - (a) Corruption was made illegal in 1871 with the enactment of the Penal Code. However, the British colonial government only enacted the Prevention of Corruption Ordinance (POCO) in December 1937, 66 years later.**
 - (b) The 1879 and 1886 Commissions of Inquiry confirmed the existence of police corruption in Singapore but the British colonial government did nothing.**

□ The anti-corruption measures were ineffective:

- (a) The POCO was ineffective because it limited the powers of arrest, search and investigation of police officers as warrants were needed for arrests to be made.**
- (b) Penalty of 2 years imprisonment and/or S\$10,000 fine was an inadequate deterrent.**
- (c) The Anti-Corruption Branch (ACB) of the Criminal Investigation Department was ineffective because**
 - (i) It was under-staffed with 17 personnel;**
 - (ii) Corruption control was given lower priority than investigating homicide or kidnapping; and**
 - (iii) Police corruption was rampant.**

- 2. The British colonial government only realised the folly of making the ACB responsible for curbing corruption when it discovered that three police detectives and a few senior police officers were involved in the robbery of 1,800 pounds of opium worth S\$400,000 in October 1951.**

- 3. The Opium Hijacking scandal exposed the ACB's weaknesses and the inability of the police to curb police corruption. Consequently, the British colonial government established the Corrupt Practices Investigation Bureau (CPIB) as an independent agency in October 1952 to replace the ineffective ACB.**

4. The People's Action Party (PAP) government assumed office in June 1959 after winning the May 1959 general election. Learning from the mistakes made by the British colonial government in curbing corruption, the PAP government has shown its commitment by enacting the Prevention of Corruption Act (POCA) on June 17, 1960 to replace the ineffective POCO and to strengthen the CPIB by providing it with more legal powers, budget and personnel.

5. Important Features of the POCA:

- **Penalty for corruption increased to 5 years jail and/or S\$10,000 fine. Fine was increased to S\$100,000 in 1989.**
- **An offender has to pay amount of bribe and other punishment imposed by a court.**
- **Section 15 gives CPIB officers powers of arrest and search of arrested persons.**
- **Section 18 empowers CPIB officers to check bank and other accounts of those suspected of corrupt offences.**
- **Section 24 states that an accused person who cannot satisfactorily account for pecuniary resources and property which are disproportionate to his/her known sources of income, is assumed to have obtained these resources or property corruptly.**

6. Unlike its predecessor, the PAP government has shown its political will in curbing corruption by enhancing the CPIB's legal powers, personnel and budget.

- The CPIB's personnel has grown by almost 28 times from 5 to 138 from 1952-2011.**
- The CPIB's budget has increased by 33 times from S\$1,024,370 in 1978 to S\$34,073,400 in 2011.**

7. CPIB's "total approach to enforcement" deals with

- both "big and small cases" of corruption in both the public and private sectors;**
- both "giver and receiver of bribes";**
- Prevention of corruption by reviewing procedures and practices in government agencies where corruption has occurred to remove loopholes and problem areas.**

Hong Kong's Effective Corruption Strategy

- 1. Corruption was rampant in Hong Kong before the formation of the Independent Commission Against Corruption (ICAC) in February 1974 for these reasons:**
 - Hong Kong provided “a fertile soil for corruption to flourish” because its rapid population growth from 600,000 to 4.3 million from 1945-1974 increased the demand on social services, government resources and manpower.**
 - Immigrants from China continued to pay bribes to police officers and civil servants to obtain favours.**
 - Government regulation of activities provided civil servants with ample opportunities for corruption.**

- **British colonial government's lack of political will in curbing corruption was reflected in its reliance on the ineffective ACB (1948-April 1971) and Anti-Corruption Office (May 1971-January 1974) to curb corruption even though there was extensive police corruption.**
- **Red tape was an important cause of corruption as bribes were paid by the public to civil servants to expedite the processing of documents or applications for permits.**
- **The Chinese population tolerated corruption as they paid bribes or “tea money” and relied on *guanxi* to obtain favours from civil servants.**

- 2. On June 8, 1973, Chief Superintendent, Peter F. Godber, Deputy Police Commander for Kowloon, fled from Hong Kong for the United Kingdom via Singapore four days after he was informed by the Acting Attorney General that he was being investigated for a corruption offence. Godber's escape to the United Kingdom was publicized in the media and resulted in student protests in Hong Kong.**
- 3. The Blair-Kerr Commission of Inquiry appointed by Governor MacLehose to investigate Godber's escape to Britain recommended the establishment of the ICAC that was independent of the Royal Hong Kong Police Force. The Governor accepted this recommendation and the ICAC was formed on February 15, 1974.**

- 4. The political will of the Hong Kong SAR government to curb corruption is reflected in the increase in the ICAC's personnel and budget during its first 37 years.**
- The ICAC has increased its personnel by 3.6 times from 369 in 1974 to 1,321 in 2010.**
 - The ICAC's budget has increased by 64 times from HK\$12.9 million in 1974 to HK\$824.1 million in 2011.**

5. Bertrand de Speville, a former ICAC Commissioner, has attributed the ICAC's effectiveness to these factors:

- Government's political will as reflected in its provision of adequate personnel and resources.**
- The ICAC has gained the public's confidence by being unimpeachable and has dedicated staff with integrity.**
- The ICAC's three-pronged strategy of investigation, prevention and education.**
- The ICAC ensures that all reports of corruption are investigated.**
- The ICAC maintains the confidentiality of those reporting corruption offences.**

Lessons for the Private Sector in Asian Countries

Table 2: Corruption Cases in Singapore in 2010 by Sector

Sector	Percentage of Cases
Private Sector	80%
Government Departments	11%
Government-Linked Companies	7%
Statutory Boards	2%
Total	100%

Source: CPIB, *Report 2010* (Singapore, 2011), p. 6.

Table 3: Corruption Cases in Hong Kong in 2010 by Sector

Sector	Percentage of Cases
Private Sector	63.6%
Government Departments	20.1%
Hong Kong Police Force	9.8%
Public Bodies	6.5%
Total	100%

Source: ICAC, *Annual Report 2010* (Hong Kong, 2011), pp. 34-35.

Lesson 1: Importance of Political Will

1. The difference between success and failure in curbing corruption in Asian countries is the presence or absence of political will of their governments.
2. Political will is important because “the principal people who can change a culture of corruption if they wish to do so are politicians. ...because they make the laws, and allocate the funds that enable the laws to be enforced.” (Ian Senior, *Corruption—The World’s Big C: Cases, Causes, Consequences, Cures* [London: Institute of Economic Affairs, 2006], p. 184).

3. Two indicators of political will in curbing corruption

- **Per capita expenditure of ICAC and CPIB in 2008**
 - (a) ICAC budget: US\$97.7 million; Population: 7.3 million**
Per capita expenditure: US\$13.40 (Rank 1)
 - (b) CPIB budget: US\$11.2 million; Population: 4.8 million**
Per capita expenditure: US\$2.32 (Rank 2)

- **Staff-population ratios of ICAC and CPIB in 2008**
 - (a) ICAC personnel: 1,263; Population: 7.3 million**
Staff-population ratio: 1: 5,780 (Rank 1)
 - (b) CPIB personnel: 86; Population: 4.8 million**
Staff-population ratio: 1: 56,163 (Rank 4)

4. The importance of political will for combating private sector corruption must be reflected in “the tone at the top” which must be “both genuine and credible.”

The managers of private sector organizations must be committed themselves to curbing corruption by:

- Their personal examples and convictions;**
- Allocating sufficient resources and qualified personnel for the development of anti-corruption programmes in their organizations;**
- Enforcing impartially the anti-corruption measures by punishing those employees found guilty of corruption offences, regardless of their status or position in the organization.**

Lesson 2: Reducing Red Tape and Improving Transparency

- 1. Red tape causes corruption because it provides civil servants with opportunities for extorting bribes from those members of the public who wish to expedite their applications for permits or licenses.**
- 2. The PAP government has introduced these measures to reduce red tape and enhance transparency:**
 - In April 1991, the Service Improvement Unit was set up to improve quality of service and remove unnecessary regulations.**
 - In September 2003, the Cut Waste Panel was formed to cut waste and make savings in delivering public services.**

- **E-government has been used to enhance transparency and reduce opportunities for corruption by:**
 - (a) Introducing the On-Line Applications System for Integrated Services (OASIS) in 2004 to enable the public to apply, renew or terminate 85 types of licenses online.**
 - (b) The online procurement portal known as GeBiz was initiated to reduce opportunities for corruption by conducting government procurement online.**

- 3. Similarly, the Hong Kong SAR government introduced these measures to cut red tape and improve transparency:**
- In 1998, the “Digital 21 IT Strategy” was introduced to enhance Hong Kong’s information infrastructure and services.**
 - In 1999, the Enhanced Productivity Programme (EPP) was initiated to improve productivity and savings.**
 - The e-government programme provided the private sector with e-options for e-procurement and outsourcing.**
 - In July 2004, the Office of the Government Chief Information Officer was formed to reduce red tape by streamlining its own information technology operations.**

4. Singapore's and Hong Kong's efforts to reduce red tape through the introduction of e-government have reaped dividends according to two indicators:

□ World Bank's *Doing Business Surveys* from 2007-2011:

- Singapore is ranked first among 175 to 183 economies during 2007-2011.
- Hong Kong's rank has improved from 5th in 2007, to 4th in 2008 and 2009, to 3rd in 2010, and to 2nd in 2011.

□ PERC's Evaluation of Bureaucratic Effectiveness in 12 Asian countries, 1998-2009

- Singapore's bureaucracy is the most effective, followed by Hong Kong's bureaucracy during this period.

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