gains

The Marina Bay Sands casino resort symbolises the strength of Singapore's economy. Photo: TIM CHONG / REUETERS

means to appeal against wrongful dismissal.

Liew is also troubled by the implications of contracts on basic human rights. "Local regulations make it clear if you get pregnant your contract will be terminated," she says. "This is an outrageous restriction. You cannot terminate a woman just because of a work permit condition." There's even the nature of Singapore architecture: each new condominium that springs up seems to have smaller and smaller rooms for domestic workers, euphemistically described as a "plus one" addendum to the number of bedrooms by estate agents. Most are windowless storerooms.

Workers are also bearing the brunt of an unwelcome shift against them in the way that employment agencies are remunerated. Up until the 1990s, when an employer hired a helper, that employer would bear the agency fee and any related costs such as training or flights that may have been incurred in the worker's home country before flying to Singapore. Since the Asian financial crisis, the norm has become to shift most of those costs onto the employee on a "fly now, pay later" system, meaning that the helper must pay back that debt before receiving any cash for herself. Ng says most workers lose about eight months salary to cover costs incurred in their home country – and if she changes employer before the end of a contract, the fee is likely to be topped up again. It's worse still for male construction workers who typically work for a year before earning a cent. "AEA has, for many years, requested MOM to regulate this area, but no success," says Ng. "Our proposition is to fix the number of months of salary that can be deducted from the FDWs . . . Unfortunately, MOM believes in a free-market philosophy and adopts a non-interference approach."

One area that clearly is beyond the ministry's control is the behaviour of recruiters in places like the Philippines. "Recruiters in home countries practically always make promises that are not kept," says Gee. "They promise the wages are better, the working hours shorter. Some recruiters will give what they call a gift to the worker's parents, maybe $100 or $200. It all seems to be free, but she's not being made aware of the charges that are being added all the time." Recruiters have also been widely reported to offer one contract in the home country, only to coerce the worker to sign another, much more damaging contract, at either the departure or arrival airport, telling them the employment will not proceed otherwise. "They nearly always sign it and there is no going back then," Gee says.

On top of all this, when wronged, it's hard for a helper to contest a legal case when they have no income or place to stay. This was the genesis of HOME. Liew has one woman in her shelter, a victim of physical abuse, who has been in the shelter for more than a year waiting for the case to reach court; while she does this, she can't send money home. "Why is a charity like ours footing the bill for a prosecution witness?" asks Liew. (HOME receives no government funding.) Far more victims of abuse probably either leave the country without pursuing their abuse, or tolerate it in order to move on to another source of income.

For every one that leaves, others are ready to take their place as the Singapore economy powers on, recording its fastest growth in 35 years in the first three months of this year.

them all

prietary trading operations, or making market bets with their own money. It would also limit the share of all financial liabilities that any one institution can hold – besides deposits – but it would be up to regulators to set the limit.

A 1994 federal law already addresses size by restricting any bank from holding more than 10 per cent of the nation's deposits, although several large banks have been granted waivers or used loopholes to evade its intent.

The Volcker proposal resembled an amendment by representative Paul Kanjorski, Democrat of Pennsylvania, to let regulators dismantle financial companies so large, interconnected or risky that their failure would jeopardise the system. The House adopted the amendment in December and it is in the Senate version in a modified form.

At a hearing yesterday about the bankruptcy of Lehman Brothers, Fed chairman Ben Bernanke reiterated that his preference was to limit the risky behaviour of banks rather than break them up.

"Through capital, restrictions in activities, liquidity requirements and executive compensation, through a whole variety of mechanisms, it's important that we limit excessive risk-taking, particularly when the losses are effectively borne by the taxpayer," he said.

But when Mr Kanjorski pressed him on whether regulators should be allowed to break up big banks, Mr Bernanke replied, "It's something that would be, on the whole, constructive".

The business lingua franca: we don't pay

No one in business is going to admit to taking or paying bribes when working overseas, but sometimes it's not that simple, writes **Angus Grigg**.

Foreign executives operating in countries where corruption is rife will always tell you "we never pay". It's a blanket denial that must be made, but one that is not absolute. This is because there are different forms of what constitutes paying.

The payment of bribes . . . well, that's bad – but a "facilitation payment" is another matter entirely.

This is where the issue starts to get murky. Lawyers will tell you a facilitation payment involves handing over money for a service that you would expect to receive anyway.

The payment just hurries the process along.

Work visas are a prime example. In Indonesia, the official visa price is $US1200 ($1290) a year, but if you don't wish to waste weeks at the Department of Immigration then a little "cigarette money" is advisable. This usually runs to at least $US200 which, at $US1 a packet, buys a lot of cigarettes.

That it's all done through an immigration agent means no foreigners need get their hands dirty. Call it outsourcing.

How far can you take this rationale? Mining companies operating in Australia would expect to win approval for a project as long as they complied with all the relevant regulations. But in many parts of Asia and Africa, complying with regulations and being granted a licence are not always connected.

Can a facilitation payment be made in Australia to speed the process? Most multinational companies would say no, mainly because the "cigarette money" involved would be more than a few hundred dollars.

There are, however, ways around this. In circumstance such as these, a local partner can be very helpful in smoothing the way with obstructive bureaucrats or politicians. They would be unlikely to have the same audit and compliance regimes and usually consider such payments just a cost of doing business.

Outsourcing is the other option. Local lobbyists, lawyers and consultants are often employed for such services and simply build in a hefty margin on top of their usual fee.

Other examples that have come to light in recent years are paying to attend a conference that may never be held or approving an invoice for a service that was never provided.

But this is where things can get very tricky, as the Australian wheat exporter AWB discovered during the Cole inquiry.

The royal commission, set up to investigate AWB's conduct in Iraq, found the company had paid almost $300 million in kickbacks to the regime of former Iraqi dictator Saddam Hussein. These payments were channelled through shipping agents and disguised as "trucking fees", in order for AWB to secure wheat contracts under the United Nation's oil-for-food program.

Put simply, AWB went down the "fake invoice" path and more than five years since the scandal broke its former chief executive Andrew Lindberg is still defending himself in the Supreme Court of Victoria.

As for the company, the scandal was used as an excuse to strip AWB of its monopoly over exporting wheat from Australia, a decision that cost its shareholders hundreds of millions of dollars.

There was also a class action that the company settled earlier this year for nearly $40 million.

There is no suggestion that the investigation by the US Securities and Exchange Commission into BHP Billiton will have the same consequences for the mining giant, but it does demonstrate the cost of taking a cavalier attitude to the paying of bribes.

It's important to remember that BHP does not have entirely clean hands.

BHP was dragged into the AWB scandal when the Cole inquiry heard that it had provided wheat on credit worth $US5 million to Saddam's regime in the 1990s, in order to secure oil exploration rights.

The inquiry heard that a subsequent wheat contract, under the UN oil-for-food program, had been inflated by $US8 million to repay this debt to the mining giant.

Companies operating in Asia often try to bypass the bureaucracy and go straight to a minister or local governor.

In 1995, BHP had described the wheat shipment as a "humanitarian gesture".

These examples demonstrate how quickly a corporate reputation can be damaged and why many companies draw the line on facilitation payments at the level of a work visa.

But such a stance can make operating in many parts of the world very difficult.

Patience is often the key ingredient.

That's why many companies operating in Asia often try to bypass the bureaucracy and go straight to a minister or local governor. Once they are on board, a grand signing party is organised to spread the good news.

When bureaucrats throw up obstacles and offer to remove them for a fee, the foreign company can point to the possible embarrassment to the minister if the party were abruptly cancelled.

This tactic is known as "management by event" and it's one of the few known ways of getting around a corrupt bureaucracy.

Former AWB chief Andrew Lindberg is still defending himself in the Victorian courts. Photo: ERIN JONASSON