

## Anti-corruption and good governance measures

5.1 The White Paper states that:

Corruption is a major brake to reform efforts and to broad-based economic growth and poverty reduction in many countries in the region. It also undermines aid effectiveness.<sup>1</sup>

5.2 In order to encourage good governance and anti-corruption measures in the Pacific, the Australian Prime Minister, the Hon. John Howard MP, has announced that increases in Australian aid will be 'conditional on strengthened governance and reduced corruption in partner countries.'<sup>2</sup>

5.3 While it is difficult to design and implement measures to counter corruption when change in the social and political culture of a country must ultimately be driven from within,<sup>3</sup> the Australian Government is increasing its efforts to reduce corruption where it exists in the region, by:

- **mainstreaming anti-corruption efforts in Australia's aid programs:** Each major activity will set out what it is doing not only to reduce the risks of corruption to the activity, but also to reduce corruption in the sector to which it applies. Country strategies will also set out how the aid program will help to reduce corruption;
- **developing a whole-of-government anti-corruption strategy:** The Australian Government, through different departments and agencies, is already supporting a wide range of anti-corruption activities. Most

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1 White Paper, p. 60.

2 White Paper, p. 60.

3 White Paper, p. 60.

prominent is the work of the ECP in PNG and RAMSI in the Solomon Islands. The AFP is active on anti-corruption enforcement; the Attorney-General's Department is involved in multilateral initiatives such as the UN Convention against Corruption, and bilaterally supports improvements in legal frameworks in a number of regional countries; the Treasury and Department of Finance and Administration have made major commitments to supporting accountable public financial management in PNG, Solomon Islands and Nauru; and AusAID has a number of corruption education and prevention activities throughout the region. These disparate commitments will be brought together into a new integrated Anti-Corruption for Development Strategy which will comprise three pillars: one for law and justice activities, one for economic fiscal management, and one to build internal demand within countries for greater transparency and anti-corruption;

- **supporting regional and global anti-corruption initiatives:** These include the Asian Development Bank (ADB)/ Organisation for Economic Cooperation and Development (OECD) Anti-Corruption Initiative for Asia-Pacific,<sup>4</sup> Asia Pacific Economic Cooperation (APEC) Anti-Corruption and Transparency Experts Task Force,<sup>5</sup> governance aspects of the Pacific Plan<sup>6</sup>, and support for Transparency Australia.<sup>7</sup> Australia will also help developing countries to implement the Extractive Industries Transparency Initiative (EITI),<sup>8</sup> which sets out to improve governance in resource-rich countries through the verification and full publication of company payments and government revenues from oil, gas and mining.<sup>9</sup>

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4 For details see the ADB/OECD Anti-Corruption Initiative Website, [http://www.oecd.org/pages/0,3417,en\\_34982156\\_34982385\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/pages/0,3417,en_34982156_34982385_1_1_1_1_1,00.html)

5 For details see APEC Anti-Corruption and Transparency Experts Task Force website, [http://www.apec.org/content/apec/apec\\_groups/som\\_special\\_task\\_groups/anti-corruption.html](http://www.apec.org/content/apec/apec_groups/som_special_task_groups/anti-corruption.html)

6 For details see the Pacific Plan website, <http://www.pacificplan.org/>

7 Transparency International is a global coalition against corruption, with a presence in some 80 countries. For details on their work, see their website, <http://www.transparency.org.au>

8 For details see the EITI website, <http://www.eitransparency.org/>

9 For details see the Australian Aid: Promoting Growth and Stability website, [http://www.ausaid.gov.au/publications/pdf/wp\\_ch6.pdf](http://www.ausaid.gov.au/publications/pdf/wp_ch6.pdf)

## Defining corruption

5.4 The ACPACS submission cautioned that community bonds known as *wantok* in some Pacific societies should not simply be equated with corruption or nepotism, as the obligation/ties often act as a form of social welfare where alternatives do not exist.<sup>10</sup>

5.5 At one of the Canberra hearings, the Committee referred to the difficulties that surround the definition of what does and does not constitute corrupt behaviour in the region. The Committee observed that:

The issue of corruption is perceived differently by people of different cultures in not only the island nations but around the world. In Australia we have a certain set of standards which we believe define corruption, but it is fair to say that in many of the islands petty corruption [small payments to officials etc] is something that is considered part of their culture ...<sup>11</sup>

5.6 At the hearing, the Committee asked Transparency International (TI) to comment on the extent to which it considered 'petty corruption' to be culturally acceptable.<sup>12</sup>

5.7 TI told the Committee that it had conducted 16 country studies in the Pacific which surmised that there was little common agreement about what constitutes corruption. TI also said that many people in countries where petty corruption is practised would not necessarily agree that it was 'a way of life'.<sup>13</sup>

5.8 ACFID expressed concerns it had about Australian policy matters, including the Australian Government's anticorruption policy, being based in their view on a notion of 'Australia good, others bad' and not allowing for hybrid governance models.<sup>14</sup>

5.9 The Committee asked ACFID to what extent non-government organisations supported the Australian Government's stance on corruption:

I get the feeling that you want us to apologise for taking a tough approach on corruption and for exercising some caution about how our aid dollars may be spent in an environment where

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10 Submission No. 3, ACPACS, p. 5.

11 Transcript, 27 November 2006, Transparency International, p. 20.

12 Transcript, 27 November 2006, Transparency International, p. 20.

13 Transcript, 27 November 2006, Transparency International, p.20.

14 Transcript, 27 November 2006, ACFID, p. 4.

historically, in some of the countries we are talking about, corruption has been endemic.<sup>15</sup>

- 5.10 ACFID said that corrupt practices disadvantage the poor most and that anticorruption initiatives were crucial:

... we see them as a vital tool in assisting local communities to push for change in their government practices, and in trying to bring about change.<sup>16</sup>

- 5.11 ACFID pointed to the work of the Australian Conservation Foundation (ACF) and others who conducted an inquiry into corruption in the forestry sector in PNG,<sup>17</sup> noting the importance of documenting corrupt practices:

That is the kind of thing that we need to see more of, but it needs to be particularly supported and driven as much as possible, from within the country. In this case, it did have strong support from inside PNG, but it drew on analytical skills from outside, particularly, Australia.<sup>18</sup>

- 5.12 Later ACFID supplied additional examples of leadership exhibited by the NGO sector in the fight against corruption and reiterated its support for AusAID's good governance measures in the Pacific.<sup>19</sup> ACFID reported that it had been a strong proponent of the Extractive Industries Transparency Initiative (EITI)<sup>20</sup> and that it was pleased to see the Australian Government's policy commitment to that initiative.<sup>21</sup>

## Forestry

- 5.13 Several submissions to the inquiry allude to corruption in the forestry sector in PNG and also the Solomon Islands,<sup>22</sup> with the ACF submission speaking to the issues in detail.

- 5.14 The ACF submission expresses long-standing concerns it has had about the logging industry in PNG, made up mostly of foreign corporations, and
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15 Transcript, 27 November 2006, p. 11.

16 Transcript, 27 November 2006, ACFID, p. 13.

17 ACF, *Bulldozing progress: Human rights abuses and corruption in PNG's large scale logging industry* (August 2006).

18 Transcript, 27 November 2006, ACFID, p. 13.

19 See Supplementary Submission No. 28, ACFID.

20 See EITI website, <http://www.eitransparency.org/>

21 See media release, Minister for Foreign Affairs, the Hon. Alexander Downer MP, *Australia supports greater transparency in resource-rich developing countries*, 11 November 2006, [http://www.ausaid.gov.au/media/release.cfm?BC=Media&ID=8985\\_8487\\_4556\\_8483\\_4975](http://www.ausaid.gov.au/media/release.cfm?BC=Media&ID=8985_8487_4556_8483_4975)

22 See Submission No. 19, ACF, Submission No. 18, ACFID, and Submission No. 8, Oxfam.

dominated by a small number of Malaysian companies. The ACF argues that these companies:

... wield considerable economic and political influence in PNG and the sector is plagued by political corruption, police racketeering and the oppression of workers, and those who question its activities.<sup>23</sup>

5.15 According to the ACF's research—conducted together with the Port Moresby-based Centre for Environmental Law and Community Rights—a number of human rights abuses are being perpetrated against local landowners, including:

- cases of police brutality;
- intimidation and abuse of women;
- contamination of food and water sources; and
- unfair working conditions.<sup>24</sup>

5.16 The Oxfam submission recommends that the Australian Government conduct an inquiry into the conduct of Australian incorporated mining companies in PNG.<sup>25</sup> TI told the Committee at the hearing that it supported Oxfam's recommendation.<sup>26</sup>

5.17 The ACF submission refers to several inquiries and initiatives which the Australian Government (and also the World Bank) has already conducted and instigated over the years in respect to the logging sector in PNG, including the National Forestry and Conservation Programme and the PNG Community Development Scheme. According to the ACF, these initiatives have had mixed results, with the latter being particularly effective in delivering support to NGOs and community initiatives.<sup>27</sup>

5.18 Dr Baines told the Committee that, in his opinion, AusAID's interventions in the forestry industry in the Solomon Islands had proved beneficial:

They have tried to stem the rot ... there is a great focus on community forestry ... It has become a fashion to plant teak in the Solomon Islands ... AusAID has seized on this as an opportunity, quite rightly, and it is good to see them supporting it.<sup>28</sup>

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23 Submission No. 19, ACF, p. 6 and p. 9.

24 Submission No. 19, ACF, p. 9.

25 Submission No. 8, Oxfam, p. 2.

26 Transcript, 27 November 2006, TI, p. 21.

27 Submission No. 19, ACF, p. 8.

28 Transcript, 26 October 2006, Dr Baines, p.35.

## Watchdog agencies

5.19 At the hearing, TI told the Committee:

One pillar in particular that is missing in the Pacific is watchdogs.<sup>29</sup>

5.20 Other submissions corroborated this view. ACPACS and ACFID contend that anti-corruption commissions, human rights commissions and ombudsmen's offices should be established.<sup>30</sup>

5.21 At one of the Canberra hearings the Committee acknowledged that Fiji was currently the only Pacific island nation to have a dedicated Human Rights Commission, however it may be worth bearing in mind the economies of scale in the Pacific i.e. "obviously small states could hardly be expected to give [them] a particular priority."<sup>31</sup>

5.22 The Committee asked AGD to comment on the potential for a regional human rights structure, similar but on a smaller scale to the European human rights institutions, where smaller states could refer or delegate certain powers on human rights matters.<sup>32</sup>

5.23 AGD advised that the Department had not to date considered assisting with the establishment of a regional human rights body. This was not least because "the need for any additional human rights institutions had not been identified by states within the region and Australia would not wish to promote this in the absence of a shared view that this would make a practical difference to human rights outcomes in the Pacific." Nonetheless, AGD stated that building national and regional capacity to implement international human rights standards was a key element of Australia's approach to human rights in the Pacific. To this end, Australia supports existing regional organisations like the Pacific Islands Forum and the Asia-Pacific Forum of National Human Rights Institutions (APF):

Australia is engaging with the Pacific Islands Forum secretariat in relation to its project aimed at exploring national human rights institutions suitable for small states ...; and

... the Australian Government supports and provides funding to ensure a UN human rights presence in the region. The Office of the High Commissioner for Human Rights, based in Suva,

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29 Transcript, 27 November 2006, TI, p. 16.

30 Submission No. 18, ACFID, p. 13 and Submission no. 13, ACPACS, p. 7.

31 Transcript, 9 February 2007, p. 36.

32 Transcript, 9 February 2007, p. 36.

provides expert support and technical assistance to countries in the region.<sup>33</sup>

## Asia Pacific Forum of National Human Rights Institutions

- 5.24 At one of the Canberra hearings, Mr Fitzpatrick, the Director of the Asia Pacific Forum of National Human Rights Institutions (a regional association of national human rights associations)<sup>34</sup> outlined the Forum's activities which have a practical focus: strengthening the capacity of pre-existing members to do their jobs effectively; assisting governments to establish new national human rights institutions (for instance, PNG and the Solomon Islands have announced their intention to establish national human rights institutions); and promoting regional cooperation amongst all the national institutions on issues that cross national boundaries.<sup>35</sup>
- 5.25 The APF noted that while there has been cabinet agreement in PNG to establish a human rights institution, the discussions to that effect have been ongoing for some 12 years. Mr Fitzpatrick observed that, "if you are looking for my estimate on the likelihood of success, I would be pessimistic."<sup>36</sup>
- 5.26 Mr Fitzpatrick acknowledged that the forum's membership was currently more heavily weighted towards Asia, although about one-sixth of the amount that AusAID contributes to the organisation's budget i.e. \$100, 000 has been set aside for a Pacific focus.<sup>37</sup>
- 5.27 The Committee was informed that the forum had made a number of recommendations to the Eminent Persons Group's Review of the Pacific Islands Forum, subsequently adopted by Pacific leaders in 2004 and incorporated into the Pacific Plan,<sup>38</sup> which was adopted in 2005.
- 5.28 One of the recommendations was for greater engagement so in association with the national human rights institutions of Fiji, NZ and Australia, the

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33 Supplementary Submission No. 34, AGD, p. 6.

34 National human rights institutions generally have mandates to receive and act upon individual complaints of human rights violations; provide conformity of national laws and practices with international human rights standards; promote human rights awareness through education related campaigns; submit recommendations to the parliament or state or other competent body for their consideration and potential action; and encourage ratifications of international human rights treaties.

35 Transcript, 9 February 2007, Asia Pacific Forum of National Human Rights Institutions, p. 49.

36 Transcript, 9 February 2007, Asia Pacific Forum of National Human Rights Institutions, p. 51.

37 Transcript, 9 February 2007, Asia Pacific Forum of National Human Rights Institutions, p. 49.

38 The Pacific Plan priorities a number of key commitments in order to strengthen regionalism in the Pacific <http://www.pacificplan.org/tiki-page.php?pageName=HomePage>

APF hosted a regional human rights consultation in Fiji in 2004 to discuss national and regional strategies for the protection and promotion of human rights. In 2005 this was followed up with a more focused meeting:

Bringing together representations from all of the 16 Pacific states, principally from their justice ministries or their foreign affairs ministries, to say what steps are being taken towards the protection and promotion of human rights, and how best the international agencies, including the Asia Pacific Forum and the Pacific Islands Forum can help to meet those strategies.<sup>39</sup>

5.29 At the February hearing, Mr Fitzpatrick advised the Committee that subsequent to the coup in Fiji, the acting Fijian Prime Minister and Military Commander had appointed a new Commissioner to the Fiji Human Rights Commission and that, in the Forum's view, this had potentially compromised the institution's independence, not least because commissioners of the Fiji Human Rights Commission had provided information about the status of human rights in Fiji that was at variance with that presented by the acting chair. Mr Fitzpatrick observed that:

... it is clearly unfortunate that perhaps one of the glowing examples of successful human rights institutions within the Pacific at the moment is under review.<sup>40</sup>

5.30 In response to the Committee's questioning about the status of human rights in the region, the APF provided some anecdotal examples of the difficulties surrounding dealing with human rights on the ground in the Solomon Islands, including a lack of capacity and resources within the police to deal with certain human rights violations – i.e. the detention facilities are inadequate because that is all there is. Traditional and other power structures within communities are another factor to consider, although in Mr Fitzpatrick's view, it is important to focus on and work through the issue at hand, rather than viewing it strictly through either human rights norms or a culturally specific lens.<sup>41</sup>

5.31 At the conclusion of his evidence, Mr Fitzpatrick provided the Committee with a number of documents, including a draft research paper on potential forms of national human rights institutions suitable for small Pacific Island states (December 2006). The paper titled, *National Human Rights Institutions Pathways for Pacific States*, was subsequently published by the

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39 Transcript, 9 February 2007, Asia Pacific Forum of National Human Rights Institutions, p. 50.

40 Transcript, 9 February 2007, Asia Pacific Forum of National Human Rights Institutions, pp. 51-52.

41 Transcript, 9 February 2007, APF, p. 54.



NZ Human Rights Commission and includes input from the APF and others.<sup>42</sup>

## Building demand for democratic governance

5.32 TI advised the Committee that there needs to be a substantive dialogue process amongst civil society organisations in the Pacific to develop a shared vision of what a society free of corruption looks like and what they prefer. TI said that its AusAID-supported research report, *What works and why in community-based anti-corruption programs (December 2006)*,<sup>43</sup> documents examples of communities, that have mobilised to discuss and find local solutions to corrupt behaviour.<sup>44</sup> TI illustrated its point with an example from Bangladesh:

... there was a situation [in one town] where, to secure a bed in a hospital, people were expected to pay a fee to the registrar. That fee varied, depending on who you were, and of course there was no receipt or recognition of payment received. It did not guarantee you would get a bed in the hospital. The community said, 'this is a serious problem'. They formed their own small group and went to the hospital and said, 'we know you are endorsing this practice because you cannot afford to pay your staff', and the hospital implicitly acknowledged that. A system was set up where a reduced fee was paid to the registrar, with a receipt, with funds going into a holding account that was managed by a community committee and representatives from the hospital. That money was earmarked for projects and equipment. That was a grassroots local solution that came from the community.<sup>45</sup>

5.33 TI stressed the importance of collective pressure for change:

You need to have a wide range of groups signing on to that vision to say, [individually it will be difficult] but collectively, we can address that.<sup>46</sup>

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42 Available from the website of the NZ Human Rights Commission, [http://www.hrc.co.nz/hrc\\_new/hrc/cms/files/documents/09-Jul-2007\\_12-52-44\\_Pacific\\_Paper.pdf](http://www.hrc.co.nz/hrc_new/hrc/cms/files/documents/09-Jul-2007_12-52-44_Pacific_Paper.pdf)

43 Available from the TI website, <http://www.transparency.org.au/communitybased.php>

44 Transcript, 27 November 2006, TI, p. 20.

45 Transcript, 27 November 2006, TI, p. 21.

46 Transcript, 27 November 2006, TI, p. 20.

5.34 AusAID told the Committee that a key feature of the White Paper is to look at what the Australian Government can do to develop a greater demand from within Pacific Island communities for better democratic governance.<sup>47</sup> AusAID stated:

... This is an area that we need to do more, because we see in our conversations, I must say, with women, that the connection they have with government and their sense that the government somehow delivers for them and their families is remote ...

... we are picking our way carefully in developing this initiative ... but we could expect to continue to support and do more about civics education generally; what people and communities should expect from their members of parliament ...

We would expect to provide more support to electoral systems and, in particular, look at support for women to enter parliament as members ...

... We are also looking at what we might do to boost support for media and radio broadcasting as a key way of communicating with populations that are widely dispersed ...

In our large health and education sector programs we are looking at how we might encourage governments to be more open about what it is they are delivering in terms of services and what communities should expect from governments.<sup>48</sup>

## Coalitions for reform

### Church Partnerships Program

5.35 At a Canberra hearing, ACFID and TI both endorsed AusAID's PNG Church Partnerships Program, which brings together Australian church-based aid organisations with their Pacific counterparts, to deliver basic services. The program also aims to develop leadership skills:

On a microscale the Church Partnership Program has shown what can be done. It seems to me that we just need to scale [that sort of thing] up steadily over time ... we need to draw more actively on the pool of Australians who have first-hand knowledge of the

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47 Transcript, 9 February, AusAID, p. 14.

48 Transcript, 9 February 2007, AusAID, p. 14.

region. They are in churches, service clubs, professional associations and NGOs.<sup>49</sup>

5.36 Moreover, in ACFID's view:

... the kind of leadership pool to emerge from this source will be significant in coming years ...<sup>50</sup>

### Coalition against corruption

5.37 In talking to the Committee about its research into what works in community based anti-corruption programs, TI referred to the coalition against corruption in PNG, which arose through a partnership between TI and the Media Council in PNG, as one successful example.<sup>51</sup>

5.38 TI explained how the coalition against corruption works:

The coalition has worked very hard to bring together members from the small grassroots community organisations, who were not at that particular time working on anticorruption issues, and engage them in very focused, very specific but very nationally relevant anticorruption issues and campaigns. The coalition has a membership of approximately 70 organisations, which reach out to a constituency of about two million PNG people, so it has a wide reach within the community. The coalition has a structure where membership is non-financial and it has set up open and collaborative processes of dialogue within its own structures, so that when it is engaging with PNG government and PNG business it does come with the collective representation of a very large sector of the PNG community.<sup>52</sup>

5.39 TI believes that it is as important to support coalitions that are already in place in Pacific island culture – such as this one – as it is to build new ones like the PNG Church Partnership Program.<sup>53</sup>

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49 Transcript, 27 November 2006, ACFID, p. 4.

50 Transcript, 27 November 2006, ACFID, p. 5.

51 Transcript, 27 November 2006, TI, p. 17.

52 Transcript, 27 November 2006, TI, p. 18.

53 Transcript, 27 November 2006, TI, p. 17.



