

EXCLUSIVE POLITICS FEDERAL THE PALADIN AFFAIR

PNG officials making brazen demands for kickbacks from Manus operator

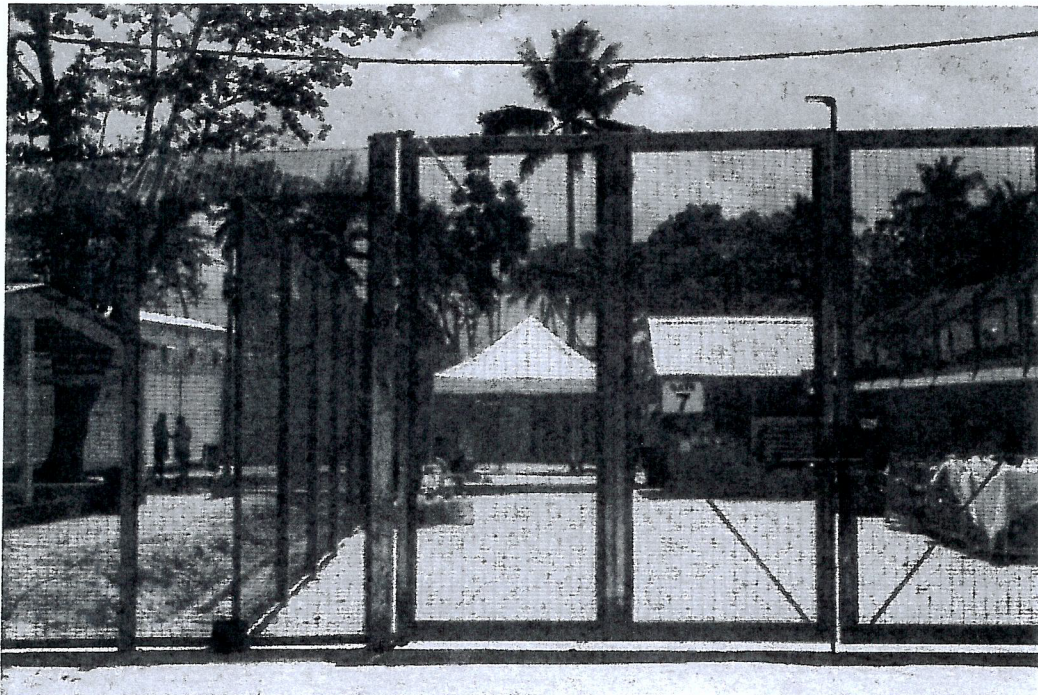
By Richard Baker

October 21, 2019 – 11.18am



Senior officials with the Papua New Guinea government have made frequent approaches to security company Paladin for a cut of the cash it receives from Canberra for running the Manus Island detention centre.

The Home Affairs department has been repeatedly told by the contractor of approaches from PNG government officials, with a leaked text message exchange seen by *The Age* and *The Sydney Morning Herald* highlighting just how brazen some have become.



The Manus Island facility ANDREW MEARES

In this case, one of PNG's most senior government officials asked a Paladin director via a text message sent in June for a personal payment of 35,000 kina, or about \$15,000.

No money was paid to the man.

This same senior PNG official had in 2017 asked Paladin for a political donation of about \$8 million.

This request was reported by Paladin to a top Home Affairs bureaucrat in late 2017.

Documents seen by *The Age* and *The Sydney Morning Herald* show Paladin raised concerns about questionable demands by PNG officials with several senior Home Affairs bureaucrats from November 2017 until April this year.

The revelations come as the secretary of the Home Affairs department, Mike Pezzullo, faces a Senate estimates hearing on Monday where he is likely to face extensive questioning over Australia's expensive Manus Island contracting arrangements.

At the last hearing in April, Mr Pezzullo initially said his department had not received any reports of demands for improper payments from its contractors on Manus Island.

However later during the same hearing, he advised the Senate's legal and constitutional affairs committee that he would be conducting a wider check "on notice" to determine if any Home Affairs officials were told about any donation requests in PNG.

In August, the Senate released 2700 pages of documents concerning Australia's offshore detention contracting arrangements. Among them was a September 2017 letter from Paladin in which its executives asked Home Affairs officials for advice on "unforeseen bribes/excessive and corrupt levels of fees".



Home Affairs secretary Michael Pezzullo. AAP

"Might there be cases where the Dept [sic] should be OBLIGATED to help out or ease up on its expectations?"

Other emails seen by *The Age* and *The Sydney Morning Herald* show several senior Home Affairs officials were aware of pressure from top PNG politicians and

officials for Paladin to sub-contract a local security firm Tactical Solutions International in late 2017.

This was despite Paladin already having arrangements with other Manus Island landowner security companies to provide employment opportunities for locals.

In one case, an Australian government official working as an adviser to PNG's Immigration & Citizenship Authority approached Paladin in November 2017 to ask why the company would not engage TSI when it was clear senior PNG officials were keen for this to happen.

Earlier this year *The Age* and *The Sydney Morning Herald* revealed how a joint venture company between TSI and secretive Australian security firm, C5, was awarded a major security contract for the Australian-funded Bomana detention centre in Port Moresby.

Bomana is where more than 50 men whose refugee claims have not been accepted by PNG were moved to from Manus Island earlier this year.

Extreme sensitivity surrounds the security contract and neither the Australian nor the PNG government will publicly comment on the winning bidder or the contract's value.

Home Affairs has repeatedly said the Bomana contract is solely a matter for the PNG government, while Port Moresby has said it is Australia's responsibility.

The TSI-C5 joint venture company awarded the Bomana contract is called Controlled Outcomes.

Several sources have said C5, which is owned by former Australian Federal Police officer Ty Clark, was providing advice to PNG Immigration on the Bomana tender evaluation and other risk management issues, while simultaneously being part of a joint venture bidding for the security contract.

Other documents seen by *The Age* and *The Sydney Morning Herald* show Paladin director Craig Thrupp received a removal order from the PNG government in February 2018.

This came two months after Paladin was repeatedly pressured by PNG officials into directing lucrative work towards security firm TSI.

After refusing to give work to TSI, Paladin began experiencing trouble getting visas for its workers to enter PNG to provide services at Manus Island.

Home Affairs was aware of Paladin's visa issues but appears to have done nothing to intervene.

In June 2018 the PNG government wrote to Mr Thrupp to advise him that his PNG business visa had been cancelled and he would not be permitted to enter the country.

"The cancellation of your business visa is due to serious concerns regarding your conduct and that your company Paladin Solutions (PNG) Limited in influencing government decisions on visa matters," the letter read.

The circumstances of Paladin's \$423 million worth of offshore detention contracts and a host of other questionable Home Affairs expenditure linked to Manus Island is being investigated by the Commonwealth Auditor-General.



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