



## **National Integrity Systems**

# **Transparency International Country Study Report**

**Singapore 2006**

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# Contents

<b>List of Tables</b> .....	<b>4</b>
<b>Abbreviations</b> .....	<b>5</b>
<b>About the NIS Country Studies</b> .....	<b>6</b>
What Is the NIS? .....	6
Why Conduct NIS Country Studies?.....	6
Methodology of the NIS Country Studies .....	6
<b>Executive Summary</b> .....	<b>7</b>
<b>Priorities and Recommendations</b> .....	<b>8</b>
<b>Country Profile</b> .....	<b>9</b>
<b>Corruption Profile</b> .....	<b>11</b>
<b>Anti-Corruption Activities</b> .....	<b>12</b>
<b>The National Integrity System</b> .....	<b>15</b>
Political.....	15
Executive .....	15
Legislature .....	17
Political Parties .....	19
Electoral Sector .....	21
Public Service and Judiciary.....	22
Supreme Audit Institution .....	22
Judiciary .....	23
Civil Service/Public Sector .....	24
Law Enforcement Sector .....	27
Public Contracting System.....	28
Anti-Corruption Agencies .....	30
Non-governmental .....	32
Media .....	32
Civil Society .....	33
Business Sector .....	34
International Institutions .....	37
<b>Evaluation of the NIS</b> .....	<b>39</b>
<b>References</b> .....	<b>41</b>
Relevant Literature Consulted.....	41
Media .....	41
Websites.....	42
Legislation .....	42
<b>Notes</b> .....	<b>44</b>
<b>Appendix A</b> .....	<b>45</b>
Code of Conduct for Ministers Paper Laid Before Parliament by Command of the President of the Republic of Singapore .....	45
<b>Appendix B</b> .....	<b>48</b>
Revised Guidelines on MPs’ Involvement in Business .....	48

## List of Tables

Table 1 CPIB Conviction Rates (2002-2004).....	31
Table 2 Results of the 2005/6 ML Consulting Public Perception Survey.....	32

## Currency

The currency in Singapore is the Singapore dollar (SGD) and the rate of the Singapore dollar to the US dollar in October 2006 was approximately SGD 10 to US\$6.35.

## Abbreviations

ACRA	Accounting and Corporate Regulatory Authority
AGO	Auditor-General's Office
CPIB	Corrupt Practices Investigation Bureau
CSO	Civil Society Organisation
DPP	Deputy Public Prosecutors
ELD	Elections Department
GE	General Election
IM	Government Instructional Manual
MDA	Media Development Authority
MP	Member of Parliament
NKF	National Kidney Foundation
NCMP	Non-constituency MP
NMP	Nominated MPs
PAP	People's Action Party
PSC	Public Service Commission
PSD	Public Service Division
SCOD	Standing Committee on Debarment
SFA	Securities and Futures Act
SGX	Singapore Exchange
SPF	Singapore Police Force

## About the NIS Country Studies

### What Is the NIS?

The National Integrity System encompasses the key institutions, sectors or specific activities (the 'pillars') that contribute to integrity, transparency and accountability in a society. When it functions properly, the NIS combats corruption as part of the larger struggle against abuse of power, malfeasance and misappropriation in all its forms. Strengthening the NIS is about promoting better governance across all aspects of society.

The concept of the NIS has been developed and promoted by Transparency International as part of TI's holistic approach to combating corruption.<sup>1</sup> While there is no blueprint for an effective system to prevent corruption, there is a growing international consensus as to the salient institutional features that work best to prevent corruption and promote integrity. The country studies are based on an assessment of the quality of institutions relevant to the overall anti-corruption system.

### Why Conduct NIS Country Studies?

The purpose of each country study is to assess the National Integrity System, in theory (law and regulatory provisions) and practice (how well it works). The studies provide both benchmarks for measuring further developments and a basis for comparison among a range of countries.

The studies provide a starting point for signalling areas requiring priority action. They also form the basis from which stakeholders may assess existing anti-corruption initiatives. NIS country studies help explain, for example, which pillars have been more successful and why, whether they are mutually supportive and what factors support or inhibit their effectiveness. Country studies also assess where the emphasis should be placed on improving the system and what factors are required to support the overall development of the NIS.

The country studies create a sound empirical basis that adds to our understanding of strong or weak performers. Within a region, in which several countries may function with similar economic, political or social frameworks, the results of the study can create a sense of peer pressure for reform as well as an opportunity for learning from those countries that are in similar stages of development.

For Transparency International, country studies are an important measurement tool. They complement TI's global indices and surveys, such as the Corruption Perceptions Index, Bribe Payers Index and Global Corruption Barometer, as well as national surveys, by exploring the specific practices and constraints within countries and providing qualitative empirical results about the rules and practices that govern integrity systems. More than 55 such country studies have been completed as of August 2006.

TI believes that it is necessary to understand the provision for and capacity of the NIS pillars, as well as their interaction and practices, to be able to diagnose corruption risks and develop strategies to counter those risks. NIS Country Studies are a unique product of Transparency International, as they reflect the systemic approach TI takes to curbing corruption and the independence of analysis that can be offered by the world's leading anti-corruption NGO.

### Methodology of the NIS Country Studies

The NIS country studies offer a qualitative assessment of the integrity system in a country. The studies are based on both objective and subjective sources of data, which differ in quantity in each country evaluated. The studies therefore require both desk research and field research.

At least one focus group is convened as part of the country study. Focus group participants include anti-corruption and governance experts drawn from government (including donors, where relevant), the private sector, the professions (e.g. lawyers, accountants and engineers), media and civil society. The aim of the focus groups is for a broad base of stakeholders to evaluate the NIS and to comment on the draft NIS country study. The results of the meeting then inform further revision of the country study.

Each country study is reviewed by an external expert referee.

## Executive Summary

Singapore is the least corrupt country in Asia, according to the annual surveys conducted by the Political and Economic Risk Consultancy (PERC) and Transparency International (TI).<sup>2</sup> TI's 2006 Corruption Perceptions Index ranked Singapore fifth out of 159 countries and economies. According to Singapore analyst Jon Quah, such a result is owed in large part to the fact that corruption is 'a fact of life rather than a way of life' and remains 'incidental [rather than] institutionalised in Singapore'.<sup>3</sup>

Singapore has a very sound anti-corruption framework, with strong emphases on the investigation and prosecution of corruption cases. These are carried out independently and without fear, with the Corrupt Practices Investigation Bureau (CPIB), Attorney General's Chambers and courts each professionally discharging their functions. The laws and codes of conduct and discipline have been fully implemented. This record is all the more impressive given the context of Singapore: Especially in comparison with many other Asian countries, its rapid economic development and the pockets of institutional corruption that existed in the country before and into the early years of independence.

While other countries and institutions have adopted national integrity plans and integrity institutes, Singapore's model observes a different articulation. The state does not possess a single unit for integrity; rather, the concept of national integrity is internalised and embedded in Singapore's laws, governance and administrative processes, as well as being reinforced in the training of civil servants. Given this systemic approach it is not a simple matter to draw up an organisational structure or point to the single unit or individual in charge of Singapore's national integrity. Thus, while the CPIB – the country's sole agency for corruption investigation – has been duly recognised as a key institution in Singapore's fight against corruption, the effort in Singapore is much wider and deeper. It includes many different agencies and strives not just to investigate and punish but also to inculcate values through training, publicity and other measures. While facts and figures about the CPIB, such as its financing, manpower and investigation of cases, are important, they by no means tell the entire story of Singapore's efforts to combat corruption and embed integrity within its system.

Given the dominance of the People's Action Party (PAP) government and the wide array of powers held by the executive, it is critical that members of the executive understand, uphold and promote integrity and anti-corruption efforts in their conduct, actions and values. Thus, in Singapore, internal rules are used to reinforce anti-corruption principles and provide details to guide the executive. It is important to note that the wider national integrity budget is embedded in different departments, and there is no single amount allocated for integrity efforts relating to the executive.

Singapore offers an interesting case model for national governance, exhibiting three main characteristics. First, Singapore was once corrupt without proper administrative measures in place and has now been cleaned up in large part through the CPIB and in tandem with economic openness to foreign direct investment and multinationals, as well as government-linked companies. Second, political will was an essential component in this effort, led by officials personally and at the highest level, and remains essential today. Third, national development is pursued through state-led institutionalisation through agencies and laws and does not feature an active civil society or media, or strong political competition between parties for power – elements that some believe to be important or even essential to a good record in fighting corruption.

## Priorities and Recommendations

Singapore enjoys a strong record in developing a national integrity system and fighting corruption. This record is all the more impressive given the context of Singapore: Especially, in comparison with many other Asian countries, its rapid economic development and the pockets of institutional corruption that existed in the country before and into the early years of independence.

The Singapore system strongly emphasises the investigation and prosecution of corruption cases, which are carried out independently and without fear, with the CPIB, Attorney General's Chambers and courts each professionally discharging their functions. This is highlighted by a number of cases that have involved political leaders and members of parliament from the ruling party.

While investigation and prosecution remain essential, the Singapore integrity system has also developed beyond this to emphasise public education, training of government officials, codes of conduct and the promotion of values among leaders and public officials to facilitate and strengthen prevention. Many of these efforts are made specifically to combat corruption. Even more efforts are allied to concepts of good governance, efficiency and rationality, in order to provide a high quality of service to the citizens and residents of Singapore. These factors give Singapore a competitive economic advantage and an ethos of meritocracy and fairness.

Notwithstanding Singapore's considerable achievements, there are some priority areas. The following are recommendations for further improvement:

1. **Develop a single authority.** No single authority has oversight over all parts of the system (other than the president and prime minister at the apex of the system). Perhaps this is partially inevitable given the diffusion of the mission of integrity into the various components of the system. However, an inter-agency effort could link the major actors and agencies in the system, such as the civil service, the Public Service Division (PSD) and the CPIB.
2. **Discourage corruption regionally.** Singapore is a hub for the region in commercial, financial and other fields. As such, it presents questions of the role that society should play with respect to transactions with its neighbours. It is notable and commendable that Singaporean law makes it an offence for Singaporean nationals (individuals and companies) to act corruptly whether in Singapore or abroad. However, Singapore could do more to discourage corruption in a broader regional context, in cooperation with reforming government leaders of neighbouring states. Examples include active participation in regional and international anticorruption fora (such as the ADB-OECD Anti-Corruption Initiative for Asia and the Pacific and the Asia Pacific Economic Cooperation Anti-Corruption and Transparency Experts' Task Force) and pursuing concrete government-to-government follow-up activities such as study visits and resource-sharing.
3. **Legislate for independent institutions.** Compared with much of the emphasis in some literature on anti-corruption measures, the provisions in Singapore on public transparency of government agencies and the personal interests of politicians are limited. The Singapore system instead reserves the oversight to the political masters. This to date has been effective, much depends on the individuals at the apex of the system rather than on the system itself. This is especially true given that the independence of many agencies, such as the CPIB and the Elections Department, is granted as a matter of policy and tradition rather than formal law and constitutional provision. In due course, it may be preferable to legislate formally the independent functions of these key agencies. While this is not a complete safeguard against an errant government leadership, it would offer additional insulation.
4. **Increase the role of media and civil society.** In the Singapore case, the role of the media is focused on providing strong coverage of corruption cases as a means of 'shaming' and to reinforce public values. However, the media play a negligible role in investigative journalism or other efforts that are witnessed in other countries. Similarly, no civil society or nongovernmental organisations play a significant role in anti-corruption and integrity efforts. While press freedom cannot be a guarantee of integrity on its own, its potential contribution should be recognised and enhanced with further training among professional journalists. A similar lack is to be noted in civil society – a group working specifically on anti-corruption efforts can be formed, to offer an additional check and balance for governmental action, as well as promoting the country's best practices to the region.

## Country Profile

Singapore is an island city-state situated on the southern tip of the Malayan Peninsula, with a population of 4.2 million and total land area of a mere 697 sq km.<sup>4</sup> While there were pre-existing small settlements, Singapore was founded as a British trading colony in 1819 and grew into a major port in the region. It was granted self-rule in 1959 and merged with Malaysia in 1963. It separated two years later and became fully independent in 1965.

Singapore is a republic with a parliamentary system of government based on the Westminster model and entrenched in its constitution. There are three main organs of the state that are provided by the constitution – executive, legislative and judiciary.

Singapore is known widely for its economic development and efficiency, as one of the few countries that has moved from Third World to First. As for government, the country is known for strict social controls and for emphasising good governance over liberal models of democracy. The characteristics of the Singapore system are closely related to the socio-political exigencies that surrounded the establishment of an independent Singapore in the 1950s and 1960s. These mindsets, attitudes and practices have thus contributed greatly to Singapore's success in its fight against corruption. It is notable, however, that during these early years the economy was weak, and corruption was visible in Singapore and indeed was a significant factor in a number of institutions, including the police force and local political institutions. The anti-corruption efforts in Singapore only began to be effective in subsequent years, in tandem with both its economic development and the stability and political will provided by the People's Action Party (PAP) government.

### Economic System and Development

Singapore has a highly developed free-market economy, ranked by some international NGOs like the Heritage Foundation as one of the freest in the world and by the World Economic Forum (WEF Davos) as one of the most competitive. It had a per-capita GDP of SGD 44,666 in 2005, one of the highest in the world and second in Asia only to Japan.<sup>5</sup> Multinationals and government-linked companies play major roles in the Singapore economy. The economy is very open, and exports, particularly in manufacturing and electronics, make up more than 20 per cent of the GDP.

The Asian crisis that began in mid-1997 did not directly affect the Singapore economy because of its financial prudence and sound economic system. However, the economy was indirectly affected as regional economies faced turbulence and negative growth. The Singapore economy was perhaps hardest hit in the 2001 global recession by the slump in the technology sector and by an outbreak of Severe Acute Respiratory Syndrome in 2003, which curbed tourism and consumer spending. The government-led Economic Review Committee, established in December 2001 with members drawn from the private and public sectors as well as academia, made key recommendations for reviving Singapore's economy.

Singapore introduced a goods and services tax in 1994, starting at 3 per cent. This has substantially assisted in maintaining the stability of the government's revenues for spending on reforming the economy in order to produce more service and value-added goods. The tax is now at 5 per cent. The government hopes to establish a new growth path that will be less vulnerable to external business cycles in a narrow range of sectors and companies and will continue to establish Singapore as Southeast Asia's financial and high-tech hub.

### Social Demographics and Development

Singapore is one of the most densely populated countries in the world. Although Singapore is not a social welfare state, the government has taken care of the key needs of the population through various policies and schemes. Some 85 per cent of Singaporeans live in public housing provided by the Housing and Development Board. There is also a compulsory savings scheme (known as the Central Provident Fund), to which both employees and their employers contribute in order to provide individual savings for retirement and against medical needs.

Singapore's population, although small, is relatively diverse. People of Chinese descent account for 76.2 per cent of Singaporeans. Malays, who are largely the indigenous native group of the country, constitute 13.8 per cent. Indians are the third-largest ethnic group at 8.3 per cent. The remainder is made up of smaller groups such as the Eurasian community, Arabs, Jews and others. Singapore is also a multi-religious country, with no official religion, and indeed no majority religion.

The government of Singapore has been careful to maintain ethnic harmony after race riots erupted in the 1960s. Racial harmony has been emphasised in all aspects of society, including education, housing and the military. These policies have been largely successful; there have been no race riots in more than 40 years.

The national language of Singapore is Malay for historical reasons and is used in the national anthem and for military commands in the Singapore Armed Forces. There are four official languages: English, Mandarin, Malay and Tamil. English has been promoted as the country's language of administration since independence and is spoken by the majority of the population.

The general literacy rate (15 years and over) is 92.4 per cent. There are three main universities and five polytechnics in Singapore. With people as the most valuable resource, the government has made a high investment in education, as this is seen as the primary mechanism for creating equal opportunities in a country that is run on principles of meritocracy.

## Corruption Profile

Singapore is widely rated as one of the least corrupt countries in the world. It is the least corrupt country in Asia, according to the annual surveys conducted by the Political and Economic Risk Consultancy (PERC) and Transparency International (TI).<sup>6</sup> The government is also widely acknowledged for setting high standards for efficiency, rationality and transparency and for having a well-trained, professional public service; these strengths in the public sector are important in Singapore's overall integrity system.

Yeo Chee Yan, deputy secretary (development) of the Public Service Division and dean of Civil Service College, in a 2005 address describes two functional reasons for the effectiveness of Singapore's national integrity system. First, Yeo cited Minister Mentor Lee Kuan Yew's remark in *The Straits Times* on 29 April 2005 that 'ethical government is a key differentiator, a competitive advantage for Singapore'. In other words, a clean government image affords a business investment environment that is attractive to both foreign and national investors. Second, Yeo explained, an ethical government gains public confidence and trust that decisions are made in the 'national interest – not for political reasons or personal gain'.<sup>7</sup>

Cases registered for action by the CPIB in 2004 occupy the following proportions in the following sectors (with a conviction rate of always above 90 per cent): private (71.1 per cent), government (18.4 per cent) and statutory boards/government-linked companies (10.5 per cent).<sup>8</sup> In spite of such an exemplary record, analyst Tan Tay Keong notes that sporadic corruption exists in Singapore even though 'systemic graft is absent', such as through giving bribes abroad or endorsing such a practice.<sup>9</sup> In this context, however, it is notable that Singaporean law makes it an offence for Singaporean nationals (individuals and companies) to act corruptly whether in Singapore or abroad. However, some may suggest that Singapore can do more to promote anti-corruption efforts in a broader regional context, in cooperation with reforming government leaders of neighbouring states.

With regard to the issue of transparency for attracting foreign direct investment, Professor and Director of Murdoch University's Asia Research Centre Garry Rodan argues that Singapore has pursued the route of 'pragmatic accommodations to specific informational needs of business, rather than any commitment to generalised transparency improvements, [and remains] extremely nervous about broader conceptions of transparency, [such as] towards liberal democratic models'. In his study of whether markets require transparency, Rodan further adds that '[i]deas about rights of citizens to information, the importance of a free press to more transparent and accountable systems and attempts to subject state institutions to greater public scrutiny are resisted with vigour'.<sup>10</sup>

Yet, recent developments in the Singapore polity show that changes are taking place. In the aftermath of the 6 May general elections (GE), the government announced plans on 31 May to review the way it manages new media and engagement with its net-savvy users, as part of what is hailed as a 'lighter touch approach'.<sup>11</sup>

There has been unprecedented space for public discussion of domestic political happenings afforded by the internet, especially during the 6 May general elections; blogging did not exist during the previous, 2001, election. The nine-day campaign saw the number of blog articles on the subject growing nearly 10-fold compared to before Nomination Day.<sup>12</sup> Under the present leadership of Prime Minister Lee Hsien Loong there has also been an encouragement of civic voice and participation through virtual and mainstream channels under the rubric of '3P' (Public, Private, People) partnership.

## Anti-Corruption Activities

While corruption is, in the words of renowned scholar on anti-corruption Jon Quah, 'a fact of life rather than a way of life' and remains 'incidental [rather than] institutionalised in Singapore',<sup>13</sup> there is a need for on-going vigilance and legal safeguards. Singapore has a sound anti-corruption framework that has achieved resonance through what may be identified as three contributing factors:

- 'Draconian anti-graft laws and procedures ... enforced by efficient and independent anti-corruption agencies
- 'Leaders with foresight and integrity [with] unwavering political will to build clean institutions and weed out graft
- 'High salaries of political leaders and public officials, and other measures to curb incentives and opportunities for graft'<sup>14</sup>

The laws that apply in Singapore are briefly outlined as follows:

- *Prevention of Corruption Act*: This is the main anti-corruption legislation, which, inter alia, (1) sets out the definition of various crimes of corruption and their punishment by imprisonment and/or penalties; (2) sets up and empowers the CPIB; and (3) extends the liability for corruption to all in Singapore and for Singaporeans while abroad.
- *Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act*: This act gives the court the power to seize assets obtained by any party found guilty of corruption, in addition to imposing penalties. This helps ensure that corrupt persons do not benefit from their crimes. The act allows the court to make a supposition that assets beyond the scope of the declared and traceable legal income of the guilty person are benefits of corrupt acts. This extends to properties that the corrupt person may have transferred to a family member or other person. It also grants the state a priority to claim such assets even over banks or others who may have legal claims to the property.

In addition to these two pieces of legislation, there are other measures that more generally create a system of law that readily examines questions of corruption and holds the guilty accountable. These are the Criminal Procedure Code, the Evidence Act, the Penal Code and the Police Force Act.

Additionally, there are codes of conduct and discipline that apply to public sector employees and politicians: the Government Instructional Manual (IM), the Police General Orders, the Code of Conduct for Ministers and Guidelines on MPs' Involvement in Business.

Under these codes and guidelines, public servants may be found guilty by administrative review and subject to penalties and punishment ranging from warnings to dismissal. Where warranted, the information from such administrative review is shared with the CPIB, which may consider further investigation for criminal prosecution.

These laws and codes of conduct and discipline have been fully implemented. Examples of penalties include confiscation of corrupt offenders' properties and assets derived from the proceedings of corrupt transactions, demotion or suspension of employment, termination of employment (including loss of pension and future opportunities for public appointment) and criminal prosecution.

The key institution in the anti-corruption sector is the CPIB. The CPIB is an independent body under the Prime Minister's Office that investigates and prevents corruption. All corruption cases in the public and private sectors are investigated by the CPIB, whether on its own initiative or based on reports from the public, which may include anonymous feedback and tip-offs. The CPIB covers a wide variety of types of corruption affecting all aspects of society and people from all walks of life, such as those involving sports, illegal immigration and marriage scams. The CPIB also undertakes programmes for public education. Where investigation warrants, the CPIB makes a recommendation for prosecution, which is undertaken by the Attorney General's Chambers.

Civil society groups, while playing a greater role in leading social and other missions (e.g. environmental protection) since the 1990s, have, for the most part, not engaged with the specific field of fighting corruption and raising integrity. This is perhaps a reflection of the government's strong lead in enforcing transparency and integrity in all areas of society. One or two think-tanks have held regional and international conferences to analyse corruption in Asia.

In December 1999, the government set up three private sector-led committees to review Singapore's corporate governance and regulatory framework. The three committees are: the Corporate Governance Committee, the Disclosure and Accounting Standards Committee and the Company Legislation and Regulatory Framework Committee. The Disclosure and Accounting Standards Committee recommended that compliance with accounting standards should be made a legal requirement for companies, which would strengthen the enforcement framework and improve compliance. The Corporate Governance Committee came up with a Code of Corporate Governance, which is benchmarked against the codes in other leading jurisdictions such as the United States, United Kingdom and Australia. Coming into full effect in 2003, it sets out recommended corporate governance principles and practices in areas such as board composition, board performance, directors' remuneration, accountability and communication with shareholders. The private sector is also complying with corporate governance recommendations, formulating measures such as the Anti-Corruption Action Plan for Asia-Pacific in 2001.

Much of Singapore's integrity system aims to obviate and prevent corruption with systemic measures, such as training and an emphasis on instilling the proper values within society and especially the public sector. Nevertheless, cases of corruption in Singapore have involved even ministers and senior public servants. Some notable corruption cases involving public sector employees and politicians are as follows:<sup>15</sup>

- *Teh Cheang Wan (Minister for National Development, August 1966)*: Tan Kia Gan was investigated in August 1966 for accepting two bribes totalling SGD 1 million from Hock Tat Development Pte Ltd and Ho Yeow Koon of Keck Seng Pte Ltd in 1981 and 1982 respectively. Hock Tat Development had paid Teh gratuities of SGD 500,000 for helping the company retain a piece of land that was earmarked for acquisition. Ho Yeow Koon had also given a gratuity of SGD 500,000 to Teh for his help in buying a piece of state land for private development. Teh committed suicide before he could be formally charged in court. He maintained until the end that he was innocent.
- *Glenn Knight (Director of Commercial Affairs Department, March 1991)*: Glenn Knight was investigated in March 1991. In October 1991, Knight was sentenced to a total of three months in jail for attempted cheating and giving false information in order to secure a government car loan. He was under fresh investigations in 1997 for criminally misappropriating a total of SGD 2,720. On conviction in September 1998, he was fined a total of SGD 10,000 and jailed for a day.
- *Yeo Seng Teck (Chief Executive Officer of Trade Development Board, 1993)*: Yeo Seng Teck was investigated in 1993 for cheating offences dating back to 1988. He was charged with 22 counts of forgery, cheating and using forged invoices involving the purchase of Chinese antiques worth about SGD 2 million. He was convicted and sentenced to four years' imprisonment.
- *Choy Hon Tim (Director of the Electricity Department and Deputy Chief Executive [Operations] of the Public Utilities Board, 1995)*: Choy Hon Tim was investigated in 1995 following allegations that he had received kickbacks for awarding contracts to suppliers and contractors of the Public Utilities Board when he was chief electrical engineer. He was subsequently charged and convicted for obtaining gratuities totalling SGD 13.85 million. He was sentenced to a 14-year jail term and ordered to pay back the SGD 13.85 million.
- *Taw Cheng Kong (Regional Manager, Asia Pacific Division, Government of Singapore Investment Corporation, 1996)*: Taw Cheng Kong was investigated in 1996 and charged for corruptly receiving more than SGD 2.4 million for buying a total of 86.9 million shares of various companies for the Government Investment Corporation between 1991 and August 1996. He was sentenced to nine years and three months' imprisonment and ordered to pay back about SGD 2.4 million. He was acquitted on appeal. However, the Taw case established the willingness of the government to investigate and prosecute Singaporeans for actions while abroad.
- *Andrew Goh Keng Guan (Assistant Head, Talent Group, Resource Development Division of Economic Development Board, 2002)*: Goh Keng Guan was charged with taking SGD 380,000 in bribes from seven Chinese nationals between February 1999 and June 2001 in return for helping them to process their applications for permanent residency in Singapore. Goh was sentenced to 26 months' imprisonment and ordered to repay the money he took from the seven Chinese nationals.
- *T.T. Durai (CEO of the National Kidney Foundation (NKF), Singapore, September 2005)*: T.T. Durai was investigated in September 2005 following the nationwide scandal – brought to light by *The Straits Times* (Singapore Press Holdings) – that the staff of the NKF 'could

be involved in corrupt dealings'.<sup>16</sup> CPIB formally charged Durai on 18 April 2006 for submitting false invoices between 2003 and 2004 to the NKF to make claims for various consultancy services that were never rendered. One invoice was for SGD 20,000 and the other, SGD 5,000. Further investigations are pending. Durai's case, however, is notable in that the government is investigating one of the largest and best-known nongovernmental charities.

# The National Integrity System

## Political

### Executive

#### Evaluation of the NIS Pillar

The executive plays the role of a key policy and decision maker and forms an integral part of Singapore's national integrity system. The executive works closely with the civil and public servants who provide necessary information, advice and past experience before recommending an appropriate policy. The executive is accountable to the Parliament, and engages the ministers in Parliament with questions and debates before a bill is passed and in general question time, as well in debate over the budget. Additionally, reviews of policies may be conducted by various parliamentary committees.

The executive government is led by a prime minister, appointed by the president from among the members of Parliament (MPs) on the basis that the MP commands the confidence of the majority of Parliament. On the advice of the prime minister, the president then appoints other ministers from among the members of Parliament to form the Cabinet. The Cabinet is responsible for all government policies and the day-to-day administration of the affairs of state and wields wide powers. When the prime minister or a senior cabinet minister retires from office, he or she may take up the political office of senior minister based on his or her long experience. The current senior minister of Singapore is Goh Chok Tong, the second prime minister. This office has been held in the past by Lee Kuan Yew, the first prime minister of Singapore, and S Rajaratnam, former deputy prime minister.

At independence the constitution originally provided for a president of the republic, to be appointed by the Parliament as the head of state. The traditional role of the president was largely ceremonial, with only vestigial powers of discretion. In January 1991, the constitution was amended to enlarge the presidential powers and allow for the election of a president by the citizens of Singapore. Under the revision, the president holds office for six years and has a variety of functions and powers. These include the power to initially veto key public service appointments and the annual budgets of the government, statutory boards and key government companies. The president must also approve government spending where such spending is in excess of the current revenues and might deplete the financial reserves built up by former governments.

These powers are intended to give the president a custodial role with respect to the integrity of the public service and organs of the state and to empower him to watch over the financial reserves of the country. Initiative nevertheless remains with the prime minister and Cabinet, and where the prime minister and president disagree, the presidential veto can be referred to the Presidential Advisory Council and, also, Parliament, which may vote to either uphold or override the president's veto. To date, to public knowledge, the presidential veto has not been invoked. Military spending is another area removed from presidential supervision, and expenditure in this area is based on the certification of senior defence officials. Strict criteria have to be met before a person stands for election as president.

With specific regard to anti-corruption efforts, the president may decide to refer a matter to the CPIB for investigation if the prime minister might refuse to do so. This would allow investigations to be undertaken even if the Cabinet led by the prime minister would otherwise decline.

The first presidential election was held on 28 August 1993. Ong Teng Cheong was elected. S. R. Nathan became the second elected president on 1 September 1999, running unopposed. On 17 August 2005, again without opposition, Nathan was re-elected and was sworn in for his second term of office on 1 September 2005.

#### Anti-Corruption Activities and Laws/Procedures

The Constitution of Singapore<sup>17</sup> sets out the structure and organisation of the executive. According to Article 24.2 of the constitution, the Cabinet is collectively responsible to Parliament and maintains the general direction and control of the government. According to Article 25 of the constitution, appointments of the prime minister and ministers are made by the president from among the members of Parliament. Ministers are appointed in accordance with the advice of the

prime minister. Article 34 states that appointments to the office of permanent secretary (high-level public officials) shall be made by the president, at his discretion, on the advice of the prime minister, from a list of names submitted by the Public Service Commission. Members of the executive are not obliged by law to give reasons for their decisions. There are no explicit term limits for ministers. However, as MPs, the Cabinet is subject to Article 65.4 of the constitution, which states that Parliament shall continue for five years from the date of its first sitting unless dissolved sooner. Accordingly, unless duly re-elected, the ministers would lose their cabinet positions.

The Code of Conduct for Ministers (see Appendix A), in force since 1954, acts as an administrative check. It outlines the 'rules of obligation' that all ministers are to abide by in order to uphold accountability, honesty, integrity and diligence in the exercise of public duties. Breach of any of these rules may expose the minister to removal from office. The Code of Conduct for Ministers has provisions for the following six areas: (1) disclosure of private interests; (2) directorships, partnerships and appointments; (3) financial interests; (4) relations with civil servants; (5) journalism; and (6) acceptance of gifts and services.

Ministers must not use their influence to support the candidature of any person for admission to or promotion within the Singapore Civil Service (Clause 4). Ministers or equivalent high-level officials do not have the power to make the final decision in ordinary contract award and licensing cases. They are not permitted to enter into any transactions whereby their private financial interest might come into conflict with their public duty or use their official influence in support of any enterprise, project or scheme in which they have a private interest, or accept any favour of any kind from persons who are in negotiation with or seeking to obtain any licence or enter into any contractual relations with the government.<sup>18</sup> Additionally, to avoid potential conflicts between private and public responsibilities, a minister must, upon his appointment to office, disclose to the president (through the prime minister) in confidence his sources of income, assets and liabilities. Elsewhere, rules on gifts and hospitality are enforced in the Code of Conduct for Ministers (Paragraphs 6.1 to 6.3).

Members of the executive are not immune from persecution. In the past, ministers have been charged for corruption offences (see 'Legislature'). Ministries are able to adopt whatever measures they deem necessary to prevent corruption, which may or may not include review of internal procedures. In spite of the corruption offences committed, strict rules and effort in implementing policies against corruption by the executive and other public sectors continue to ensure a strong anti-corruption ethos and a generally low level of corruption in Singapore.

## **Operational Accountability and Integrity**

The Cabinet governs through 14 ministries and a Prime Minister's Office. The ministries are: Community Development, Youth and Sports; Defence; Education; Finance; Foreign Affairs; Health; Home Affairs; Information, Communication and the Arts; Law; Manpower; National Development; Environment and Water Resources; Trade and Industry; and Transport. The combined expenditure of all ministries in FY2005 was SGD 29.68 billion (approximately 15.5 per cent of GDP).<sup>19</sup> In terms of sectoral distribution, about 41.5 per cent of total expenditure is devoted to social development (education, healthcare and public housing), 40.1 per cent on security and external relations, 13.1 per cent on economic development and 5.3 per cent on government administration. The combined staffing of civil service (all ministries) is 61,000.<sup>20</sup>

Annual estimates of revenue and expenditure are presented to the Parliament, and legislative approval of the estimates is demonstrated with the Supply Act (1985–2005). The Parliament exercises financial control by requiring the government to seek the approval of the House for its annual budget. After the minister's budget speech, Parliament will stand adjourned for not less than 7 days, and when it resumes, 2 days will be allotted for the debate of the budget statement. This is followed by the debate on the estimates of expenditure, in which each minister is questioned on his ministry's policies. The debate lasts from 7 to 10 days, following which the Supply Bill is passed.

The operating expenditure for Parliament and its sittings in FY2005 was SGD 25.67 million. Parliament has an estimated 57 staff members. For the Cabinet Office alone, the total operating expenditure for FY2005 is SGD 636,020, with 15 permanent staff.<sup>21</sup>

It is important to note that the wider national integrity system budget is embedded in different departments, and there is no single figure allocation. The budget allocations of statutory boards are decided by their board of directors/governors in accordance with the respective acts under which the statutory boards have been established.

The Parliament Estimates Committee (eight MPs) and the House Committee (eight MPs) examine the government's budget, report on any improvements in organisation, efficiency or administrative reforms that would be consistent with the policy underlying the estimates and suggests the form in which the estimates shall be presented to Parliament. Any member of Parliament may query a minister on the way in which money has been spent and may suggest ways in which government money could be better utilised. Ministers do not have extra-budgetary funds at their disposal, and all government fund activities must undergo proper accounting and documentation.

The Public Accounts Committee, comprising eight MPs, examines various accounts of the government showing the appropriation of funds granted by Parliament to meet public expenditure, as well as other accounts laid before Parliament. The committee has on occasion publicly raised questions on the efficacy and good practices of some of the ministries. Such a process helps ensure the integrity of the system and could potentially flush out malpractice.

Additionally, the Accountant-General's Department supervises and administers the government accounting systems. The Auditor-General's Office (AGO) derives the power to audit ministries and statutory boards from the constitution, the Audit Act and various other laws. The procedures are based on standards issued by Singapore's Institute of Certified Public Accountants. Annually, the accountant-general prepares accounts and financial statements of the government as required by the Financial Procedure Act. Government accounts and statements are submitted to the auditor-general for audit before a report is submitted to the president and Parliament within three months of the end of the financial year. The report is referred to the Parliament's Public Accounts Committee for consideration. A report of the findings and recommendations of the committee is presented to Parliament and published thereafter. Similar requirements for the audit of accounts of statutory boards by the AGO are in place.

The government publishes the budget annually through the Ministry of Finance website. Citizens do not participate in the budgetary process, but they can share their views on key fiscal choices in Singapore through the budget website or request that the budget statement and speech be sent to them. Increasingly, the public has been consulted through agencies like the Feedback Unit and other feedback channels.

Citizens are entitled to civil rights stated in the Constitution of Singapore, Part IV. These are not specifically targeted at ensuring that officers are not corrupt but can be used to challenge decisions that citizens think are unreasonable, biased or otherwise tainted. There have been cases in which the court has set aside executive decisions on these bases.

## Legislature

### Evaluation of the NIS Pillar

Under the constitution, the legislative branch or Parliament is partially fused with the executive/Cabinet, which also consists of MPs. This follows British precedent. However, unlike Britain, Singapore has no history of a two-party system with a substantial opposition or a changeover in the parties that form government. The Singapore system has been described as a dominant one-party system, albeit with elections. In such a system, the role of Parliament in passing laws and in holding the executive accountable continues but is subjected to the reality of party discipline and the 'whip'.

The Singapore Parliament is unicameral with three different types of members. The majority are elected MPs, voted into the house at regular elections. Elections are based on the first-past-the-post system; that is, whoever secures the most votes in a constituency will win. The elected MPs represent either single-member constituencies or group-representation constituencies of three to six candidates, of whom at least one in the team must belong to a minority race.<sup>22</sup>

Additionally, constitutional amendments have introduced two other types of MPs in Singapore: the non-constituency MP (NCMP) and nominated MPs (NMP). The NCMP is a seat offered to an opposition candidate who received the highest number votes among the losing candidates. The seat is offered only if the total number of opposition MPs elected is less than three. The NMP is a non-elected position, for which candidates are suggested by the public and selected by a special parliamentary committee, which includes opposition members. They are expected to offer the widest range of nonpartisan views.

The 10th Parliament, constituted by the election held in November 2001 and dissolved in April 2006, had 94 MPs – 84 elected MPs, 1 NCMP and 9 NMPs. The People's Action Party regained power after garnering 66.6 per cent of valid votes during the 6 May general elections. The

swearing-in of the new Cabinet by Prime Minister Lee Hsien Loong on 30 May witnessed 24 new PAP MPs, one new NCMP and two opposition MPs re-elected.<sup>23</sup>

Since 1968, the PAP has had almost total dominance in Parliament. Until 1981, there were no opposition MPs elected into Parliament. Even since then, there have been at most four opposition MPs. This dominance of the PAP is backed by the first-by-the-post system and the group-representation constituencies. Thus, while the PAP's share of the general votes has varied from around 60 per cent to more than 70 per cent, they have always occupied more than 90 per cent of the seats.

Given the dominance of the PAP government and the wide array of powers given to the executive, it is critical that the executive understand, uphold and promote integrity and anti-corruption efforts in their conduct, actions and values. Internal rules are used to reinforce anti-corruption principles and provide information to guide the executive.

At the start of each parliamentary sitting, MPs have the opportunity to raise questions with the ministers on their respective ministries' responsibilities. Through questioning the ministers, Parliament makes the government accountable for its actions and allows the public to listen to a spectrum of views and opinions on how decisions are made.

## **Anti-Corruption Activities and Laws/Procedures**

The constitution, Part VI, and the Parliament (Privileges, Immunities and Powers) Act govern oversight of the legislative branch. The Parliament (Privileges, Immunities and Powers) Act Section 35 has provisions on anti-corruption activities, sets out the privileges of members and gives punitive powers to Parliament. The Select Committee on Privileges will look into any complaints regarding breaches of parliamentary privileges. There are no laws requiring legislators to record and/or disclose contact with lobbyists or similar registered interest groups, but under the Parliament (Privileges, Immunities and Powers) Act Article 32, a member in Parliament or any committee shall not take part in the discussion or vote of any matter in which he has a direct personal pecuniary interest without disclosing the extent of that interest. In addition, the respective political parties have their own internal mechanisms to regulate the conduct of their members, and all MPs, like any Singaporeans, are subject to the Prevention of Corruption Act.

Protection of persons helping authorities in combating corruption is dealt with in Section 36 of the Prevention of Corruption Act. This section protects the identity of informers by prohibiting the disclosure of any matter that might lead to their discovery in civil or criminal proceedings. The lodgers of corruption complaints can choose to remain anonymous. All corruption cases are dealt with directly by the CPIB. Any person who has information on corruption may lodge the complaint on the hotline, on the internet website, in writing or in person.

MPs are not granted special immunity for any acts other than their speeches in Parliament, for which they enjoy privilege from prosecution for defamation and other charges. In terms of efforts to promote integrity and fight corruption in the legislature, the PAP has instituted codes of conduct to cover issues such as their disclosure of interests. There have also been cases in which MPs have been prosecuted for crimes such as fraud, without any special protection and in the full glare of public and media attention. Such cases, while not common, have reinforced the expectation that members of the legislative arm of the state maintain their integrity.

## **Operational Accountability and Integrity**

The budgetary process that governs the legislative branch is the same as that for government ministries (see 'Executive'). MPs do not have access to off-the-books funds, and there are no significant categories of public expenditure that do not require legislative approval. Disclosed assets are not required to be made publicly accessible. The legislative budget is made public through the Ministry of Finance budget website. The Public Accounts Committee and the House Committee may hold closed-door or public hearings and report their findings back to the House regularly.

PAP MPs are often invited to serve as directors on boards of private and publicly listed companies (albeit those not owned or chaired by grassroots leaders the MPs have appointed), as a sign that the private sector values the individual MPs' contributions, as well as the party's reputation for integrity and quality. The PAP allows MPs to take up such appointments – subject to close public scrutiny – at their own discretion, provided they maintain high standards of conduct and rigorously separate their private and public responsibilities. The latter condition prevents MPs from exploiting their public position, their contacts with the ministers or their access to government departments

and civil servants for their personal business interest or their employers' benefit (refer to PAP's Guidelines on MPs' Involvement in Business in Appendix B).

Additionally, MPs must abide by the following reporting requirements:

1. To inform the whip of all the directorships that they hold and the director's fees that they receive;
2. To update the whip whenever they relinquish a directorship or accept a new appointment within two weeks of such changes; and
3. To submit to the whip a summary of their current directorships and the fees received from all directorships in the preceding year by 31 January each year.

The above guidelines, updated in April 2004 by then-Prime Minister (now Senior Minister) Goh Chok Tong, indicate the government's shift away from a rules-oriented regime to one based on disclosure. At that time, concerns were raised especially by companies about whether a cap should be placed on the number of board appointments MPs can take on. Of the 46 PAP MPs – out of 82 – who are not office holders and eligible to take on directorships with companies, 4 have 6 to 10 directorships, and another 16 have between 1 and 5. When polled by *The Straits Times*,<sup>24</sup> all but 3 of the 22 PAP MPs interviewed opposed a cap on the maximum number of directorships they can hold. To date, there has been no evidence that the directorships held by MPs have distorted government decision making or resulted in corrupt or other illegal practices.

The legislature forms a key part of Singapore's National Integrity System as it is the organ where various laws and decisions regarding anti-corruption efforts are made. The legislature requires input from all sectors to enact laws. It interacts frequently with public sector agencies, the judiciary and political parties. The media enables the public to gain awareness on how decisions, policies and laws are made.

## Political Parties

### Evaluation of the NIS Pillar

There are more than 20 registered political parties in Singapore. Of these, the parties active in recent elections are as follows: the People's Action Party (PAP), Worker's Party, Singapore Democratic Party and the Singapore Democratic Alliance (SDA). The SDA is an alliance of four component parties: namely, the Singapore People's Party, National Solidarity Party, Pertubuhan Kebangsaan Melayu Singapura and the Singapore Justice Party.

Historically, Singapore witnessed tumultuous political competition during the post-World War II period and into its early years, from self government to statehood within the Malaysian federation and then separation and independence. While the PAP has ruled Singapore since 1959, in the early years of limited self government it was an opposition party with only four seats in the Parliament. In addition, the PAP itself split, and members in the socialist-communist wing formed the Barisan Socialist, with an almost equal number of parliamentary seats. This period of strong political competition and contention ended when the Barisan Socialist boycotted the general elections in 1968 and, as economic prosperity increased, the PAP established a monopoly in Parliament through the polls.

The opposition parties since that period have been extremely weak and divided, thus attracting limited popular support. Public discussion and awareness of the opposition during the 2006 general elections had increased, however, especially through the medium of online blogging (see 'Media').

The failure of the opposition is largely a reflection of its inability to deal with the pragmatic political culture of Singapore and the effectiveness and success displayed by the PAP government. Usually, in Singapore's general elections, the popular vote for the opposition parties in total ranges between 25 per cent and 35 per cent only. Between 1981 and the present, the number of elected opposition MPs has stood between one and four. The general elections on 6 May saw the re-election of two opposition MPs, Low Thia Kiang (Worker's Party) and Chiam See Tong (Singapore People's Party), and one Non-Constituency MP, Sylvia Lim (Worker's Party). The incumbent PAP won 66.6 per cent of the general vote, taking 82 of the 84 elected seats. Notwithstanding this modest result, some observers suggest that the opposition Worker's Party is gaining credibility and support. It consistently performed the best of all opposition parties in the seats that it contested.

In addition to political parties, there are parapolitical institutions such as Community Centres, the Citizens' Consultative Committee and the Residents' Committees established by the PAP government in the 1960s and 1970s. Most are brought under the umbrella of the People's

Association. Strictly speaking, they are independent from political parties and not meant to be part of the government. However, the prime minister is chairman of the People's Association, and members of Parliament serve as advisers to most of these citizens' committees. Even in opposition members' constituencies, the advisers to such committees are usually the incumbent PAP MPs or their nominees.

## **Anti-Corruption Activities and Laws/Procedures**

Political parties are governed by the Political Donations Act, the Parliamentary Elections Act and the Societies Act. The rules governing political parties do not prevent the formation of opposition parties as long as they meet the stated requirements in the three acts and do not discriminate in favour of the ruling PAP. The Elections Department (ELD) of Singapore – responsible for planning and managing presidential and parliamentary elections and national referendums – administers the Political Donations Act and campaign spending rules, while the Ministry of Home Affairs looks into any violations of the Societies Act.

The Political Donations Act and its regulations are the legal rules governing the funding of the parties. The Political Donations Act seeks to prevent foreigners from interfering in Singapore's domestic politics through funding of candidates and political associations. Private donors therefore have to be a 'permissible donor' to be eligible. This refers to the following: an individual who is a citizen of Singapore and is not less than 21 years of age, or a Singapore-controlled company that carries on business wholly or mainly in Singapore. The act restricts the size of anonymous donations to less than SGD 5,000 in total per reporting period and requires political associations, potential candidates and large donors to file donation reports periodically with the registrar. Non compliance is an offence subject to punishment. There is no governmental funding of parties.

Rules on disclosure of party funding are not published but are recorded with the Registry of Political Donations. The Election Expenses Limit Law imposes a limit on the level of spending by or on behalf of every candidate in the conduct and management of an election, to ensure a level playing field between candidates. The ELD monitors the expenditure level, which is capped at SGD 3 for each elector in a constituency.

## **Operational Accountability and Integrity**

Each political party is governed by its constitution or rules, which are registered under the Societies Act. Under this act, any organisation whose objectives or activities relate wholly or mainly to politics in Singapore is gazetted as a political association. There is formal operational independence as long as the parties comply with the requirements of the Societies Act. In the early years of Singapore's development, especially from 1956 to 1959 under Chief Minister Lim Yew Hock's administration, many social and economic problems prevailed, including corruption in the government. When the People's Action Party took over in 1959, it had campaigned on an anti-colonialist and anti-Communist platform with an ambition to initiate several reforms to improve the economy and living standards of the people, as well as to eradicate corruption in the government by making ethical and incorruptible leadership a core issue. Symbolically, the PAP adopted an all-white uniform to indicate its incorruptibility.

Under the present laws, the responsible officers of the political association in question are liable for any financial irregularity. Besides legal conviction, the officer will be disqualified for three years from being on the register of electors, from voting at any election and from being a candidate at a parliamentary or presidential election. The main political parties have codes of conduct for their members, and 'unethical' candidates (i.e. those undergoing investigation/convicted of crimes) cannot stand for election.

There have been cases in which the opposition parties have accused the PAP government of corruption or lacking in accountability and integrity, most recently in the handling of the National Kidney Foundation. The NKF was one of the largest and best-known charities in Singapore. While it is a non-governmental charity, it was seen to have been endorsed by the government. In the NKF case, CEO T.T. Durai and the entire board quit when details revealed after a failed defamation suit brought against Singapore Press Holdings in July 2005 provoked a public outcry and a formal investigation by CPIB. The defamation suit revealed that Durai was paid SGD 600,000 a year and enjoyed first-class air travel, which he had denied. CPIB later formally charged Durai on 18 April 2006 for submitting false invoices between 2003 and 2004 to the NKF to make claims for various consultancy services that were never rendered. One invoice was for SGD 20,000 and the other, SGD 5,000.<sup>25</sup>

Some opposition politicians tried to raise this issue against the PAP government. Singapore Democratic Party (SDP) chief Chee Soon Juan and his sister Siok Chin in particular used the NKF

case in the February issue of the SDP newsletter, *The New Democrat*, during their election campaign, to draw parallels between how the charity foundation and the government were run. Prime Minister Lee Hsien Loong and Minister Mentor Lee Kuan Yew subsequently sued the siblings for making false personal attacks. The court found the Chees guilty of defaming Prime Minister Lee and Minister Mentor Lee on 12 September 2006.<sup>26</sup>

## Electoral Sector

### Evaluation of the NIS Pillar

The Elections Department of Singapore functions as the professional administrator of elections, with the task of conducting free and fair elections in Singapore. The ELD is a department under the Prime Minister's Office and hence does not have a commissioner. Oversight of appointment is provided by the Public Service Commission, which is designated by the constitution as being independent from the prime minister and his cabinet. In this regard, the ELD differs from counterparts in some other countries that are constituted independently and sometimes through a public vote. The Registry of Political Donations falls under the purview of the ELD.

The integrity of the democratic process in Singapore is upheld by the ELD through:

- Strict and faithful adherence to all legal requirements for the conduct of elections;
- Maintenance of accurate registers of electors that are readily accessible and available for use;
- Provision of necessary information and suitable facilities to enable voters to cast their votes in secret according to their informed choices;
- Impartial and transparent administration of election finance laws; and
- Delivery of responsive and courteous services to all customers.

### Anti-Corruption Activities and Laws/Procedures

The ELD is governed by the same principles as other governmental agencies with regard to corruption. Besides departmental rules, ELD officers have to adhere to the provisions of the Government Instructional Manual. The IM specifically requires officers to report any corrupt acts that come to their knowledge. The Prevention of Corruption Act also makes it mandatory for public officers to report instances of bribe offers, and any violations are punished. Furthermore, the act protects the identity of informants in civil and criminal proceedings. The ELD is not empowered by law to start investigations on its own initiative. It may choose to refer any information to the CPIB, but all investigations are conducted by the CPIB.

### Operational Accountability and Integrity

The ELD has a full-time staff of around 20 officers, supported by a team of IT personnel. The total expenditure in FY2004 was SGD 22,936,970.<sup>27</sup> The budgetary process that governs the ELD is the same as that for other governmental agencies, that is, through the operating block budget/development block budget. Under this funding arrangement, the department is given an operating or development cash block, capped at a pre-determined percentage of GDP. This budget will be passed in Parliament after the budget debate. The ELD does not have access to off-the-books funds.

The ELD also promotes public understanding and awareness of Singapore's electoral system and voting processes. The consultation process is carried out under the Feedback Unit, a citizen's consultation portal under the Ministry of Community Development, Youth and Sports. Party affairs are not disclosed by the ELD except in relation to political donations. Even so, donors' information in the Registry of Political Donations is not disclosed to the public.

The public's confidence in the ELD was recently tested during the 2006 general elections when one of the Workers' Party candidates, James Gomez, claimed that the ELD staff had 'misplaced' his application form for a minority candidate certificate.<sup>28</sup> However, he apologised after the ELD released video footage that demonstrated that he had in fact not submitted the application. On 6 May, the ELD lodged a complaint against Gomez. He was subsequently detained for questioning by the police but let off with a 'stern warning' for his 'use of threatening words towards a public servant'.<sup>29</sup>

The ELD is critical to enhancing public confidence in the integrity of the electoral system and its outcomes. It is also essential to uphold the integrity of the democratic process in Singapore by ensuring that all legal requirements are fulfilled.

## **Public Service and Judiciary**

### **Supreme Audit Institution**

#### **Evaluation of the NIS Pillar**

The Auditor-General's Office has constitutional responsibility for auditing the government ministries, organs of state and certain statutory boards. It also operates within the provisions of the constitution and the Audit Act. The AGO is an integral part of Singapore's National Integrity System as it ensures accountability in the government's budget and finance, in accordance with the laws. The AGO also assists in the Public Accounts Committee's deliberations. Where appropriate, the AGO will follow up on its recommendations upon future audits of an organisation. The AGO does not have any formal international links but welcomes foreign national audit institutions whenever there are opportunities.

The auditor-general reports directly to the president, which allows the former to perform audit without fear or bias. The auditor-general position is a statutory appointment by the president in accordance with the advice of the prime minister unless the president, acting on his discretion, does not concur with that advice. The auditor-general's responsibility is to audit and report annually on the financial accounts of all departments and offices of the government, the Public Service Commission, the Legal Service Commission, the Supreme Court, all subordinate courts and Parliament.

The auditor-general's removal from office and remuneration are protected under the constitution. The auditor-general may be removed from office by the president or if the president concurs with the advice of the prime minister. However, the prime minister shall not tender such advice except on the auditor-general's inability to discharge the functions of his office (whether arising from infirmity of body or mind or any other cause) or for misbehaviour and except with the concurrence of a tribunal consisting of the chief justice and two other judges of the Supreme Court nominated for that purpose by the chief justice.

#### **Operational Accountability and Integrity**

The AGO has 135 staff members; total expenditure in FY2004 was SGD 12,559,800.<sup>30</sup> All AGO staff are civil servants and are governed by all regulations and instructions applicable to civil servants (see 'Civil Service'). The budgetary process that governs the supreme audit institution is the same as other governmental agencies (see 'Civil Service'). All governmental budgets in Singapore must be passed in Parliament. The supreme audit institution cannot allocate its budget independently and does not have access to off-the-books funds.

The government publishes the budget annually. The AGO supervises and administers the government accounting systems. The AGO's audit procedures are generally based on standards issued by Singapore's Institute of Certified Public Accountants. Annually, the accountant-general prepares accounts and financial statements of the government as required by the Financial Procedure Act. The government accounts and statements are submitted to the auditor-general for audit before a report is submitted to the president and Parliament within three months of the end of the financial year. The report is referred to the Parliament's Public Accounts Committee for consideration. This committee reviews the auditor-general's report and examines the government's accounts and statements presented to Parliament. A report on the findings and recommendations of the committee is presented to Parliament and published.

The current laws governing the work of the AGO do not require the AGO to consult the public. However, a governmental Feedback Unit is in place to conduct public consultation. There is no provision in the law for the public to redress grievances regarding budget irregularities with the AGO. The latter will take into account complaints from the public. However, under the Audit Act, the AGO cannot respond directly to the complaint but can only submit reports to the president when it deems it necessary to do so.

# Judiciary

## Evaluation of the NIS Pillar

The judiciary is a key part of Singapore's National Integrity System as it upholds the law, ensures transparency and is seen as the vital custodian of the political rights and liberty of the people. The pillar interacts mostly with the legislature, law enforcement agencies and the Corrupt Practices Investigation Bureau. It also interacts with international institutions to protect and advance Singapore's interest internationally through the effective practice and application of relevant public international law. In addition, the judiciary interacts with the media and civil society to inform the public on legal matters and to make clear the severity of crimes and corruption. The judiciary administers the law with independence from the executive and the legislative branches of the government.

The judiciary in Singapore has two tiers: the Supreme Court and the subordinate courts. The Supreme Court is the top tier, comprising the Court of Appeal and High Court. The Court of Appeal is the highest appellate court in Singapore. The decisions of the Court of Appeal clarify and confirm the law and establish precedents for the guidance of all the courts. The High Court, as a superior court of record, also supervises the subordinate courts and administrative tribunals through the processes of appeal and judicial review.

There are clear safeguards for judicial independence in the Singapore constitution: Article 93 invests judicial power in the Supreme Court and not with the executive, and Articles 98 and 99 ensure the independence of the judges who sit in the Supreme Court by granting security of tenure. Judicial oversight is governed by the following: The Singapore Constitution (Articles 93–101), Supreme Court of Judicature Act (Chapter 322), Subordinate Courts Act (Chapter 321), Judicial Proceedings (Regulation of Reports) Act (Chapter 149), Legal Aid and Advice Act (Chapter 160), Legal Profession Act (Chapter 161) and the Code of Conduct for the Attorney-General's Chambers.

The subordinate courts comprise magistrate's as well as district courts. Judges in the subordinate courts do not enjoy security of tenure, unlike their Supreme Court counterparts. There are, additionally, specialist courts, including small claims tribunals, the family court and the juvenile court. The subordinate courts manage more than 95 per cent of all judicial matters in Singapore. Specifically, the Criminal Justice Division protects the public by deterring crime while the Civil Justice Division ensures the effective and fair resolution of civil disputes. The Juvenile Justice and Family Justice Divisions aim to reintegrate juvenile delinquents into society and protect family obligations respectively.

The Attorney-General's Chambers are independent of the judiciary and, in many ways, of the legislature and executive. Their roles include drafting legislation for government, advising government on the law and prosecuting cases in the courts where the attorney-general is satisfied that there is evidence of a crime. In the last of these roles, the attorney-general acts at his own discretion and not under the instruction of the executive or of the judges.

The Attorney-General's Chambers consists of the Civil Division, Criminal Justice Division, International Affairs Division, Legislation Division and the Law Reform and Revision Division. The Attorney General's Chambers has its own code of conduct for its staff.

## Operational Accountability and Integrity

Appointments and qualification of Supreme Court judges are provided for in the constitution. Such judges are appointed by the president, acting on his own discretion, on the advice of the prime minister. The prime minister also consults the chief justice in appointing judges. Once appointed to the Supreme Court, judges in Singapore enjoy security of tenure, whereby constitutional protections are granted to allow no reduction in the powers, pay, term or other rights and privileges of the office. This is intended to help secure the independence of the judiciary from executive interference and/or public pressure. Supreme Court judges may be removed only on the ground of misbehaviour or inability to discharge the functions of their office. This is decided not by the executive or even among the judiciary but through an elaborate process involving an independent tribunal comprising judges and/or former judges of equal rank from Singapore or other Commonwealth jurisdictions.

Appointments of other judges, magistrates, coroners and registrars are provided for in the Subordinate Courts Act (Chapter 321). The Legal Profession Act (Chapter 161) sets the qualifications for advocates and solicitors and the practising requirements. They are not granted

security of tenure as judges as they belong to the legal service. They may be posted to other legal appointments including the Attorney General's Chambers as part of their career development and rotation.

There are provisions in the various legislative acts above, particularly the Legal Profession Act and the Subordinate Courts Act, that ensure the integrity of legal officers and judges. A Code of Ethics has also been issued to govern the conduct of mediators and mediations. All corruption offences are prosecuted by trained deputy public prosecutors (DPP) from the Attorney-General's Chambers. Prosecutions are based on the Prevention of Corruption Act and the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act. In addition, the DPP also relies on the Criminal Procedure Code and the Evidence Act for prosecution of all criminal offences, including corruption offences. Public hearings and/or proceedings are required by law. Under the Supreme Court of Judicature Act (Section 8) and the Subordinate Courts Act (Section 7), any cause or matter, civil or criminal, shall be tried in an open and public court to which the public generally may have access.

Court users, especially litigants, can apply to inspect files and court documents that have been classified as public documents. Notes taken down by the judges and registrars are not made available unless they are in typewritten form and approved by the judge or judicial officer. Judges are required to explain their judgments and do so in practice.

The Attorney-General's Chambers seek to enhance the rule of law and constitutional government in Singapore. They assist the government in developing a fair and responsive legal system by reviewing and reforming the law to meet the needs of Singapore and its people, among other roles.

Singapore's judiciary system enjoys high ratings in commercial and business law from international investors, and most of the public express confidence in the legal system. The legal system is also known for its speed and efficiency. However, some have made more sceptical criticisms of Singapore's legal system. It has been argued that with the dominance of the Parliament by one party, the government is able to take initiatives and impose decisions that they believe to be for the public good. The Parliament can, for example, amend the constitution to limit the power of the courts to review certain cases. It has done so with respect to detentions under the Internal Security Act. The Singapore courts have also been used in a number of political cases between members of the cabinet and their opponents, especially for defamation.

Some critics question the number of defamation cases won before Singapore courts by government leaders in their personal capacity against opposition politicians and/or foreign journalists. Some of these allegations have related to accusations and insinuations of nepotism and favouritism in government appointments. Truth would be a defence to such allegations. As such, if a serious accusation is made, the public hearing of these suits would give the defendant a prime opportunity to put forward the facts they allege. However, none of the defendants have proved the truth of their allegations.

## **Civil Service/Public Sector**

### **Evaluation of the NIS Pillar**

The constitution provides for a civil service that is to assist the ministers but that is hired and fired independently of the decisions of the Cabinet by an independent Public Service Commission (PSC). This follows the British tradition of a civil service meant to serve whichever party is in power. These constitutional arrangements are upheld. There are about 120,000 employees in the public service, about half of whom are civil servants working in ministries and organs of state. Teachers and members of the police force are also public service employees. In addition to the civil service itself, there are statutory boards that are set up by legislation to carry out governmental policies under the supervision of a parent ministry.

Employment in the public service is guided by principles of meritocracy and equal opportunities. Prior to 1 January 1995, the PSC was the central authority for all personnel management functions in the Singapore Civil Service. Since then, the authority to recruit and promote officers was devolved from the PSC to a system of Personnel Boards, that is, ministries and statutory boards and organs of state have been recruiting and promoting their own staff since 1995. Only the recruitment and promotion of very senior civil servants and the appointment of officers into the Administrative Service remain under the purview of the PSC. The PSC continues to have the authority to discipline and dismiss civil servants. This is to ensure absolute impartiality and rigorous proceedings.

Recruitment is open and transparent, done primarily through open invitation by advertising in the local newspapers and electronic media (e.g. internet websites). Promotion is on the basis of official qualifications, experience and merit. Ministers are not permitted to interfere with the hiring, promotion and firing of civil servants outside of this official process.

The civil service/public sector works closely with the executive or the Cabinet by providing the latter with necessary information, advice and past experience to inform the recommendation of an appropriate policy and by implementing these policies. The sector also interacts with the legislature by providing input for the enactment of laws. The relationship between the civil service and the political leadership establishes a political context that creates a space for civil servants to work out rational, effective solutions and to grow professionally, as well as maintain a virtuous circle of sound policies, good government and strong political support.

However, given the uninterrupted rule of the PAP, some observers suggest that the civil service is unaccustomed to serving other governments and, in this regard, has been politicised so that it takes into account a broader political context in implementing policies. The PAP government considers the civil service as a vital instrument to fulfil their objectives of national survival and prosperity.

### **Anti-Corruption Activities and Laws/Procedures**

According to the constitution (Article 107), every member of the PSC holds office for a period of five years from the date of his appointment but shall be eligible for reappointment unless he has earlier resigned. Under the Retirement Age Act (Chapter 274A), which took effect in 1999, the minimum retirement age for employees is prescribed to be 62 years regardless of sector. As safeguards against nepotism or cronyism, members in the PSC are not permitted to hold office in any political association, serve as a member of Parliament, a duly nominated candidate for election or a member of any trade union. Such measures ensure their independence in office (Article 106 of the constitution).

The Public Service Division does not require establishment of committees to review anti-corruption measures. Anyone can report any allegation of corrupt acts in Singapore, including in the public sector, to the Corrupt Practices Investigation Bureau. Public officers are subject to the law of the land.

The IM is an instrument for ensuring that good standards of integrity and transparency prevail. The IM requires individual ministries to review work procedures for corruption prevention and to have control systems for effective supervision wherever there are discretionary powers. The permanent secretary is responsible for ensuring that appropriate anti-corruption measures are adopted within his or her ministry, in line with the government IM. Ministries can adopt whatever measures they deem necessary to prevent and combat corruption, which may or may not include reviewing of internal procedures or measures. The CPIB also makes such reviews if investigations reveal that corruption is due to systemic shortcomings.

Civil servants are guided by the principles in the Code of Conduct for civil servants. The IM (Section L of IM No. 2) has several provisions to prevent conflict of interest, such as requiring officers to declare whenever they have a personal interest in any issue being decided in the course of their work; i.e. officials are not allowed to hold shares in private companies without prior approval. A public official also cannot engage in trade or business or undertake any part-time employment without approval.

No registry currently exists for the acceptance of gifts. The guiding principle is that no officials may accept an invitation or entertainment from members of the public that will place the former under any real or apparent obligation to the latter. They may, however, accept invitations or entertainment from personal friends. Officials also may not receive any gift offered to them on account of their official position or their official work. Where it is impractical or inappropriate to refuse the gift, the official may accept, but he has to report this to his or her permanent secretary, who will then ensure that proper procedures and records of the handling and disposal of gifts are kept and maintained within the ministry. Generally, officials can keep the gifts if they purchase them. If not, the gifts can be retained for display in the office or donated to charitable institutions.

Public officials are also required to make an annual declaration of non-indebtedness and of their personal assets and interest in investment and properties. The department concerned keeps these records. Departmental disciplinary action will be taken against officials for failing to declare the assets truthfully. Under the Civil Service Code of Conduct, civil servants should firmly refuse any form of presents or gratuities. The IM also states that any form of discounts or special gift offers

from manufacturers or retailers must be approved by the permanent secretary. There are also strict rules governing the nature of gifts and entertainment that are offered by officials internally, i.e. upon retirement. All civil servants are to sign an undertaking not to disclose any official information to any person under the Official Secrets Act. This restriction applies to officers even after their resignation or retirement from the job. Non-compliant officers will be charged in court for an offence under the Official Secrets Act.

A public officer who is convicted in court of a corruption offence will lose his job, including pension and other benefits (if he is eligible for a pension). He will also be barred from any future public appointment. A public officer who is convicted of a departmental charge may, depending on the severity of the charge, be dismissed or demoted and face stoppage or deferment of increment, fine or reprimand and retirement in the public interest.

Human resource management is handled at the ministry level to allow for greater responsiveness in recruitment and promotion. There are three levels of personnel board – the Special Personnel Board, the senior personnel boards and the personnel boards. Which personnel board an official falls under depends on his terms of service and divisional level. Officials who are aggrieved by the decision of a personnel board can appeal directly to the Appeals Board, which is chaired by the head of civil service and comprises senior permanent secretaries. If the official is still unhappy over the Appeals Board's decision, he may lodge a further appeal to the PSC, whose decision is final within the civil service. Finally, the aggrieved person can also challenge the decision of the appeals board and PSC in court by invoking the court's power of judicial review.

Bribery of civil servants/public sector officials is an offence. It is governed by both criminal and administrative law. All civil and public sector officials are subject to the Prevention of Corruption Act, Chapter 241, and the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, Chapter 65A. The Prevention of Corruption Act makes it mandatory for public officers to report instances of bribe offers. Besides these measures, the IM has a section in Conduct and Discipline dedicated to prevention of corruption.

## **Operational Accountability and Integrity**

The public sector consists of all ministries and statutory boards (refer to earlier sections). The combined expenditure of all ministries for FY2005 is SGD 29.68 billion (approximately 15.5 per cent of GDP). The combined staffing of civil service (all ministries) is 61,000.<sup>31</sup> Civil servants do not have access to off-the-books funds. All ministries and organs of state are engaged in direct public spending, i.e. budget allocated by the government. The statutory boards do not have direct allocation by the government. They are self funded but provide services to the ministries in exchange for additional funding.

The government has set up two panels, namely the Pro-Enterprise Panel and the Zero-In-Process panel under the 'More Vision, Less Bureaucracy' movement. The Pro-Enterprise Panel responds to private-sector feedback on bureaucracy and aims to cut red tape and revise government rules and regulations to be more pro-enterprise. The Zero-In-Process panel aims to reduce bureaucracy and resolve overlapping or grey areas in regulations so that the public need not go separately to different agencies.

While there is no public service-wide policy to compel agencies to publish procedures and criteria for administrative decisions, public agencies do publish information to help customers make application decisions and facilitate the application process. Some examples of services that state their procedures and criteria include passport applications, exit permits for operationally ready National Servicemen (NSmen), work permits for employment of foreign workers by business owners, public entertainment licences and even dog licences.

The internet enables the public service to reach out to customers any time, anywhere, allowing information to reach a wider group of customers. The internet therefore allows greater accessibility of public information. The internet has been widely used by public agencies to disseminate information. In addition, the Singapore government has also used the internet to provide government services online, so that the public and business users can perform important tasks – such as filing their income tax or applying for permits and licences – anytime, anywhere, without having to make a trip to a government office during working hours. In fact, more than 1,600 government services are currently offered online.

All ministries have an internet presence. Besides hosting descriptions and explanations of government policies and procedures on the websites, the online government services provided also spell out application procedures and the broad criteria used for considering the applications. These efforts promote efficiency, transparency and ease for citizens to apply for public services and

permissions. There are a number of benefits from these efforts, including the reduction of any 'rent' for potential corruption.

## Law Enforcement Sector

### Evaluation of the NIS Pillar

A number of institutions comprise the law enforcement community in Singapore. Some key bodies are:

- Singapore Police Force
- Corrupt Practices Investigation Bureau
- Central Narcotics Bureau
- Immigration and Checkpoints Authority
- Singapore Customs and Excise Department

The integrity of the Singapore Police Force (SPF) and other law enforcement agencies is a manifestation of the strength of Singapore's National Integrity System, which ensures zero tolerance for corruption.

There is no particular organ/agency/institution that the SPF most relies on or works with, as such cooperation is dependent on the issue at hand. For example, the Police Coast Guard cooperates with the Singapore Navy to ensure Singapore's coastal security. The Foreign Relations Division also works very closely with the Ministry of Foreign Affairs on police issues that have a foreign policy dimension. There are also domain experts such as the Land Transport Authority, the Health Sciences Authority and the Civil Aviation Authority of Singapore with which the SPF works closely on joint or inter-agency issues.

### Anti-Corruption Activities and Laws/Procedures

The SPF falls under the purview of the Ministry of Home Affairs. The commissioner, appointed by the president on the advice of the Cabinet, is responsible to the minister for the supreme command, direction and administration of the force. The appointment is based on merit, and the appointee is not protected from removal without relevant justification. Police officers are prohibited from becoming members of trade unions or bodies or associations with political objects.

All corruption cases are investigated by the CPIB. The legislation that CPIB relies on to investigate cases of corruption is the Prevention of Corruption Act, Chapter 241. CPIB relies on the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, Chapter 65A, to confiscate properties and assets of corrupt offenders that were derived from the proceeds of corrupt transactions. In the event that ministers are to be prosecuted, CPIB needs to obtain the attorney-general's consent to prosecute before arrest charges can be made for the offence. In the past, ministers have been charged for corruption offences (see 'Executive').

All corruption offences are prosecuted by a DPP from the Attorney-General's Chambers. Besides the above-mentioned two acts, the DPP also relies on the Criminal Procedure Code and the Evidence Act for prosecution of all criminal offences, including corruption offences. Military personnel committing corruption offences or any other criminal offences are charged for the offences accordingly. In the past, CPIB has charged a few military officers for corruption offences and other criminal offences.

For misdeeds of officers from the law enforcement agencies, the following acts are consulted: the Prevention of Corruption Act, the Penal Code and the Police Force Act. Additionally, the Police General Orders<sup>32</sup> and Section L, Conduct and Discipline of the Government Instruction Manual 2 also govern the wrongdoings of police officers and civil servants. The police personnel office reports to the Minister of Home Affairs while deputy public prosecutors report to the attorney-general (also the public prosecutor). There is no requirement for the public to be consulted in the work of law enforcement agencies. Law enforcement agencies are not obliged to disclose their investigation work. When a person is charged in court for any criminal offence, it is up to journalists to report the case in the newspapers.

Rules on conflict of interest and on gifts and hospitality for police are stipulated in Section L, Conduct and Discipline of the Government Instruction Manual 2. There are no post-employment restrictions imposed on staff when they leave the SPF. However, they are still bound by the Official Secrets Act. In addition, if it is discovered that they have had an inappropriate or corrupt

relationship with any organisation during their service, they may still be prosecuted for any crime if allegations are substantiated. This also applies to situations in which these corrupt dealings gave them an advantage in joining the said organisation after they have left SPF.

There are provisions in the Prevention of Corruption Act that protect the identities of informants on corruption. The SPF encourages a culture of transparency in which officers will be forthcoming in reporting errant officers. The SPF also introduced an ethical disclosure programme, the 'Help by Ethical Disclosure Programme (HELP)', in April 1999. This is a formal programme available to commanders and directors to tap officers as information sources about wrongdoings committed by their fellow officers. The objective is to replace the stigma and uncertainties associated with whistleblowing with the cultivation of a new mindset in which peer reporting is regarded as ethical. As corruption in the SPF is considered a very serious matter, all allegations are under independent review by the CPIB. No such cases are investigated internally.

## **Operational Accountability and Integrity**

The SPF has an operationally ready strength of 13,377 fulltime officers comprising regular officers, civilian officers and Police National Service Full-time. Total expenditure in 2003, including development, was SGD 1,104.22 million.<sup>33</sup> Like other agencies, the police force is funded through the operating block budget/development block budget. Under this funding arrangement, the police force is given an operating or development cash block respectively, capped at a pre-determined percentage of GDP. Thereafter, this budget is passed in Parliament following the budget debate. Police or prosecutors do not have access to off-the-books funds. All government funds must be properly accounted for and documented.

A service improvement unit under the police force was formed in 1995 to receive and collate feedback and complaints from members of the public. Under the SPF community-focused model, SPF constantly seeks to stay in touch with the community, including the business community. Engaging the public is understood to be a key factor for effective policing and is thus an integral part of the SPF. Engagement occurs at all levels, from frontline policing activities to reviewing of existing policies and formulation of new ones. Essentially, consultation takes place at three levels, namely, strategic planning, policy formulation and operations.

## **Public Contracting System**

### **Evaluation of the NIS Pillar**

The public contracting system is important in encouraging fair and open competition, for maximising the total returns for the public sector and for promoting transparency as a custodian of public faith.

As a city-state, Singapore does not have local government/sub-central authorities. The bulk of government procurement activities in Singapore is decentralised to individual ministries, departments, organs of state and statutory boards. However, they must adhere to central procurement guidelines issued by the Ministry of Finance, including bidding documents that must be approved. Procurement regulations are made under the Ministry of Finance. A Government Procurement Adjudication Tribunal, set up in accordance with the Government Procurement Act, handles complaints of non-compliance with the act. The Ministry of Finance is the contact agency.

### **Anti-Corruption Activities and Laws/Procedures**

The Government Procurement Act regulates procurement in Singapore. There are other guidelines set out by the Ministry of Finance, such as revenue contracting procedures, debarment or disqualification of suppliers and so on. Singapore is a party to the 1994 Agreement on Government Procurement under the World Trade Organization. The Government Procurement Act empowers the minister to make regulations to govern procurement subject to the act. The regulations may prescribe the technical specifications for procurement, the procedure for qualification of suppliers and the procedures for the award. Following the award, the regulations also prescribe the provision of any information pertaining to procurement and the different provisions for different kinds of procurement.

Openness, fairness, transparency and value for money are the key principles for public procurement. Open tender is the norm, although the statistics are unavailable. Singapore government procurement is based on value for money through fair and open competition with no favouritism towards any supplier, whether big or small, local or foreign. Failure to abide by the

rules will result in punishment from the Government Procurement Adjudication Tribunal or the Standing Committee on Debarment (SCOD) within the Ministry of Finance.

The tender board consists of the minister, the permanent secretary and high level officials subject to the governmental codes of conduct and regulations. There are several tender boards in place. To determine the level of authority (the types of tender board) to approve a tender/offer, the contract value is based on the tendered sum or the total value of the contract. Contracting processes and regulations are determined by the minister. Budget and plans are subject to the approval of the government. Currently, an e-procurement system is in place. All government tenders must be put online at GeBIZ.<sup>34</sup> Tenders can also be made in other widely accessed public media, such as newspapers, to attract the largest number of competitive bids. Tender information advertised in the press is kept brief, limited to notifying firms of the tender's existence, and further details are published electronically on GeBIZ.

Procurement rules laid down in documents are accessible to the public on government procurement and Ministry of Finance websites. Procurement award decisions are made public. Once the Tender Approving Authority approves a tender, an award notice will be published on GeBIZ informing all bidders of the outcome. The procurement law does not require the maintenance of registers and statistics on contracts or the publication of decisions on changes and adjustments of contracts in execution.

Members of parliament are allowed to raise questions with the ministers on their respective ministry responsibilities. The Public Accounts Committee examines the various accounts of the government. Citizens can give their MPs feedback regarding specific government projects and programmes. A periodical contracting plan is publicly available, but the use of public hearings is not mandatory or a practice in the contracting process.

There are three types of tender/bidding: open, selective and limited. All government acquisitions of above SGD 70,000 must adopt tendering procedures. An open or selective tender will be called unless the circumstances allow for a limited tender. For selective tenders to be used, a qualification review of interested suppliers, determined by their capabilities, is carried out first so as to exclude suppliers who do not meet the minimum requirement. In limited tendering, tenders are invited from only a few suppliers or from one pre-identified supplier. The use of a limited tender must be approved by the permanent secretary or the CEO for a statutory board. This limited tender can be used when no responsive tender is received from an earlier open or selective tender, when it concerns national security or when it is not feasible or practical to call for open tender, e.g. because of intellectual property rights or for works of art.

No tenderer may amend tenders/offers after tenders are opened. The tender specifications should be crafted such that it is clear what prices need to be submitted. Where there are genuine mistakes in calculation, and the reasons given are acceptable, the reasons will be recorded and the tender processed in accordance with the corrected figures. Where the price inconsistency is deemed to be due to reasons other than genuine error or cannot be reconciled, the tender will be declared deficient and excluded from further evaluation. It must, however, be submitted to the relevant authority along with valid tenders.

The law contains criteria concerning the modification of awarded/ongoing contracts. No changes should normally be made to tender specifications/contracts after a tender/contract has been awarded. However, if modification is necessary, different approvals are needed based on the circumstances. Normally, the approvals involve the approving authority that awarded the tender/contract, the permanent secretary of the ministry concerned or his authorised officers and the Ministry of Finance.

The Government Procurement Adjudication Tribunal handles complaints of non-compliance with the Government Procurement Act. In the case of a direct allocation and waiver of competition, the justification is stated in the submission for approval by the approving authority. A procedure exists to challenge procurement decisions, enshrined in the Government Procurement Act. The act applies only to governmental agencies. An unfavourable decision can be reviewed by the judiciary.

All tenderers and bidders must adhere to regulations concerning procurement. According to the procedures guidelines, corruption and collusion will result in the forfeiture of tender deposits. Bidders convicted will be debarred from all lines of business for a minimum of five years, regardless of the amount involved. The staff involved shall be dealt with in accordance with the Government Instructional Manual 2.

The authority for debarment of defaulting contractors lies with the Standing Committee on Debarment. Public sector agencies submit their debarment recommendations directly to the secretary of SCOD. If corruption or rigging are suspected, these would be investigated by CPIB.

The CPIB would in turn, where appropriate, recommend debarment action to SCOD. The contractor or any of its employees, directors, partners or its sole proprietor who had bribed a public sector official or another person in connection with a government agency or contract would be debarred.

There are administrative sanctions for criminal offences against the public administration in connection with contracting. A public official who is convicted in court of a corruption offence will lose his job. If he is a pensionable official, he will lose his pension and other benefits as well. He will also be debarred from any future public appointment. A public official who is convicted of a departmental charge may, depending on the severity of the charge, be dismissed from the service or demoted or face stoppage or deferment of increment, fine or reprimand and retirement in the public interest.

## **Operational Accountability and Integrity**

The set form of invitation to tender, tender or contract agreement, banker's guarantee or insurance performance bond must be approved by the attorney-general. Centralised purchasing is carried out for common goods and services, and ministries, departments, organs of state and statutory boards can purchase from service-wide contracts.

Total procurement spending is about SGD 10 billion. Singapore is an open, free-market economy, with few resources. Exports, particularly in electronics, machinery and transport equipment, mineral fuels and chemicals provide the main source of revenue for the economy. Singapore also relies on entrepôt trade, purchasing raw goods and refining them for re-exporting, such as oil refining and wafer fabrication. Once privatised, entities are subject not to government procurement regulations but to other regulations for the private sector.

A management system for administration of contracts is in place, observing the following measures to ensure its integrity:

1. Where officials administer the allocation of government contracts in which they or their close relatives have any interest at all, or where they hold dual appointments in the company interested in the contract, they must declare the interests and disqualify themselves altogether from handling the matter.
2. Officials delegated to administer the allocation of government contracts should be chosen carefully. As a best practice, the officials are rotated from time to time.
3. The members of the tender evaluation committee and the tender approving authority are different.

## **Anti-Corruption Agencies**

### **Evaluation of the NIS Pillar**

The Corrupt Practices Investigation Bureau is an independent body under the Prime Minister's Office that investigates and prevents corruption. All corruption cases in the public and private sectors are investigated by the CPIB. The CPIB covers a wide variety of types of corruption affecting all aspects of society and people from all walks of life, such as those involving sports, illegal immigration and scam marriages.

Heavy punishments for corruption cases are meted out by the courts, and these act as a strong deterrent to would-be offenders. For corruption education and prevention, CPIB works closely with the Civil Service College, the Ministry of Education, the mass media and grassroots organisations to spread anti-corruption messages to students and members of the public.

The primary function of the CPIB is to investigate corruption under the Prevention of Corruption Act. It is also empowered to investigate any other sizable offence under any written law that is disclosed in the course of a corruption investigation. The bureau also promotes corruption prevention by reviewing the work methods and procedures of corruption-prone departments and public bodies to recommend remedial and preventive measures. Officials of the bureau regularly conduct lectures and seminars to educate public officials on the pitfalls and avoidance of corruption and organise programmes for the general public. All corruption offences are prosecuted by a DPP from the Attorney-General's Chambers.

### **Anti-Corruption Activities and Laws/Procedures**

The CPIB regards both pro-activity (monitoring and preventive interventions) and reactivity (responding to complaints) as equally important in combating corruption. The CPIB acts on

information provided by complainants/witnesses, and investigation units under the Operations Division handle such investigations. Where necessary, preliminary fact finding will be done before the actual investigation. Under the Prevention of Corruption Act, the identity of the informer is protected. The public is encouraged to report corruption cases to the CPIB. However, under the Prevention of Corruption Act, a person can be charged for giving false or malicious information to the bureau.

In the area of education, prevention and other proactive approaches, the following measures are taken:

1. For certain public sector cases that reveal loopholes in the system or procedures, the CPIB may review such procedures and make the necessary recommendations to the department concerned;
2. The CPIB also has a website (<http://www.cpi.gov.sg>) that contains various preventive and educational materials for the general public and public officials;
3. Publicity of corruption-related cases is carried out through the mass media as a deterrent against would-be offenders;
4. CPIB officers conduct corruption prevention talks to the public and private sectors, as well as reaching out to principals/vice-principals and students in pre-universities and polytechnics through platforms such as the learning journey briefings and incorporating anti-corruption awareness as part of civic education; and
5. CPIB officers gather information proactively, to facilitate investigations and to obtain relevant details before investigations are carried out.

Cases registered for action by the CPIB in 2004 occupy the following proportions in the following sectors: Private (71.1 per cent), Government (18.4 per cent), and Statutory Boards/Government-Linked Companies (10.5 per cent). The CPIB's (2002–04) record for targeting corruption appears in Table 1.

**Table 1 CPIB Conviction Rates (2002-2004)**

Year	Conviction	Acquittal	Total	Conviction Rate
2004	172	5	177	97.1%
2003	223	3	226	98.7%
2002	224	2	226	99.1%

**Source:** Author's interview with CPIB

The conviction rate is always above 90 per cent. A summary of results for the 2005/06 ML Consulting Public Perception Survey appears in Table 2.

**Table 2 Results of the 2005/06 ML Consulting Public Perception Survey**

<i>How would you rate corruption control in Singapore?</i>	<b>Percentage of Respondents</b>
Excellent	10%
Very good	41%
Good	38%
Fair	10%
Poor	1%
<i>CPIB has done well in solving corruption cases</i>	<b>Percentage of Respondents</b>
Strongly agree	10%
Agree	57%
Not sure	31%
Disagree	2%
Strongly Disagree	0%

## Operational Accountability and Integrity

Various legislative and administrative measures ensure accountability and transparency. The government publishes the budget annually. Annual estimates of revenue and expenditure are presented to the Parliament, and legislative approval of the estimates is shown in the passing of a Supply Act. The Parliament's Estimates Committee keeps watch on government expenditure. The CPIB has 81 staff members; its annual budget is about SGD 12 million.

Although there is no legal obligation for the CPIB to seek public input with regard to its work and performance, the CPIB has constantly obtained feedback from the public on its services and processes. The CPIB conducts the Public Perception Survey once every two to three years and conducts External Customer Surveys annually. Such surveys aim to gather useful feedback from the public on how the CPIB can improve in various areas like customer service and other qualitative indicators. The CPIB also provides easily accessible avenues for customer feedback and inquiries, including the toll-free 24-hour Duty Office line,<sup>35</sup> direct visits to the CPIB office and also via the CPIB internet website (for both corruption complaints and feedback). There is a quality service manager (QSM) to receive and attend to feedback from the public, and the QSM hotline is toll-free.<sup>36</sup> CPIB also constantly seeks feedback from other government agencies and its strategic partners on various aspects of its processes.

There is no legal obligation for the CPIB to publish reports. The CPIB published a 'coffee-table book' entitled *Swift and Sure Action – Four decades of Anti-Corruption Work* in 2002/2003, which provides detailed information on the CPIB and Singapore's fight against corruption. The book contains information on the history of the CPIB, various cases handled by the CPIB, its performance indicators, strategic directions in combating corruption and other statistics. In addition, the CPIB provides reports on its work and performance to Parliament annually, and these reports are accessible by the public. The CPIB is not obliged to disclose its investigation work. However, when a person is charged in court for any criminal offence, it is up to journalists to report the case in the newspapers.

## Non-governmental

### Media

#### Evaluation of the NIS Pillar

Singapore's media environment is highly regulated. Censorship is common, internet access is regulated and private ownership of satellite dishes is not allowed. Two big players dominate the media scene: Singapore Press Holdings and MediaCorp. Singapore Press Holdings has a virtual monopoly of the newspaper industry. While privately owned, it is generally considered to be supportive of the government and has officially endorsed the PAP in general elections. It is currently chaired by a former deputy prime minister. MediaCorp is a private limited company that is 100 per cent owned by Temasek Holdings, which owns and manages the Singapore government's direct investments, both locally and overseas. It operates TV and radio stations as well as a newspaper (*Today*). The media sector contributes approximately 1.56 per cent to Singapore's GDP.<sup>37</sup>

#### Anti-Corruption Activities and Laws/Procedures

The constitution of Singapore, Article 14.1(a), states that every citizen of Singapore has the right to freedom of speech and expression. However, parliament may by law impose restrictions as it considers necessary or expedient in the interest of the security of Singapore or public order.

The media industry in Singapore is regulated by the following legislation and codes of practice: Media Development Authority of Singapore Act; Broadcasting Act; Films Act; Newspaper and Printing Presses Act; Undesirable Publications Act; Public Entertainment and Meetings Act; Internal Security Acts and Official Secrets Act. These are administered by the Media Development Authority (MDA). The MDA is accountable to the Ministry of Information, Communications and the Arts (MICA), which formulates and administers regulatory and development policies.

An independent advisory committee and panels provide opinion and feedback in regard to media ethics, i.e. censorship standards. A Censorship Review Committee is formed once every decade to review and update censorship objectives and principles. Besides the committee, which reports to MICA, the Feedback Unit also has a committee and panel to look into this. The Think Centre, a

non-governmental organisation, conducts a media watch, which collects newspaper articles related to the local media scene.

The media can and does play a role in helping ensure integrity and in anti-corruption efforts. However, unlike in some developing countries, its role is not primarily to investigate charges (which is the focus of the CPIB). Instead, the role of the media is to provide high exposure to corruption cases and thereby to help reinforce social values for integrity and against corruption. Additionally, in a recent case, *The Straits Times* newspaper helped make public the waste and lack of good governance in one of the country's largest non-profit social service organisations, the National Kidney Foundation (see 'Political Parties').<sup>38</sup> The pending case demonstrates the possible role of the media in helping bring to light malfeasance.

## Operational Accountability and Integrity

The media licensing authorities use transparent, independent and competitive criteria and procedures. There are no explicit rules on political advertising but the election expenses limit may impose certain restraints on media advertising during elections. Advertising can be carried out only during the election period beginning with the day the writ of election is issued for an election and ending with the close of all polling stations on polling day. Parties and candidates do not receive free media coverage.

Media organisations adhere to regulations and codes of practice set out by the MDA, which has set a high standard in terms of integrity, transparency and good governance. The Singapore National Union of Journalists has a code of professional conduct, which has several rules enforcing integrity and anti-corruption awareness. Besides this union, the Singapore Union of Broadcast Employees, which is the in-house union at MediaCorp, has a set of in-house rules of conduct.

The internet has afforded unprecedented space for public discussion of domestic political events, especially during the 6 May 2006 general elections, as blogging did not exist during the previous, 2001 election. The nine-day campaign saw the number of blog articles on the subject growing nearly 10-fold compared to before Nomination Day.<sup>39</sup> Goh Kheng Wee, managing director of NexLabs, describes such a phenomenon in terms of 'citizen journalism' where 'a lot of people took it upon themselves, felt empowered by technology to report what they see, feel, hear from each election, giving detailed accounts online with the hope of sharing that account as accurately as possible'.<sup>40</sup>

In the aftermath of the 6 May elections and demonstrating regard for an impending interest boom in the internet community for the next election, the government announced plans on 31 May to review the way it manages new media and engagement with its net-savvy users, as part of what is hailed as a 'lighter touch approach'.<sup>41</sup> While details have yet to be revealed, *The Straits Times* reported that changes may be seen in the 'current ban on the use of "live" video feeds and audio recordings by political parties during a GE, or the requirement for political websites to be registered'.<sup>42</sup>

The media, in turn, also introduced changes. Singapore Press Holdings announced a new feature in July 2006 called STOMP (Straits Times Online Mobile Print), which integrates content and activities in the three platforms of print, online and mobile and receives contributions from the feedback in real time. Such a move indicates the media's expanded role in aligning more closely with the popular rise of blogging communities, which appear poised to become a formidable alternative voice to be reckoned with in the near future.<sup>43</sup>

There is no tradition of investigative journalism in Singapore. There is instead a model of 'responsible media', which is focused on providing strong coverage of corruption cases as a means of 'shaming' and to reinforce public values. This is a departure from what some would regard as the best theoretical models for democracy. However, no evidence to date suggests that any questions of corruption or integrity have been suppressed by the media.

## Civil Society

### Evaluation of the NIS Pillar

Civil society plays a small role (albeit with formal independence within the parameters of the city-state's laws and provisions) as the government takes a strong lead in enforcing transparency and integrity in all areas of society. Interaction with other pillars is dependent on the nature of the particular sector of civil society. Generally, civil society organisations (CSOs) maintain some form of engagement with local government and international organisations.

In Singapore after independence, the government moved to provide a wide range of social and other services as well as to wrestle with communist and communal groups that threatened the stability of the society. As a result, by the 1990s civil society groups in Singapore had shrunk to play a relatively small role. This, however, has grown again since the 1990s with more civil society groups taking on social and other missions (e.g. environmental protection). In the past five years or so, the government has opened up to the private and people sectors by way of a '3P (Public, Private, People) Engagement' strategy and philosophy, especially for environmental protection and access to the country's water catchments, which had previously been off-limits to the public.

However, in the field of anti-corruption efforts and integrity, there are no specific CSOs. This is perhaps a reflection of the government's strong lead in enforcing transparency and integrity in all areas of society. One or two think-tanks have held regional and international conferences to analyse corruption in Asia. Members of CSOs have not been threatened or harmed for advocacy against corruption. However, the government is not supportive of NGOs' involvement or monitoring.

Legislative measures/rules governing the oversight of CSOs include the Societies Act and the Public Entertainments and Meetings Act. Some of the key CSOs based in Singapore include the following: Think Centre, Nature Society Singapore, Waterways Watch Society, ECO Singapore, Eco4TheWorld, Animal Concerns Research and Education Society (ACRES), the Centre for Corporate Social Responsibility (Singapore), United Nations Development Fund for Women (UNIFEM) Singapore, Helen Keller Foundation and the Association of Women for Action and Research (AWARE).

Most CSOs, trade unions and business group memberships are voluntary. Citizens, workers or businesses decide whether they wish to join on their own prerogative. For unions, leaders at all levels are elected by secret ballots. Honesty and integrity is institutionalised in all trade unions, particularly the National Trade Union Congress (NTUC) – a national federation of 63 trade unions in the industrial, service and public sectors. Dignity of labour is one of the key values in NTUC.

## **Operational Accountability and Integrity**

CSOs have their own internal guidelines within the organisations and prohibitions as stated in their constitutions that govern rules on conflict of interest and gifts and hospitality. CSOs with Institute of Public Character (IPC) statuses have to disclose key information to the public annually. If an organisation is set up in Singapore exclusively for non-profit purposes and carries out activities to achieve these purposes, it must be registered with the Commissioner of Charities (at the Inland Revenue Authority of Singapore office) under the Charities Act. The IPC status ensures a high standard of governance, fund-raising practice and financial accountability of the organisation.

Cooperation of public authorities with CSOs is dependent on the nature of the latter. Public authorities do not generally cooperate with human rights or government watch groups. For Nature Society Singapore, for example, the engagement is one of consultation and consensus building. CSOs are normally subject to close supervision and guidance by the state, which has limited the scope of their actions.

Civil society actors monitoring the government's performance usually do so within the domains of human rights and democracy. However, most civil society (interest group) actors work to forward their agendas more than monitoring the government. Citizen groups do not make submissions directly to the legislature. Members of Parliament will represent them to submit or convey interests and concerns.

## **Business Sector**

### **Evaluation of the NIS Pillar**

The business sector plays an important role in safeguarding fair and honest business transactions and thereby protecting the companies' interest. Depending on the nature of the business, most companies interact within the business sector but comply with the legal obligations and regulations set by various ministries, agencies and watchdogs. The ownership structure of the business sector varies according to that of the individual business, i.e. either sole proprietor, partnership, private or public.

There are many laws governing companies and businesses with regard to the specific business structure and business activities – buying and selling, contracts, employing people, intellectual property, premises (e.g. sales and manufacturing offices) and taxation. Some of the general laws

include: Business Registration Act, Companies Act, Partnership Act, Limited Liability Partnership Act, Competition Act, Customs Act, Strategic Goods Act, Free Trade Agreements, Employment Act, Patents Act, Trade Marks Act, Factories Act, Property Tax Act and Goods and Services Tax Act, among others.

Several ministries and agencies administer the different acts governing businesses, depending on the sector. The ministries include: Trade and Industry; Manpower; Home Affairs; Information, Communications and the Arts; and Law. Where applicable, members of the public and relevant public sector organisations are consulted on proposed changes. As a government agency, the Registry of Companies and Businesses administers the Business Registration Act and the Trust Companies Act, as well as regulates the formation of business firms and companies. It also serves as an information centre for public access to general data on registered companies. The main legislation governing the formation of companies is the Companies Act, which has provisions regulating company accounts and audits to cater for maintenance of books and records, financial statement disclosures and accounting and auditing standards for companies.

Several legal obligations, licensing requirements and permits apply, depending on the industry and business activities. There are compulsory licences, occupational licences for professional services and business activity licences and permits. Examples of compulsory licences are those for private schools, video companies, travel agencies, liquor distributors, moneylenders, banks and childcare centres. Occupational licences are for professionals such as lawyers, doctors and accountants. Business activity licences and permits may be required in the course of running the business, such as those for renovating, billboards, hiring foreign workers, selling controlled goods and so on. Licences can be obtained if companies meet the requirements. However, there are more restrictions in the media, financial services and professional services sectors. The Online Business Licensing Services – an online government service – allow businesses to apply for all their licences using a one-stop portal. The portal contains information on the nature of the different licences available for application – who might need them and how one may qualify.

All businesses in Singapore comply with the tax authorities through the various tax laws. These include the Goods and Services Tax Act, the Stamp Duties Act, the Property Tax Act, the Property Tax (Surcharge) Act and the Income Tax Act. Failure to comply will result in legal punishment. Business disputes can be heard in the civil courts (the nature and amount of the claim determines the court that will hear the case – Small Claims Tribunal, Magistrates' Court, District Court, High Court or other specialised courts) if the parties decide to take them to court. Disputes can also be settled through mediation through bodies such as the Singapore Mediation Centre or the Singapore International Arbitration Centre, which handles all arbitration cases in Singapore. Any violations of legislation will be brought before a court. There is no single statute that governs all contracts. The laws of contract are normally found in case law.

The Competition Act in Singapore governs the conduct of businesses in relation to other businesses. It deals with anti-competitive conduct and practises in the local business scene such as price fixing, bid rigging, predatory pricing and other acts that restrict or distort competition. The business sector is independent in practice, albeit within the parameters of the laws and guidelines.

Singapore's economy is dominated by the higher-end manufacturing and services industries. There are close ties between the business leaders in Temasek-linked companies (TLCs) (i.e. government-linked companies) and the government. Singapore is increasingly privatising state-run companies under Temasek Holdings (the government's investment arm) and at the same time encouraging these companies to extend their geographical reach to the regional and international levels. TLCs are run by technocrats; Singapore's governing elite consists of bureaucratic, political and business actors. This is a result of Singapore's early industrial and social policies, which called for bureaucratic intervention. State ownership of key industries includes telecommunications and media, financial services, property, transportation and logistics, energy and resources, infrastructure and engineering and technology.

The government's position on privatisation is that it should exit from the provision of services where the provision of these services is not integral to the government's functions or strategic to Singapore and where the private sector is adequately placed to undertake these services. The government is committed to divesting companies held by its statutory boards where the activities of these companies are no longer core to government. This helps to ensure that public administration remains lean and focused and that private sector players are not crowded out by statutory board companies.

Ministries and statutory boards conduct a review of their companies every three years (the first review was completed in 2003) to identify and divest non-core companies. They oversee divestment of companies under their purview and are accountable for ensuring that divestment is

conducted on a fair and transparent basis. They generally set up dedicated committees to monitor and guide divestments. Where necessary, they may also engage independent consultants to ensure a robust divestment process. Management and interested parties in statutory board companies being divested are not involved in sensitive discussions and do not control divestment decisions. Selection of bidders/buyers for the divested companies is carried out on the basis of a set of clear criteria established up front. Statutory board companies that have recently been divested include HDBay, Kennover Corporation, Abecha, PSB Corporation and PSB Certification.

Foreign companies constitute almost 40 per cent of Singapore market capitalisation. The Singapore Exchange (SGX) is Asia-Pacific's first demutualised and integrated securities and derivatives exchange. Singapore has adopted international standards of disclosure and corporate governance policies, and the SGX has introduced listing rules that are market-oriented. Licences administered under the Securities and Futures Act include guidelines on criteria for the grant of a capital market services licence and representative's licence, and guidelines on licence applications and payment of fees.

## **Anti-Corruption Activities and Laws/Procedures**

The Prevention of Corruption Act governs both private and public sector corruption, applicable under the penal code. Private-to-private corruption is punishable by criminal law. Money laundering is dealt with in the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation and Benefits) Act. The Monetary Authority of Singapore issued separate guidelines on Prevention of Money Laundering<sup>44</sup> to different types of financial institutions (banks, merchant banks, finance companies, insurers, securities firms, money changers and remittance businesses) in 2000. Facilitation payments have been eliminated from business practice. They are regarded as a form of corruption dealt with in the Prevention of Corruption Act.

Sanctions for bribery are set out in the Prevention of Corruption Act. The Companies Act (which extends across all sectors) also regulates the conduct of Singapore-incorporated companies. It contains provisions on audit, reporting and corporate governance to ensure that companies have adequate internal controls and accountability to their stakeholders. Companies that do not comply with the law are taken to task by the Commercial Affairs Department and the Registry of Companies and Businesses.

The Securities and Futures Act (SFA, fully implemented in 2002) introduced a host of policy reforms in Singapore's capital markets, moving them to a disclosure-based regime. The SFA requires corporations listed on the SGX to disclose material information on a continuous basis. Failure to disclose will either constitute a criminal offence or give rise to civil liability and not be considered just a breach of the listing rules. Listed companies are required to do quarterly financial reporting.

Private sector corruption usually involves the payment or acceptance of illegal commissions or kickbacks. In recent years, there has been a string of accounting scandals and cases involving the breach of the Securities and Futures Act, such as lack of or false disclosure of companies' information. The most recent example is the charging of the former chief executive of Accord Customer Care Solutions, Victor Tan, with conspiring to falsify documents.

Besides legislation on anti-corruption measures, there are several regulations in the private sector, such as industry association regulations, to guard against corruption. Private sector corruption usually involves the payment or acceptance of illegal commissions or kickbacks, which in some cases can be quite substantial. As stated in the safeguards of the Companies Act, to counter corruption, companies disclose their accounts and audits, financial statements and corporate governance. Where appropriate, the CPIB may offer suggestions to companies on their internal guidelines to discourage corruption and safeguard fair and honest business transactions. Reports of listed companies are available to the public. Bribery and corruption cases are reported publicly. In 2002, 780 cases were investigated by the CPIB, of which 66 per cent came from the private sector. The CPIB encourages whistleblowing in all sectors.

## **Operational Accountability and Integrity**

The Singapore Business Federation (SBF) champions the interests of the business community in trade, investment and industrial relations in Singapore. Nationally, SBF acts as the bridge between the government and the businesses in Singapore. Several other associations and chambers of commerce represent the interests of the local business community. The three local ethnic chambers are the Singapore Chinese Chamber of Commerce and Industry, Singapore Malay Chamber of Commerce and Industry and Singapore Indian Chamber of Commerce and Industry. They each have permanent representation in the SBF Council. There are general business

associations, i.e. the Association of Small and Medium Enterprises, Action Community for Entrepreneurship and others, and more than 200 associations that represent the interests of particular industries. The Consumers Association of Singapore is a national body that protects consumers' interests through information and education and by promoting an environment of fair and ethical trade practices. Where applicable, members of the public and relevant public sector organisations are consulted on proposed changes in regulations.

In December 1999, the government set up three private sector-led committees to review Singapore's corporate governance and regulatory framework. The three committees are: the Corporate Governance Committee, the Disclosure and Accounting Standards Committee and the Company Legislation and Regulatory Framework Committee. The Disclosure and Accounting Standards Committee recommended that compliance with accounting standards should be made a legal requirement for companies, which would strengthen the enforcement framework and improve compliance.

The Corporate Governance Committee came up with a Code of Corporate Governance that is benchmarked against the codes in the United States, United Kingdom and Australia. Coming into full effect in 2003, it sets out recommended corporate governance principles and practices in areas such as board composition, board performance, directors' remuneration, accountability and communication with shareholders. Listed companies are required by the SGX to disclose and explain any deviation from the code. The Council on Corporate Disclosure and Governance is responsible for regularly updating the code to ensure that it remains relevant and consistent with international practices.

With the various review committees and regulations to benchmark codes of corporate governance, companies are advised to comply actively and to play a role in training their employees. There is compliance in the sector with corporate governance recommendations, such as the Anti-Corruption Action Plan for Asia-Pacific in 2001, which was drafted by regional experts and overseen by officials from the Asian Development Bank (ADB), Organisation for Economic Co-operation and Development (OECD), Transparency International Australia, UK Department for International Development (DFID), United Nations Development Programme (UNDP) and the World Bank.<sup>45</sup>

## International Institutions

### Evaluation of the NIS Pillar

International institutions play a minimal role in Singapore's National Integrity System. The government will generally support institutions that do not interfere with domestic politics and governance. Depending on the nature of work conducted by the international institutions/organisations, they can interact with a variety of actors and pillars. Some international institutions work with the government sector in areas such as environment and child and women's issues. For institutions promoting corporate social responsibility, the business sector will be more relevant.

International institutions are formally able to act independently in the country. However, they must be legally set up as either a society with the Registry of Societies or a company limited by guarantee with the Accounting and Corporate Regulatory Authority (ACRA), and they must comply with the respective legislative acts and regulations. Most international organisations are also non-governmental/profit organisations and voluntary in nature.

The Societies Act, the Companies Act and other ACRA regulations govern the oversight of international institutions working in the country. They have to report to the Registry of Societies under the Ministry of Home Affairs or ACRA under the Ministry of Finance. NGOs with charitable objectives are eligible to apply for incentives under the Charity Status and the Institution of Public Character Status within three months of incorporation in Singapore. This is reported to the Inland Revenue Authority of Singapore, under the Ministry of Finance. Monitoring is conducted by the Registry of Societies and ACRA, which are the governing bodies.

### Anti-Corruption Activities and Laws/Procedures

There are no specific codes of conduct set by the government for international institution staff. However, international institutions may have their own internal codes of conduct. Rules on conflict of interest and on gifts and hospitality are governed by the Prevention of Corruption Act, Chapter 241, and the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, Chapter 65A. These cover passive and active bribery committed by individuals in Singapore (regardless of sector and nationality) and by Singaporeans in other countries. Post-employment

restrictions are dependent on individual institutions. Prosecution for corruption in Singapore is based on Singapore legislation. Singapore does not assign any local anti-corruption responsibilities to international institutions.

Singapore is a signatory to several international treaties and conventions in trade and economic, security, environment and political cooperation. Singapore is committed to ASEAN and is supportive and active in several international organisations such as the United Nations (UN), the Asia-Pacific Economic Cooperation (APEC), the Asia-Europe Meeting (ASEM), the World Trade Organisation (WTO), the Group of 77 (G77), the Non-Aligned Movement (NAM), the Forum for East Asia Latin America Cooperation (FEALAC) and several FTAs. Other international issues that Singapore actively supports are counter-terrorism, disarmament, environment, international peace-keeping efforts and small states. Singapore endorsed the Anti-Corruption Action Plan for Asia and the Pacific at the Tokyo Conference on 30 November 2001 and participated in the drafting of the UN Convention against Corruption.

### **Operational Accountability and Integrity**

Budgets need not be made public unless they are for publicly listed companies. International institutions may comply with headquarter requirements in the home country. Procedures and criteria for decisions need not be published. The works of international bodies are mostly found on websites and in publicity media. Publication may take the form of a newsletter or books, especially by research institutions.

Public consultation is not a legal requirement. However, many international organisations and NGOs do consult the public on areas related to their work. By law, the public does not have input into the choices or allocations of international actors, particularly with regard to their anti-corruption work.

## Evaluation of the NIS

Lim Siong Guan, former head of the Singapore Civil Service, outlined in 1998 seven components of what he calls Singapore's National Integrity System. These account for a 'corruption-free civil service' and aim at not simply eradicating corruption but 'reversing [its] negative impact on development and society as a whole:

1. Strong political will and example of political leaders;
2. Public service characteristics and ethos;
3. Reduced opportunities and incentives for corruption: Administrative measures to increase transparency and predictability;
4. Changing the way government does business: Streamlining operations to improve efficiency and effectiveness;
5. Enhanced likelihood of detection: Institutional capacity and bureaucratic independence of anti-corruption agencies;
6. Swift and severe punishment; and
7. Strong public support".<sup>46</sup>

But while other countries and institutions have adopted National Integrity Plans and Integrity Institutes, Singapore's model observes a different articulation. The state does not possess a single unit per se; rather, the concept of national integrity is internalised and embedded across Singapore's laws, governance and administrative processes, as well as being reinforced in the training of civil servants. Given this systemic approach it is not a simple matter to draw up an organisational structure or point to the single unit or individual in charge of Singapore's national integrity; the effort to promote integrity is indeed systemic.

Thus while the Corrupt Practices Investigation Bureau has been duly recognised as a key institution in Singapore's fight against corruption, the effort in Singapore is much wider and deeper. This includes work in many different agencies, and in efforts not just to investigate and punish but also to inculcate values through training, publicity and other measures. Thus while facts and figures about the CPIB, such as its finance, manpower and investigation of cases, are important, they by no means tell the entire story of Singapore's efforts to combat corruption and embed integrity within its system.

Singapore generally has a strong reputation for enforcing the laws that are enacted, whether they are against littering in the streets or more serious crimes. The integrity of the Singapore Police Force and other law enforcement agencies are manifestations of the strength of Singapore's national integrity system, which ensures zero tolerance for corruption.

The Singapore system gives strong emphasis to the investigation and prosecution of corruption cases, which are carried out independently and without fear. The CPIB, the Attorney General's Chambers and courts each professionally discharge their functions. This is highlighted by a number of cases that have involved political leaders and MPs from the ruling party.

But while investigation and prosecution remain essential, the Singapore integrity system has developed beyond this to emphasise public education, training of government officials, codes of conduct and the promotion of values among leaders and public officials to encourage and strengthen prevention. Many of these efforts are made specifically for anti-corruption measures. Even more efforts are allied to concepts of good governance, efficiency and rationality and providing a high quality of service to the citizens and residents of Singapore, as factors to give Singapore a competitive economic advantage and an ethos of meritocracy and fairness.

Singapore is a hub for the region, in commercial, financial and other fields. As such, it raises questions of the role that society should play in respect to transactions with others in the region. In this context, it is notable that Singaporean law makes it an offence for Singaporean nationals (individuals and companies) to act corruptly whether in Singapore or abroad. However, some may suggest that Singapore can and should do more to promote anti-corruption efforts in a broader regional context, in cooperation with reforming government leaders of neighbouring states.

As a city-state, Singapore does not have local government/sub-central authorities. The bulk of government procurement activities in Singapore are decentralised to individual ministries, departments, organs of state and statutory boards. The rules for intra-government dealings are covered by the IM, which sets out the rules for tenders and disclosure. Recently, the Ministry of

Finance has moved towards promoting best practices among ministries and agencies to disclose the details of intra-government dealings.

No single authority has oversight over all parts of the system (other than the president and the prime minister at the apex). Perhaps this is partially inevitable given the diffusion of the mission of integrity into the various components of the system. However, it could be helpful to have an inter-agency effort to coordinate among major actors and agencies in the system, such as the Civil Service/ PSD, and CPIB.

Singapore is a hub for the region in commercial, financial and other fields. As such, it presents questions of the role that society should play with respect to transactions with its neighbours. Singapore could do more to discourage corruption in a broader regional context, in cooperation with reforming government leaders of neighbouring states. Examples include active participation in regional and international anticorruption fora (such as the ADB-OECD Anti-Corruption Initiative for Asia and the Pacific and the Asia Pacific Economic Cooperation Anti-Corruption and Transparency Experts' Task Force) and pursuing concrete government-to-government follow-up activities such as study visits and resource-sharing.

Compared with much of the emphasis in some literature on anti-corruption efforts, the provisions in Singapore on public transparency of government agencies and the personal interests of politicians are limited. The Singapore system instead reserves the oversight to the political masters. This to date has been effective, but some may argue that much depends on the individuals at the apex of the system rather than the system itself. This is especially true given that the independence of many agencies, such as the CPIB and Elections Department, is granted as a matter of policy and tradition rather than formal law and constitutional provision. In due course, it may be preferable to formally legislate the independent functions of these key agencies. While this is not a complete safeguard against an errant government leadership, it would offer an additional precaution.

In the Singapore case, the role of the media is focused on providing strong coverage of corruption cases as a means of 'shaming' and to reinforce public values. However, the media play a negligible role in investigative journalism or other efforts that are witnessed in other countries. Alternative media outlets, such as blogging communities, are on the rise and gaining a wider audience, including the government. Similarly, no civil society or non-governmental organisations play an express role in anti-corruption and integrity efforts. While press freedom cannot be a guarantee of integrity on its own, its potential contribution should be recognised and enhanced with further training among professional journalists. A similar lack is to be noted in civil society – a group working specifically on anti-corruption efforts can be formed, to offer an additional check and balance for governmental action, as well as promoting the country's best practices to the region.

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Code of Conduct for Ministers

Constitution

CPIB Code of Conduct

Guidelines on MPs' Involvement in Business

Monetary Authority of Singapore's Prevention of Money Laundering.

The Police General Orders

Procurement Procedures and Policies

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Broadcasting Act

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Employment Act  
Evidence Act  
Factories Act  
Films Act  
Financial Procedure Act  
Free Trade Agreements  
Goods and Services Tax Act  
Income Tax Act  
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Property Tax Act  
Property Tax (Surcharge) Act  
Public Entertainment and Meetings Act  
Retirement Age Act  
Securities and Futures Act  
Societies Act  
Stamp Duties Act  
Strategic Goods Act  
Subordinate Courts Act  
Supply Act (1985–2005)  
Supreme Court of Judicature Act  
Trade Marks Act  
Trust Companies Act  
Undesirable Publications Act

## Notes

- <sup>1</sup> Details of the NIS can be found in the *TI Source Book* 1997 and 2000 and the *TI Anti-Corruption Handbook* (Berlin: Transparency International [TI], 1997, 2000), [www.transparency.org](http://www.transparency.org).
- <sup>2</sup> Quah, 2001; CPIB, 2002/3
- <sup>3</sup> Quah (1988): 80–81
- <sup>4</sup> Singapore: Ministry of the Environment and Water Resources, 2005
- <sup>5</sup> Refer to [www.singstat.gov.sg/keystats/hist/gdp.html](http://www.singstat.gov.sg/keystats/hist/gdp.html), accessed 20 September 2006.
- <sup>6</sup> Quah, 2001; CPIB, 2002/3
- <sup>7</sup> Yeo, 2005
- <sup>8</sup> Author's interview with CPIB
- <sup>9</sup> 2003: 293
- <sup>10</sup> 2002: 42
- <sup>11</sup> *The Straits Times*, 1 June 2006
- <sup>12</sup> *The Channel News Asia*, 12 May 2006
- <sup>13</sup> Quah (1988): 80–81
- <sup>14</sup> Tan (2003): 293
- <sup>15</sup> CPIB 2002/3
- <sup>16</sup> *The Business Times*, 19 April 2006
- <sup>17</sup> Refer to [http://statutes.agc.gov.sg/non\\_version/cgi-bin/cgi\\_retrieve.pl?actno=Reved-CONST&date=latest&method=part](http://statutes.agc.gov.sg/non_version/cgi-bin/cgi_retrieve.pl?actno=Reved-CONST&date=latest&method=part), accessed 11 February 2006.
- <sup>18</sup> For more information, refer to Procurement Procedures and Policies, [http://www.gebiz.gov.sg/index\\_sg\\_procure\\_info.html](http://www.gebiz.gov.sg/index_sg_procure_info.html), accessed 11 February 2006.
- <sup>19</sup> Ministry of Finance, Budget 2005, [http://www.mof.gov.sg/budget\\_2005/index.html](http://www.mof.gov.sg/budget_2005/index.html), accessed 11 February 2006.
- <sup>20</sup> Ibid.
- <sup>21</sup> Ibid.
- <sup>22</sup> Apart from the general protection of racial and religious minorities, the special position of Malays, as the indigenous people of Singapore, is constitutionally mandated.
- <sup>23</sup> *The Straits Times*, 31 May 2006
- <sup>24</sup> 8 June 2004
- <sup>25</sup> *The Business Times*, 19 April 2006
- <sup>26</sup> *The Straits Times*, 13 September 2006
- <sup>27</sup> Ministry of Finance
- <sup>28</sup> *The Straits Times*, 8 May 2006
- <sup>29</sup> *The Straits Times*, 13 May 2006
- <sup>30</sup> Ministry of Finance
- <sup>31</sup> Ministry of Finance
- <sup>32</sup> Refer to [http://statutes.agc.gov.sg/non\\_version/cgi-bin/cgi\\_gettoc.pl?actno=2006-REVED-235&doctitle=POLICE%20FORCE%20ACT%0A&date=latest&method=part](http://statutes.agc.gov.sg/non_version/cgi-bin/cgi_gettoc.pl?actno=2006-REVED-235&doctitle=POLICE%20FORCE%20ACT%0A&date=latest&method=part), accessed 11 February 2006.
- <sup>33</sup> Ministry of Finance
- <sup>34</sup> <http://www.gebiz.gov.sg/>
- <sup>35</sup> 1800-3760000
- <sup>36</sup> 1800-3760000
- <sup>37</sup> Ministry of Information, Communication and the Arts; Media Overview, [http://www.mica.gov.sg/mica\\_business/b\\_media.html](http://www.mica.gov.sg/mica_business/b_media.html), accessed 11 February 2006.
- <sup>38</sup> *The Business Straits Times*, 19 April 2006.
- <sup>39</sup> *The Channel News Asia*, 12 May 2006
- <sup>40</sup> Ibid.
- <sup>41</sup> *The Straits Times*, 1 June 2006
- <sup>42</sup> 1 June 2006
- <sup>43</sup> See [www.stomp.com.sg/about/about.html](http://www.stomp.com.sg/about/about.html), accessed 17 September 2006.
- <sup>44</sup> Refer to [www.mas.gov.sg/masmcm/upload/mm/MM\\_034C0742\\_D606\\_F5E9\\_655EC00ACB2D3811\\_\\_034C0751\\_D606\\_F5E9\\_633144991A343C65/Notice%203001.pdf](http://www.mas.gov.sg/masmcm/upload/mm/MM_034C0742_D606_F5E9_655EC00ACB2D3811__034C0751_D606_F5E9_633144991A343C65/Notice%203001.pdf), accessed 11 February 2006.
- <sup>45</sup> See ADB Press Release (No. 052/01, 25 May 2001), <http://www.adb.org/Documents/News/2001/nr2001052.asp>, accessed 11 February 2006.
- <sup>46</sup> CPIB 2002/3

## **Appendix A**

# **Code of Conduct for Ministers Paper Laid Before Parliament by Command of the President of the Republic of Singapore**

A Code of Conduct for Ministers has been in force since 1954 detailing how Ministers should act and arrange their personal affairs. It has been amended from time to time. The Code of Conduct for Ministers is now reissued. It contains all the changes made to date and includes additional rules concerning the acceptance of gifts.

The position of a Government Minister is one of trust. It is vital that Ministers do not by their conduct undermine public confidence in themselves or bring discredit to the Government. Therefore, all Ministers are expected to act at all times according to the highest standards of probity, accountability, honesty, integrity and diligence in the exercise of their public duties. This Code of Conduct for Ministers sets out the "rules of obligation" that all Ministers are to abide by in order to uphold these standards. Breach of any of these "rules of obligation" may expose the Minister to removal from office.

Ministers are personally responsible for complying with this Code of Conduct and are expected to make their own decisions on how best to conduct themselves as required by this Code.

### **(1) Disclosure of private interests**

1.1 To counter potential allegations of corruption and unexplained wealth, and to avoid potential conflicts between private interests and public responsibilities, every Minister must, upon his appointment to office, disclose to the President (through the Prime Minister) in confidence –

- (a) his sources of income (other than his salary as a Minister and as a Member of Parliament);
- (b) his assets, including all financial assets, real property, interests in any company or professional practice, and any other substantial personal assets; and
- (c) his financial liabilities, including mortgages and borrowings.

### **(2) Directorships, partnerships and appointments**

2.1 A Minister who is a partner in any professional firm or in other business must, immediately on taking office, cease to practise for remuneration or to play any part in the day-to-day management of the firm's affairs. A Minister may, however, take such steps as are necessary to prevent his professional certification or registration from lapsing.

2.2 Except as provided in paragraph 2.3 or 2.4 below

- (a) A Minister may not be associated in a formal or advisory capacity with any commercial undertaking or receive any form of payment from it; and
- (b) A Minister may not hold any directorship, whether paid or unpaid, in any public or private company.

2.3 A Minister may hold a directorship in a company, and may participate in or be associated with any activity of a commercial undertaking, with the permission of the Prime Minister if he considers it to be in the national interest for the Minister to do so. The Prime Minister's permission must be published in the Gazette.

2.4 A Minister may also accept directorships or other positions (honorary or otherwise)

- (a) in any philanthropic undertaking; or
- (b) in a private company established to hold private family assets or for personal tax amelioration or in furtherance of prudent estate planning, provided that there is no conflict of duty and interest.

### **(3) Financial interests**

3.1 A Minister must scrupulously avoid any actual or apparent conflict of interest between his office and his private financial interests. Such a conflict, or a perception of conflict, can arise

(a) from the exercise of powers or influence in a way that benefits or may be seen to benefit private interests held; or

(b) from using special knowledge acquired in the course of his activities as Minister to bring benefit or avoid loss (or could arouse reasonable suspicion of this) in relation to his private financial interests.

3.2 A Minister therefore must never enter into any transactions whereby his private financial interest might, even conceivably, come into conflict with his public duty.

3.3 A Minister must also not use his official influence in support of any enterprise, project or scheme in which he has a private interest, other than an interest permitted under paragraph 2.3.

3.4 A Minister must not accept any favour of any kind from persons who are in negotiation with or seeking to obtain any licence or enter into any contractual relations with the Government.

3.5 A Minister must not in any circumstance use official information that comes to him as a Minister for his own private profit or the profit of any family member or associate.

3.6 A Minister must scrupulously avoid speculative investments in which, by virtue of his position and special means of early or confidential information, he has or may have an advantage over other investors.

3.7 In circumstances where private interests and public duty conflict, the Minister must dispose of the financial interest giving rise to the conflict. Where there is a doubt, he should relinquish or dispose of the financial interest giving rise to the actual or perceived conflict.

#### **(4) Relations with civil servants**

4.1 A Minister must not use his influence to support the candidature of any person for admission to or promotion within the Singapore Civil Service. However, a Minister may give a person known personally to him a written testimonial for first appointment to the Singapore Civil Service.

4.2 Where a Minister is familiar with the work of a civil servant and his opinion is sought by the Public Service Commission or Public Service Division for the purposes of appraising the civil servant's performance, the Minister may render his opinion on the matter.

4.3 A Minister must not direct or request a civil servant to do anything or perform any function that may conflict with the Singapore Civil Service's core values of incorruptibility, impartiality, integrity and honesty. He should respect the duty of civil servants to remain neutral in all political matters and matters of public controversy.

#### **(5) Journalism**

A Minister must not engage in any form of journalism that is incompatible with his responsibilities and duties as a member of the Government or contravenes the principle of collective Ministerial responsibility.

#### **(6) Acceptance of gifts and services**

6.1 Ministers are more than ordinarily open to undue pressures from persons who would like the Minister to use his position to gain some undue advantage for themselves. A Minister must reject any such attempts, especially where accompanied by gifts of any kind (including any intangible benefits, hospitality, tickets, concessions or free or undervalued services).

6.2 No Minister should accept gifts from anyone, which would, or might appear to, place the Minister under an obligation that conflicts with his public duty.

6.3 A Minister must also ensure that his spouse, children and other dependants who normally live with him do not accept gifts from any person in circumstances that would, or might appear to, place the Minister under an obligation that conflicts with his public duty.

6.4 For the avoidance of doubt, this Code shall not prevent Ministers or members of their families from accepting

(a) gifts from family or personal friends in a genuinely personal capacity;

(b) gifts clearly unconnected with the ministerial office; or

(c) gifts which would not normally be regarded as influencing or tending to influence the Minister in the performance of his duties, such as occasional and inexpensive gifts like calendars and office diaries, and conventional hospitality on a modest scale that is normal in the circumstances.

Notes on the acceptance of gifts and services are annexed to this Code for the guidance of Ministers.

This Code of Conduct for Ministers is not exhaustive. Hence, a Minister should carefully avoid all transactions that can give the impression that he may be doing anything which this Code of Conduct forbids. Ministers are expected to exercise prudence and discretion in their affairs.

This Code of Conduct for Ministers applies equally to Ministers of State and Parliamentary Secretaries as it applies to Ministers. This Code does not have the force of law and therefore any issue concerning the compliance or non-compliance with it is not subject to review by any court or tribunal.

This Code takes effect from 4th July 2005 and supersedes the Code of Conduct for Ministers (Cmnd. 2/1979) dated 8th January 1979 (as amended by Cmnd. 4/1989 and Cmnd. 3/1997).

Dated this 4th day of July 2005.

By Command of the President,

LAU WAH MING

Secretary to the Cabinet.

## Annex

### Paragraph 6: Notes on acceptance of gifts and services

Ministers may find the following specific rules useful within the context of paragraphs 6.1 to 6.3 of the Code of Conduct for Ministers:

1. Regarding gifts from members of the public

(a) all gifts should be refused and returned to the donor without delay together with a personal explanation that while the recipient appreciates the gift, its acceptance would be a breach of this Code;

(b) however, if the return of the gift will cause offence, or it is impracticable to return the gift, then hand the gift over to the Permanent Secretary of the Minister's Ministry for disposal, except that –

(i) where the recipient wants to retain the gift, he may purchase the gift from the Government at its cash value after an official valuation thereof or, where the value of the gift is less than S\$50, the recipient may be allowed to retain the gift without any payment; or

(ii) where the Permanent Secretary thinks that the gift would be of interest, the gift may instead be displayed or officially used in the premises occupied by the Ministry (with or without prior official valuation thereof).

2. The exchange of gifts during official visits or from foreign governments is an accepted practice. So, while a Minister, his spouse or child should not accept gifts from anyone, which would, or might appear to, place the Minister under an obligation that conflicts with his public duty, there may be difficulty in refusing a gift during official visits or from a foreign government, without the risk of apparent discourtesy. The recipient may be expected to use or display the gift on some future occasion as a mark of politeness. Such gifts tend also more to be in the nature of gifts to the Minister's office rather than the incumbent. Hence, all such gifts received by a Minister, or by his spouse or child, during official visits or from foreign governments should be handed over to the Permanent Secretary of the Minister's Ministry, and the following rules apply:

(a) where the recipient wants to retain the gift, he may purchase the gift from the Government at its cash value after an official valuation thereof or, where the value of the gift is less than S\$50, the recipient may be allowed to retain the gift without any payment;

(b) where the Permanent Secretary thinks that the gift would be of interest, the gift may be displayed or officially used in the premises used by the Ministry (with or without prior official valuation thereof);

(c) where the Minister wishes to reciprocate with a gift, that gift shall be purchased at the Government's expense.

3. The official valuation of gifts will be carried out by a valuer appointed by a Permanent Secretary to the Ministry of Finance. The valuation of gifts for the purposes of this Code shall be the same as that for gifts to civil servants.

## Appendix B

# Revised Guidelines on MPs' Involvement in Business

### Accepting directorships

1. PAP MPs are often invited to serve on the Boards of private and publicly listed companies. This is a sign that the private sector values the individual MPs' contributions, as well as the Party's reputation for integrity and quality. The Party permits MPs to serve as Directors on company boards, provided they maintain high standards of conduct, and rigorously separate their private and public responsibilities.
2. The public will closely scrutinise MPs' involvement in private sector companies, because of their position as PAP MPs. MPs should conduct their business activities so as to bring credit to themselves and to the party. Adverse publicity on their performance as directors, or lapses in the companies they are associated with, will tarnish their reputation as MPs and lower the public's regard for the Party.
3. It is up to the MP himself to decide whether or not to accept a request to serve as Director. The Party will not vet or approve such decisions, as it is not in a position to do so.
4. However, MPs should not solicit for directorships in any companies, so as not to appear to be exploiting their political position to benefit themselves.
5. MPs should also not serve on the boards of companies owned or chaired by grassroots leaders whom they have appointed, to avoid the perception that they are obligated to their own grassroots leaders.
6. An MP who accepts an invitation to serve as a Director should ensure that the company understands that he is doing so strictly in his private capacity, and will not use his public position to champion the interests of the company, or lobby the government on its behalf. When in doubt on this count, he should decline.
7. Before accepting a directorship, an MP should satisfy himself that the company is reputable, and that he is able to make a meaningful contribution. Specifically, just like anyone else contemplating a directorship, he should ask himself:
  - a. How well does he know the company, its business strategy, financial status, shareholding structure and underlying industry?
  - b. Does he know his fellow directors, the way the Board and its committees fulfil their responsibilities, the reporting structure between Board and Management and the relationship between shareholders and the company?
  - c. Does he have sufficient industry, financial or professional expertise to fulfil his expected role and responsibilities as a Director? Does he know his obligations under the law and the Code of Corporate Governance? Will he be able to discharge his fiduciary duties properly and without fear or favour?
  - d. Will he face any conflicts of interest, and if so can he manage them?

### Separating business and politics

8. MPs must scrupulously segregate their public political position from their private business or professional interests. They must not exploit their public position as Government MPs, their contacts with the Ministers, or their access to government departments and civil servants, for their personal business interest or their employers' benefit. MPs who are in business or sit on company boards should be especially vigilant.
9. MPs employed by companies or industry associations may at times have to make public statements on behalf of their company or industry association. When they do so, they must make clear that they are not speaking as MPs, but in their private, professional or business capacity.
10. MPs should not use Parliamentary questions and speeches as a means to lobby or create publicity for their businesses or seek information relating to the business of their

companies. When MPs raise questions in Parliament related to their own businesses, they should declare their pecuniary interest in the issue.

11. MPs should be scrupulously proper in their contacts with government departments or public officers. When they have to make requests or appeals to ministries in the course of their business, they should put these down in writing.
12. MPs may, however, speak to Cabinet Ministers, who are their Parliamentary colleagues. Ministers will listen carefully to arguments on principles, especially when they relate to the general policy of their Ministries. But Ministers will not change individual acts of discretion, unless there are very good reasons for doing so which they can justify publicly. The Government must always base decisions on the merits of the issues, and cannot yield to pressure from interested parties.

### **Reporting requirements**

13. MPs should inform the Whip of all the directorships that they hold, and of the director's fees which they receive. They should give the name of the company, the position held, the date of first appointment and the current Chairman of the Board.
14. MPs who have been appointed directors of subsidiary companies by virtue of their employment in the main or holding company do not need to report such directorships.
15. MPs should update the Whip whenever they relinquish a directorship or accept a new appointment, within two weeks of such changes.
16. By 31 Jan each year, MPs should submit to the Whip a summary of their current directorships and the fees received from all directorships in the preceding year, using the schedule attached.