

This was published 8 months ago

Ex-director of controversial security company Paladin willing to tell all

By [Richard Baker](#)

January 27, 2020 – 11.40pm



[Share](#) [A](#) [A](#) [A](#)

23 [View all comments](#)

A former director of the company controversially awarded a \$423 million contract to help run the Manus Island detention centre wants to front a Senate inquiry to give evidence detailing alleged corrupt conduct by senior Papua New Guinea politicians and what Australian officials knew about it.

Ian Stewart, who resigned from the board of security company Paladin in July last year, also told *The Age* and *The Sydney Morning Herald* he would answer any questions the Senate wanted to ask about Paladin's business affairs and delivery of services on behalf of the Australian government on Manus Island.



Mr Stewart, who remains a shareholder in the company, also used his first interview since quitting the board to cast doubt on the integrity of the company and revealed he had been misled about some of its past business practices.

If Mr Stewart was called to give evidence before the Senate it could significantly embarrass both the PNG and Australian governments, which have repeatedly sought to play down issues with the Manus Island contract, including corruption concerns related to PNG officials.

The Commonwealth Auditor-General is already investigating the contracting arrangements between the Department of Home Affairs and offshore detention providers, including Paladin, which was engaged in 2017 to provide garrison support services on Manus Island including hospitality and catering, access control, cleaning, firefighting and transport.

The contract was let and filled at short notice by the department after a PNG-run tender process collapsed, and was worth about \$20 million a month.

Alleged attempted corruption

Home Affairs has confirmed to *The Age* and *The Sydney Morning Herald* that an alleged bribery demand to Paladin from a "purported" senior PNG official was reported to the Australian high commission in July last year.

The department, which has previously told Senate estimates committee hearings it was unaware of any attempted bribery involving Paladin, said no money was paid and that Paladin reported the matter to PNG police. It is unclear why Home Affairs has not referred the bribery attempt to the Australian Federal Police, which is a common course of action in alleged foreign bribery cases.

Paladin chief executive David Saul said: "No verified or substantiated evidence could be found in support of the allegation," adding the "alleged approach was similar to another approach Paladin had from a person purporting to be an elected official".

The PNG officials in question have alleged that impostors made the demands for bribes in their names.

However, *The Age* and *Herald* understand Mr Stewart has audio recordings and text messages from a man he strongly believes is a senior PNG government official who was asking for a \$15,000 payment just before an extension to a Paladin contract was publicly announced.



"If I'm ever asked, and I'm in a position where I have to answer, I'll just give the straight answer," Mr Stewart said. "I don't see the point in denying

approaches. We've had plenty of approaches across our company, not just in relation to the contract. But when we've had those I reported those up and it's up to others to determine how they respond to that and whether they investigate it.

Former Paladin director Ian Stewart.

"I would say that if there are Australian government people aware of [improper requests for payments] but are not having it investigated, then they are just as bad."



Australia's offshore detention centre on Manus Island in Papua New Guinea. ALEX ELLINGHAUSEN

Home Affairs said a search of all electronic records and questioning of relevant staff about an earlier claim a PNG official had demanded an \$8 million political donation from Paladin had failed to find anything to indicate the department was made aware.

But Mr Stewart said he had phoned the Home Affairs department in late 2017 to report the donation request and other improper approaches for Paladin to give subcontracts to politically connected PNG companies.

Newspaper advertisement

Mr Stewart said he was aware that senior PNG officials who had regular dealings with Paladin have recently claimed impostors may have been using their identities to make demands to Paladin.

In November the office of Sir Isaac Lupari, the chief secretary of the PNG government, authorised an advertisement in the *Post Courier* newspaper to warn of impostors "using the name of the Office of the Prime Minister and Chief Secretary ... for monetary gain".

Mr Stewart said although it was theoretically possible he had been asked for money by an "impostor", it was highly unlikely in his case because the person making the approach had access to sensitive information that was not in the public domain.

"Can you verify 100 per cent the people who made the approach? I guess that can be contentious, but for me it's not that tricky," he said.

"People were approaching us from inside. We were getting approached and told things from inside announcements that were yet to be made. The people were clearly aware of things that had not been made public yet. So if they are not who they say they are, they must be very close to those on the inside."

Company doubts

Mr Stewart also said he had begun doubting the direction of his former company. He conceded that a previous public statement the company released in response to adverse media reports last year had been incorrect.

"In terms of those hard ... decisions about what we're doing and what we're not doing and what we stand for, I don't really know what's going on in the business any more ... I don't have confidence one way or the other," Mr Stewart said.

Mr Stewart said he removed a February 2019 media statement from Paladin's website before he resigned as a director because he learnt it contained inaccuracies about the company's historical performance in relation to bad debts and failed contracts.

The Paladin media statement claimed a report by *The Australian Financial Review* that linked the company to another firm called High Risk Security Group and its operations in East Timor was incorrect. But Mr Stewart said he learnt months after putting out the statement that Paladin and High Risk Security Group were historically closer than he had been led to believe.

"I wasn't given the full information but once I was given the full information I had that statement removed," he said.

Mr Stewart has worked for more than a decade on projects in developing countries in south-east Asia, the Pacific and Africa. He has previously contracted to Australia's Defence Department and the United Nations. He admitted that taking on offshore processing work in PNG was a "moral dilemma" on a personal level.

"And Paladin, again, even though it's a commercial enterprise, is always delivering for and on behalf of a government or government body somewhere. So you need a sense of public service about how you do that," he said.

"If you don't have that sense of duty, when you're questioned or you face that watershed moment about doing the right thing, then it's going to be a problem."

Mr Saul said Paladin took all requests for undue payments seriously and reported them to PNG police. He said a "criminal element" appeared to be behind the demands, which were not followed up once refused.



Richard Baker



Richard Baker is a multi-award winning investigative reporter for The Age.