

# **Integrity, Anti-Corruption & the G20**

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An Australian integrity system update

A J Brown

Professor of Public Policy & Law

Centre for Governance & Public Policy

Griffith University, Queensland, Australia.

Director, Transparency International Australia.

**Parliamentary Library, Parliament House, Canberra**

**3 September 2014**

**‘Anti-corruption’, ‘integrity’ or just plain ‘good governance’ and ‘smart regulation’? Why anti-corruption remains a vital element of the G20 leaders’ agenda**

***A J Brown***

*G20 Monitor No. 13* (forthcoming, September 2014)

G20 Studies Centre, Lowy Institute for International Policy

<http://www.lowyinstitute.org/>



## **G20 Anti-Corruption Working Group - Proposal for 2015-16 priorities**

### ***I) Cooperation for greater transparency in business, government and financial affairs:***

1. Enhanced **transparency of corporate ownership** and interests (shell companies)
2. Cooperation for **greater public revenue reporting** ('publish what you pay' & Industry Transparency Initiatives) in fields of high development significance and corruption risk

### ***II) Cooperation for stronger and more efficient financial regulation (including self-regulation):***

3. Consistent and efficient **protection for corporate and financial system whistleblowers**
4. Support for **best practice business integrity systems** through preferential treatment
5. Consistent **foreign bribery regulation** and strengthened enforcement cooperation
6. Joint implementation of realistic principles for **denial of entry** to corrupt / allegedly corrupt persons
7. Cooperation for more efficient **stolen asset recovery**

### ***III) Cooperation for reducing and removing corruption risks from collective growth strategies:***

8. Enhanced cooperation for **transparency and integrity in infrastructure & other procurement**
9. Principles for consistent, real-time **asset & interest disclosure systems** for decision-makers
10. Streamlined, agreed **integrity system assessment frameworks** for more efficient monitoring and verification of country, sector and IGO performance (accountability).



## Foreign bribery (& other international law enforcement)



**Brian Hood**  
*Note Printing Australia*

**James Shelton**  
*Securrency Ltd*

**Richard M. Bowen III**  
**Citigroup**



## Whistleblowing policies & rules

# Whistleblower Protection Rules in G20 Countries: The Next Action Plan

Simon Wolfe  
Mark Worth  
Suelette Dreyfus  
A.J Brown

September 2014

blueprint for  
**FREE SPEECH**



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**Table 2. G20 countries – public sector laws**

 Rating 1 Very / quite comprehensive 2 Somewhat / partially comprehensive 3 Absent / not at all comprehensive

	S. Ar	Max	Tur	Arg	Rus	It	Ger	Brz	Jpn	Indo	S. Af	Fra	Chn	India	Kor	UK	Can	US	Aus	Tot '3'
	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	Pu	
9 Internal disclosure procedures	3	3	3	3	2	3	3	3	3	3	3	3	2	3	3	3	1	2	1	14
7 Anonymity	3	3	3	2	3	3	2	3	3	3	3	3	2	3	3	3	3	1	1	14
5 External reporting channels (third party / public)	3	3	3	3	3	2	3	2	2	3	1	3	3	3	3	2	2	2	2	11
14 Transparency	3	3	3	3	3	3	3	3	3	3	2	2	3	2	1	2	1	1	1	11
13 Oversight	3	2	3	3	3	3	3	3	3	2	3	2	3	1	1	3	1	1	1	11
8 Confidentiality	3	3	2	2	3	1	3	2	3	3	3	3	2	1	1	2	1	1	1	8
12 Sanctions	3	2	2	2	3	3	3	3	3	2	3	2	2	2	1	2	1	1	1	7
11 Remedies	2	3	3	3	3	3	2	3	2	3	1	2	2	2	1	1	1	2	2	7
6 Thresholds	3	3	3	3	3	2	2	2	1	2	2	2	2	1	2	1	1	1	1	5
2 Wrongdoing	3	3	3	3	2	2	3	2	1	2	1	2	1	2	1	1	1	1	1	5
10 Breadth of retaliation	3	3	2	3	3	1	2	2	1	2	2	2	2	1	1	1	1	1	1	4
1 Coverage	3	3	3	3	2	1	1	2	1	2	1	2	1	1	1	2	2	1	2	4
3 Definition of whistleblowers	3	2	2	2	2	3	3	2	2	2	2	2	1	1	1	2	2	1	1	3
4 Reporting channels (Internal & regulatory)	3	3	2	2	2	2	2	2	2	2	2	2	2	2	1	1	2	1	1	2



Table 3. G20 countries – private sector laws

Rating **1** Very / quite comprehensive **2** Somewhat / partially comprehensive **3** Absent / not at all comprehensive

	Rus	It	Can	S.Ar	India	Mex	Brz	Arg	Aus	Ger	Tur	Indon	Jpn	Chn	Fra	S.Afr	Kor	UK	US	Tot '3'
	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr	Pr
7 Anonymity	3	3	3	3	3	3	3	2	3	2	3	3	3	2	3	3	3	3	1	15
9 Internal disclosure procedures	3	3	3	3	2	3	2	3	3	3	3	3	3	2	3	2	3	3	2	14
14 Transparency	3	3	3	3	3	3	3	3	3	3	3	3	3	3	2	2	1	2	1	14
5 External reporting channels (third party / public)	3	3	3	3	3	3	2	3	3	3	3	3	2	3	2	1	3	2	2	13
13 Oversight	3	3	3	3	3	2	3	3	3	3	3	2	3	2	2	3	1	3	1	13
8 Confidentiality	3	3	3	3	3	3	2	2	2	3	2	3	3	2	3	3	1	2	1	11
12 Sanctions	3	3	3	3	3	2	3	2	3	3	2	2	3	3	2	3	1	2	1	11
11 Remedies	3	3	3	2	3	3	3	3	2	2	3	3	2	3	2	1	1	1	2	10
1 Coverage	3	3	3	3	3	3	3	3	2	3	3	2	1	2	2	1	1	2	1	10
2 Wrongdoing	3	3	3	3	3	3	3	3	3	2	3	2	1	2	2	1	1	1	1	10
6 Thresholds	3	3	3	3	3	3	3	3	2	2	3	2	1	2	2	2	2	1	1	9
10 Breadth of retaliation	3	3	2	3	3	3	3	3	3	2	2	2	1	3	2	2	1	1	1	9
3 Definition of whistleblowers	3	3	3	3	3	3	2	2	3	3	2	2	1	1	2	1	2	1	1	8
4 Reporting channels (internal & regulatory)	3	2	3	3	3	3	3	2	2	3	2	2	2	2	1	1	2	1	1	7



## Conclusions

1. Whistleblower protection should remain a **key priority area** in G20 leaders' integrity and anti-corruption commitments;
2. High level commitment is needed to address weakness, fragmentation and inefficiency in **corporate governance and private (e.g. financial and corporate) sector** whistleblowing rules, as well as continued work on the public sector laws; and
3. G20 co-operation for more comprehensive whistleblower protection should focus on the three areas of greatest challenge:
  - clear rules for when whistleblowing to the **media or other third parties** is justified or necessitated by the circumstances;
  - clear rules that encourage whistleblowing by ensuring that **anonymous** disclosures can be made and will be protected; and
  - clear rules for defining the **internal disclosure procedures** that can assist organisations to manage whistleblowing, rectify wrongdoing, and prevent costly disputes, reputational damage and liability in the manner best suited to their needs.



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## ***Guidance on Supervisory Interaction with Financial Institutions on Risk Culture (2014)***

### **Key indicators of financial institution accountability**

- ‘mechanisms... for the sharing of information on **emerging, as well as low probability, high impact risks**, both horizontally across business lines and vertically up the institution’
- ‘mechanisms... for employees to elevate and report **concerns when they feel discomfort about products or practices**, even where they are not making a specific allegation of wrongdoing’
- ‘appropriate **whistleblowing procedures**... to be utilised by employees without any reprisal, to support effective compliance with the risk management framework.’

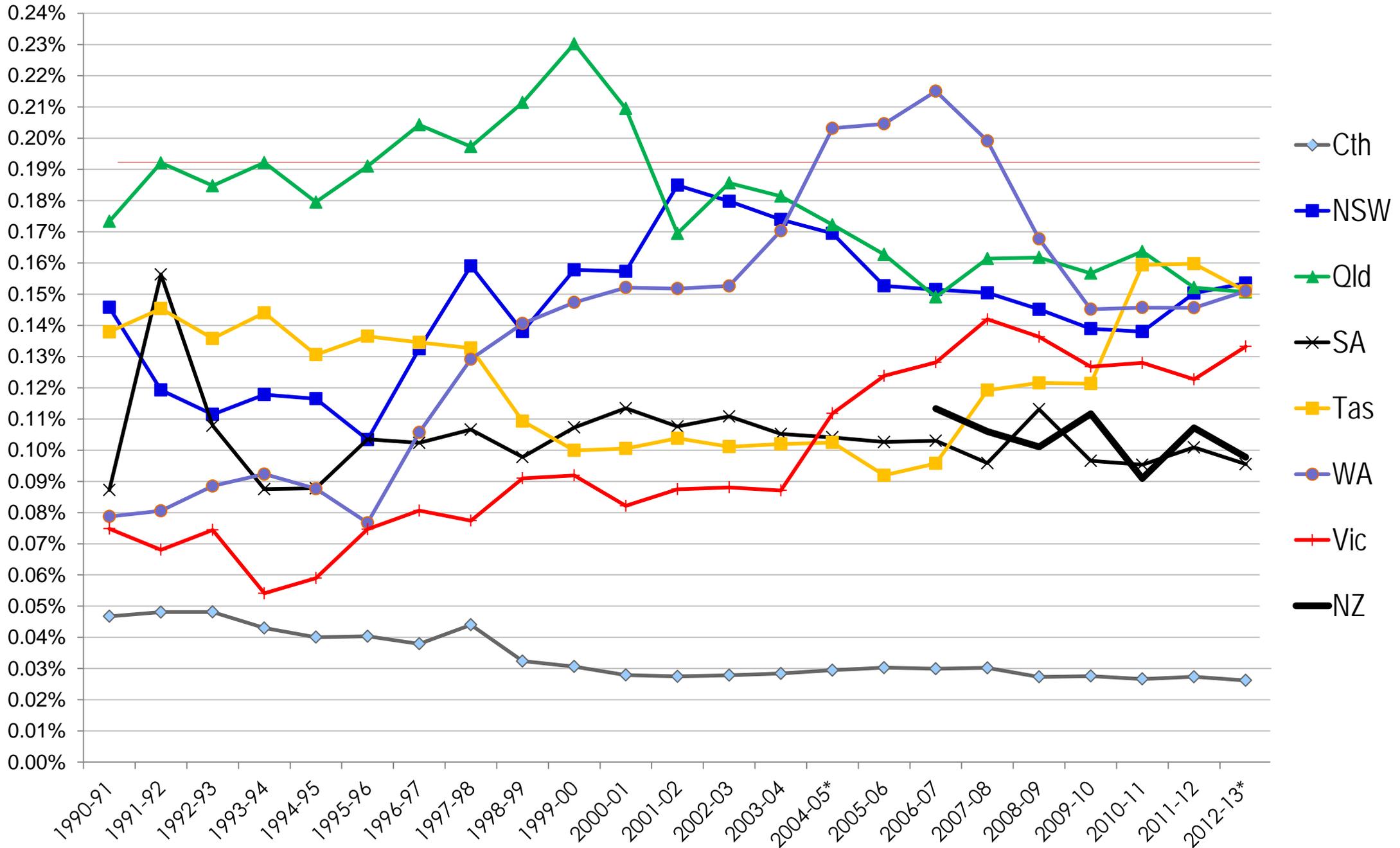
## ***Priority policy actions / issues for Australia***

- 1. Beneficial ownership / shell companies**
  - Public register
  - 'Know your customer' licensing and enforcement
- 2. Foreign bribery law reform – 'facilitation payment' defence**
- 3. Whistleblowing rules**
  - Public sector gaps (parliamentary, intelligence)
  - Private sector (Senate Economics Committee report on the Performance of ASIC)
- 4. Open Government Partnership**
- 5. Extractive Industries Transparency Initiative**
- 6. Parliamentary integrity & political finance regimes**
- 7. Anti-Corruption Agencies**
  - Monitoring, powers, performance, federal gaps remain?

# Some 'Core' Public Integrity Institutions in Australia, 2014

	Auditor-General	Ombudsman	Police Complaint Authority	Police Integrity Com <sup>n</sup>	Anti-Corruption Com <sup>n</sup>	Crime Com <sup>n</sup>
<b>N S W</b>	1	2		3	4 (ICAC)	5
<b>AUST GOVT</b>	1	2		3 (ACLEI) →		4
<b>Queensland</b>	1	2	3 (Crime & Corruption Commission)			
<b>West Aust</b>	1	2	3 (Corruption & Crime Commission)			
<b>Tasmania</b>	1	2		3 (Integrity Commission)		
<b>Victoria</b>	1	2		3 (IBAC)		
<b>Sth Aust</b>	1	2	3 (Police Omb)	4 (ICAC + Office of Public Integrity)		

# Core public integrity agency expenditure as a ratio of total public expenditure (1990-2013)



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