



HD Bribery now big business and CEOs know, OECD warns

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The Organisation for Economic Cooperation and Development says most international bribes are paid by big companies. The report says that in many cases, senior management and chief executives are aware of the corruption.

CHRIS UHLMANN: A report out this morning into bribery around the world shows that in many cases the corruption goes right to the top of companies, Rather than rogue staff doing what it takes to win contracts.

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The study by the Organisation for Economic Cooperation and Development says senior managers and chief executives often know bribes are being paid.

Business editor Peter Ryan has been going through the report.

And Peter, where is most of the corruption taking place and how high does it go?

PETER RYAN: Well Chris, around 60 percent of bribes are paid by big companies. And the report says in 41 per cent of the cases management level employees either paid or authorised a bribe and a **company's** CEO was involved 12 per cent of the time.

Now, the popular perception is that bribes - or facilitation payments - are rife in the developing world mainly, where the need for a secret commission is sometimes seen as part of business.

Now that's not necessarily the case. The OECD says bribery is "big business" in advanced economies as well. It's being conducted by companies in the United States, Britain, Germany, France where you'd expect to see tighter enforcement.

But of course bribery feeds on itself so it's also getting worse in **China**, Russia, India, Korea, Indonesia.

And Australia doesn't get a specific mention but all these bribery and corruption hotspots are places where Australian business and government agencies want to make deals and do business. And at the moment the Australian Federal Police is examining a few big Australian companies accused of bribery activity around the world.

CHRIS UHLMANN: So what's the average bribe worth and what sort of people are either getting them or expecting some sort of payment?

PETER RYAN: Well the OECD has looked at more than 400 cases around the world and found the average bribe was around \$US14 **million**. That represents 11 per cent of the total transaction, or 35 per cent of the profit made.

Most were paid to win contracts from state owned or controlled companies in four key sectors: **mining**, construction, transportation, information and communication.

And the bribes are going to employees of the state owned enterprises, people like customs officials, health officials, defence officials. And also heads of state or ministers have their noses in the trough and were bribed in 5 per cent of the cases, but they managed to gouge a higher 11 per cent of the total bribes.

CHRIS UHLMANN: Why doesn't that surprise me? So how is this bribery uncovered and investigated?

PETER RYAN: Well mainly whistleblowers who see this corruption. But there's a lot of self reporting that comes through checks and balances - internal audits, due diligence before a merger or **acquisition**. But also investigations conducted as part of the United Nations Food for **Oil** Programme.

CHRIS UHLMANN: From corruption to the economy. We'll be seeing the latest economic growth figures out later this morning. What can we expect?

PETER RYAN: Well the third quarter GDP reading will be closely watched as Treasurer Joe Hockey prepares to adjust his budget forecasts for the mid-year economic update.

Economists are expecting to see growth in the quarter of 0.7 of 1 per cent. That translates into economic growth over the year of 3.1 per cent, so in line with RBA and Treasury estimates.

What's most important is the detail behind the big picture and impact of course of the falling price of **iron ore**. Economists will be also look for any signs of the transition from the **mining** investment boom back into more traditional parts of the economy, and as the Reserve Bank has been noting time after time, that particular transition has been taking much longer than expected

CHRIS UHLMANN: Business editor Peter Ryan, thank you.

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RE austr : Australia | namz : North America | uk : United Kingdom | usa : United States | apacz : Asia Pacific | ausnz : Australia/Oceania | eecz : European Union Countries | eurz : Europe | weurz : Western Europe

IPD bribery

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