



Australian Government

Department of Foreign Affairs and Trade

File Number: 11/26368

3 September 2014

Committee Secretary
Joint Standing Committee on Treaties
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Secretary

On Monday 1 September, Acting Director, PNG Economic Section (Ms Amy Crago) and I appeared before the Joint Standing Committee on Treaties (the Committee) in relation to the proposed Australia-Papua New Guinea Economic Cooperation Treaty (ECT).

During the hearing, Ms Crago and I jointly answered a question from the Chair, Mr Wyatt Roy MP, on the obligations in the ECT relating to fraud and corruption in the delivery of Australian development cooperation activities in PNG. In our response, we advised the Committee that the ECT duplicated the obligations in the *1999 Australia-Papua New Guinea Development Cooperation Treaty* (DCT). However, the DCT does not contain obligations relating to fraud and corruption.

Ms Crago and I would like to correct our responses with the following information:

The ECT improves on the DCT by explicitly articulating a shared commitment to the prevention and detection of fraud, corruption and bribery in the delivery of Australian development cooperation activities in PNG. To this end, Section 19 of the Annex to the ECT outlines a mechanism for Australia and PNG to process any suspected instances of misuse:

*Annex: Procedures applying to development cooperation
Section 19. Fraud and Corruption:*

- A. The Parties are committed to preventing and detecting fraud, corruption and bribery. The Government of Australia shall provide assistance to the Government of Papua New Guinea to fight corruption.*
- B. The Parties shall not make or cause to be made, receive or seek to receive, any offer, gift or payment, consideration or benefit of any kind, which would or could be construed as an illegal or corrupt practice, either directly or indirectly to any party,*

as an inducement or reward in relation to the Program or the provision of funds in relation to any Activity.

- C. *The Parties shall endeavour to ensure that any employee or other entity involved in an Activity adhere to this provision.*
- D. *The Parties agree that any suspected fraud within the Program will be thoroughly and comprehensively investigated in accordance with the laws of Papua New Guinea.*
- i. *The Government of Papua New Guinea shall promptly notify the Australian Coordinating Authority of any suspected or actual cases of fraud within the Program.*
 - ii. *The Government of Australia and the Government of Papua New Guinea will establish a regular forum and meet at least every three months to review and monitor cases of fraud in the aid program, where issues relating to the reporting, investigation and prosecution of cases can be raised and resolved.*
 - iii. *The Government of Papua New Guinea shall ensure that every effort is accorded by their authorities to recover any funds lost due to fraud or corruption.*

The ECT further commits the Government of PNG to make every effort to recover any funds lost due to fraud and corruption. The intent is to minimise the opportunity for fraud and corruption in the delivery of the Australian Government aid program in PNG, and to provide an avenue to raise and resolve cases when such may occur.

As the Committee is aware, the Australian Government invests considerable resources to improve PNG authorities' capacity to fight corruption. Specifically, the Australian Government provides ongoing support to PNG's law and justice sector, including the Royal Papua New Guinea Constabulary, the Office of the Public Prosecutor, the Ombudsman Commission and the Department of Justice and Attorney-General.

I trust this information is of assistance to the Committee.

Yours sincerely

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