

Promises, promises: a decade of allocations for and spending on anti-corruption in Papua New Guinea

Grant Walton and Husnia Hushang

Abstract

In Papua New Guinea (PNG), government responses to corruption have received a great deal of media attention over the past decade. This is particularly the case with Investigation Taskforce Sweep (ITFS), with the PNG government initially providing this agency with significant resources and support, only for support to disappear in 2014, when the agency helped coordinate an arrest warrant for Prime Minister, Peter O'Neill. While the trials and tribulations of ITFS have been at the forefront of media attention, they can mask broader trends concerning the state's anti-corruption efforts. In this paper we compare the PNG government's allocations for and spending on five key anti-corruption organisations between 2008 and 2017. Analysing a decade of national budget documents we focus on funding for: the Ombudsman Commission, the National Fraud and Anti-corruption Directorate, ITFS, the Financial Intelligence Unit, and the Auditor-General's Office. We show how allocations for these agencies have often exceeded spending, and that combined anti-corruption funding has declined since 2013. We then compare combined spending on these organisations to the Department of Justice and Attorney General and the Royal Papua New Guinea Constabulary; we show that, over the past decade, funding for the former has grown significantly compared to anti-corruption spending. Finally, we show that as a proportion of the overall PNG budget allocations for and spending on anti-corruption has been on the decline since 2013. These findings suggest that reductions to anti-corruption funding pre-date the dramatic reduction of funding for ITFS after it helped organise an arrest warrant for the prime minister, and that comparatively, over the past five years, anti-corruption agencies have fared worse than other areas of government spending. We discuss what these findings mean for policy makers and activists hoping to see the PNG government strengthen anti-corruption efforts, and address corruption.

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Introduction

For many, corruption is a key threat to development in Papua New Guinea (PNG). It is often associated with poor environmental, social and political outcomes. The PNG state funds a number of anti-corruption organisations on a yearly basis to address government corruption and mismanagement. While these organisations – such as the Ombudsman Commission, Investigation Taskforce Sweep (ITFS), and the National Fraud and Anti-Corruption Directorate – are in the business of improving and monitoring accountability and transparency within government institutions, often times they struggle to provide the public with basic information about their operations. For example, at the time of writing the Ombudsman Commission had not made available annual reports on its website; its website has also been unavailable for some time. Given the resource and political constraints facing anti-corruption organisations in PNG this absence of information might be understandable, however, it means that policy makers and activists have little information about the health of state-based anti-corruption organisations.

Given the paucity of information from anti-corruption organisations, the national budget is a key resource to evaluate the state of these organisations over time. Analysis of the budget shows how much funding is promised and then spent on anti-corruption efforts. This can highlight how financially healthy organisations are, and the degree to which governments are willing to put their money where their mouths are. Without adequate funding, anti-corruption agencies cannot pay for investigations, reports, maintenance of websites, and so on. Admittedly, it is not the only measure to assess the health of agencies – how anti-corruption agencies spend their funds is also important. However, with little public information about how funds are spent, tracking the amount of funding is a critical (and far overdue) first step in understanding the state of PNG's anti-corruption agencies. Such analysis is necessary as there have been no publically available studies into how much has been promised and spent on the state's anti-corruption initiatives over time. While the media has occasionally highlight budgeted funding allocations for select anti-corruption organisations – particularly for the travails of the short-lived ITFS (for example, Cochrane, 2015) – it can be difficult to put these figures into context.

In this paper we address this gap in the research by examining three questions, which often go unanswered in debates about the state of PNG's anti-corruption efforts:

1. How have allocations for and spending on anti-corruption organisations changed over time?
2. How do allocations for anti-corruption organisations compare to other law and justice organisations, and for overall government spending?
3. What is the evidence that changes to anti-corruption spending impacts on perceptions about levels of and responses to corruption?

This paper examines these questions by looking at a decade of funding allocation and spending² for key anti-corruption organisations: the Ombudsman Commission, the National Fraud and Anti-corruption Directorate, ITFS, and the Auditor-General's Office. It also reports on four years – the years we could find funding for this institution – of funding for the Financial Intelligence Unit. For point of comparison the analysis includes trends for two organisations that help fight corruption, but have a broader mandate than the afore-mentioned organisations: the Royal PNG Constabulary (RPNGC) and the Attorney General's department. The paper shows how total anti-corruption spending has changed over the past decade, and the percentage of the total PNG budget allocated to and spent on anti-corruption agencies. In addition, it presents trends of perceptions about the level of corruption in PNG and the country's ability to control it.

The report draws on a decade of publicly available national budget documents, with reported spending and allocations converted into constant 2016 prices to ensure comparisons over time can be made. The national budget (particularly volumes one and two) and the Final Budget Outcome (2016) are the primary source for analysis; key stakeholders in PNG have also been consulted to verify figures. It is important to note that the report presents *national* trends. Subnational governments in PNG, particularly the provinces, do contribute their own funds to law and justice and may fund anti-corruption measures. These are not captured in the bulk of this analysis (although we do examine the impact of decentralisation in the Appendix). In addition, this analysis focuses on what we consider key anti-corruption organisations – those whose primary

² See this spreadsheet for data and calculations: <http://devpolicy.org/excel/PNG-GovSpending-on-Anti-corruption.xlsx>

purpose is to investigate corrupt practices – where funding information has been provided in the national budget. There are many other organisations conducting anti-corruption work, including non-governmental organisations and donors that are not captured in budgetary figures. In turn, this paper shows how the national government has prioritised anti-corruption, not how much funding is spent on all types of anti-corruption efforts in PNG.

The paper proceeds as follows. First, it shows how funding allocations for and spending on anti-corruption has changed over time. The second section provides points of comparison: it reports trends for other law and justice organisations, and shows how overall spending on anti-corruption has changed in line with budgetary changes. This section also presents perceptions about the level and strength of response to corruption in the country. The final section concludes, highlighting key implications for policy makers and anti-corruption activists.

Allocations for and spending on five PNG anti-corruption organisations

This section first examines five key anti-corruption organisations separately before comparing them and analysing trends of anti-corruption efforts. It includes a brief commentary on some of the political factors that may have influenced allocations³.

The Ombudsman Commission of Papua New Guinea (OCPNG)

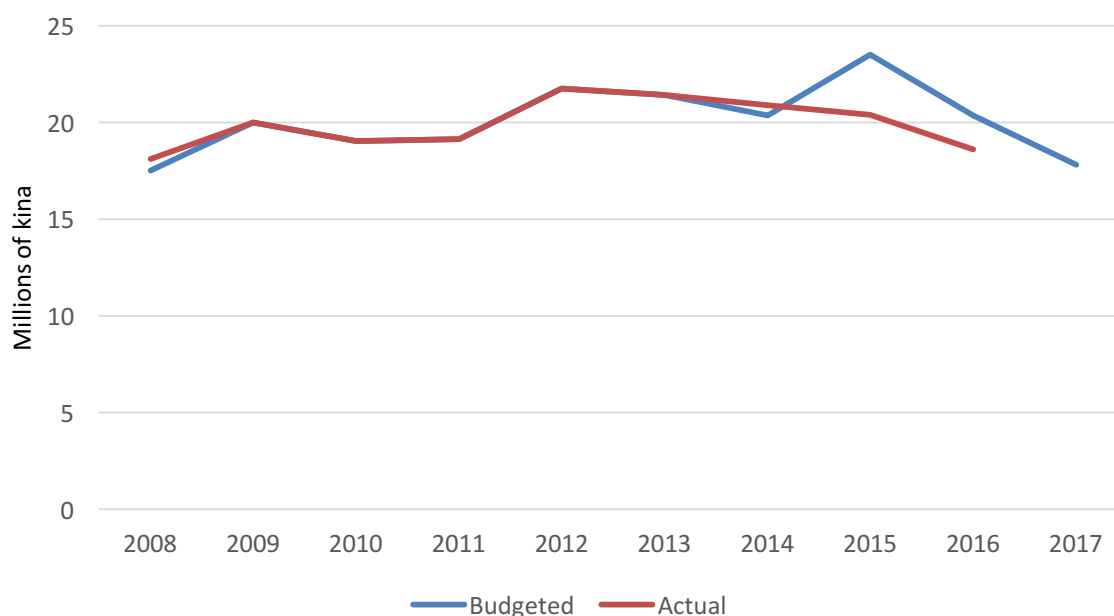
The Ombudsman Commission is PNG's longest-running state-based anti-corruption body; it was mandated through the nation's constitution at independence in 1975. As mentioned, it can be difficult to track down information on this organisation, making it difficult to assess governments' commitment to it. It has been long reported that the organisation suffers from a lack of resources (Walton, 2016). The past decade has been particularly tough for the Ombudsman Commission. Chief Ombudsman Chronox Manek

³ For a more comprehensive discussion on these agencies refer to Walton (2016).

was shot in the arm in 2009 – in what many suspected was an attack by those he was investigating – and after suffering from poor health died in 2012. This left a vacuum within the commission, until Rigo Lua was appointed in mid-2013; Lua reinvigorated the Ombudsman Commission, by publically leading investigations into prominent politicians and public servants. This reinvigoration was met with resistance, with politicians attacking the organisation and its mandate. In May 2015, it was revealed that Lua’s appointment would not be renewed by a committee including prominent politicians. Given this context, how has funding for the Ombudsman Commission changed over the past decade?

Figure 1 shows that the PNG government’s budgeted and actual spending for the OCPNG from 2008 to 2014 incrementally increased. In 2008, approximately 18 million kina was both allocated and spent on the Ombudsman Commission, which rose to just over 20 million kina by 2014. These gains started to unravel in 2015, when more was allocated to the organisation than spent. Under Lua, the Ombudsman Commission saw a continued (albeit slight) decline in funding, despite the promise of substantially more money for 2015 (Cochrane, 2015). In 2016 actual spending further reduced. Allocations for 2017 suggest the organisation’s funding will decline even more; on current projections the organisation will end the decade in the same financial position it was at the beginning. In sum, in terms of funding allocations and revenue, the Ombudsman Commission has mostly (but not altogether) weathered political attacks on it over the past decade, but incremental gains look like they are being washed away.

Figure 1: Ombudsman Commission allocations and spending (2016 prices)



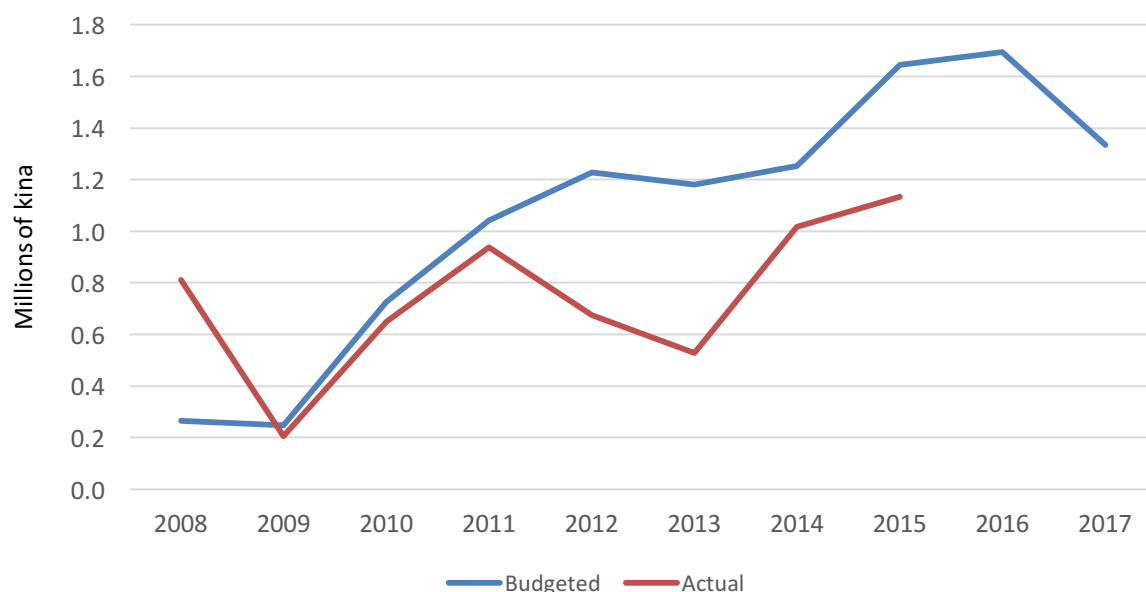
Key anti-corruption units within the Royal PNG Constabulary (RPNGC)

The RPNGC plays a critical role in addressing corruption – it is often the first port of call for citizens who want to report it. However, because its scope is much broader it is not classified as an anti-corruption organisation for the sake of this paper (for comparison, we report on funding allocations and spending for the RPNGC in the following section). Despite this, the National Fraud and Anti-Corruption Directorate (referred to as the ‘Fraud Squad’ in this paper), which sits within the RPNGC, does focus on corruption and its budget is separately reported. The organisation was at the forefront of an attempt to arrest Prime Minister Peter O’Neill in 2014 (AAP, 2014). It also has a history of controversy, and has been closed a number of times. For example, in 2016 it was shut down for three weeks, allegedly due to its efforts to arrest senior government ministers and preparations to arrest the Prime Minister (ABC News, 2016). It was only reopened after the then Police Commissioner, Gari Baki, was ordered to reinstate the agency by the nation’s Supreme Court (Tlozek, 2016).

Figure 2 demonstrates that spending on the Fraud Squad, despite its role in attempting to arrest the Prime Minister and other senior ministers, increased between 2008 and 2015, yet there has been significant variation. Between 2011 and 2015 there were large

gaps between allocations and spending, although the gap has been declining. Reduced spending between 2011 and 2013 is likely due to resources being reallocated to ITFS, which was established in 2011. Budget allocations declined by 23 per cent between 2016 and 2017.

Figure 2: National Fraud Squad allocations and spending (2016 prices)



Another key anti-corruption organisation that has, until recently, been situated within the RPNGC is the Financial Intelligence Unit (FIU). The FIU was created within the RPNGC under Section 13 of the Proceeds of Crime Act (POCA) 2005; it was established in July 2007 and commenced operations later that year (Chevis & Barrum, 2012). In July 2015 PNG Parliament enacted a suite of anti-money laundering and counter terrorist financing laws, which came into operation in February 2016. One of these pieces of legislation - the Anti-Money Laundering and Counter Terrorist Financing Act 2015 – established a Financial Analysis and Supervision Unit (FASU) within the Bank of PNG. This organisation replaces the FIU.

Table 1 shows the available allocations and spending on the FIU and FASU. It shows that for the years available (2014-2017) allocations reduced from over 730,000 to just under 455,000 real kina. At the time the 2015 budget was announced, the media made much of the fact that the FIU was allocated less than the police band’s budget (Cochrane, 2015); comparing allocations to spending reveals the lack of support for the FIU was even

worse than these media reports suggested. For the two years where data is available (2014 and 2015), spending on the agency was less than half of allocations. In 2015, 1.07 million real kina was spent on the PNG police band, which rose to 1.31 million kina in 2016 – so the police band *received* three to four times more than the FIU. While allocation and spending on this organization is not available in previous budgets, reports suggest that the FIU was constrained by few resources and a small budget while it was located within the RPNGC (Chevis & Barrum, 2012).

Table 1: Financial Intelligence Unit: Allocations and spending (kina, 2016 prices)

| Years | Allocation | Actual |
|--------------|-------------------|---------------|
| 2014 | 730,340 | 310,563 |
| 2015 | 714,228 | 264,364 |
| 2016 | 641,700 | |
| 2017 | 454,476 | |

The Auditor-General's Office

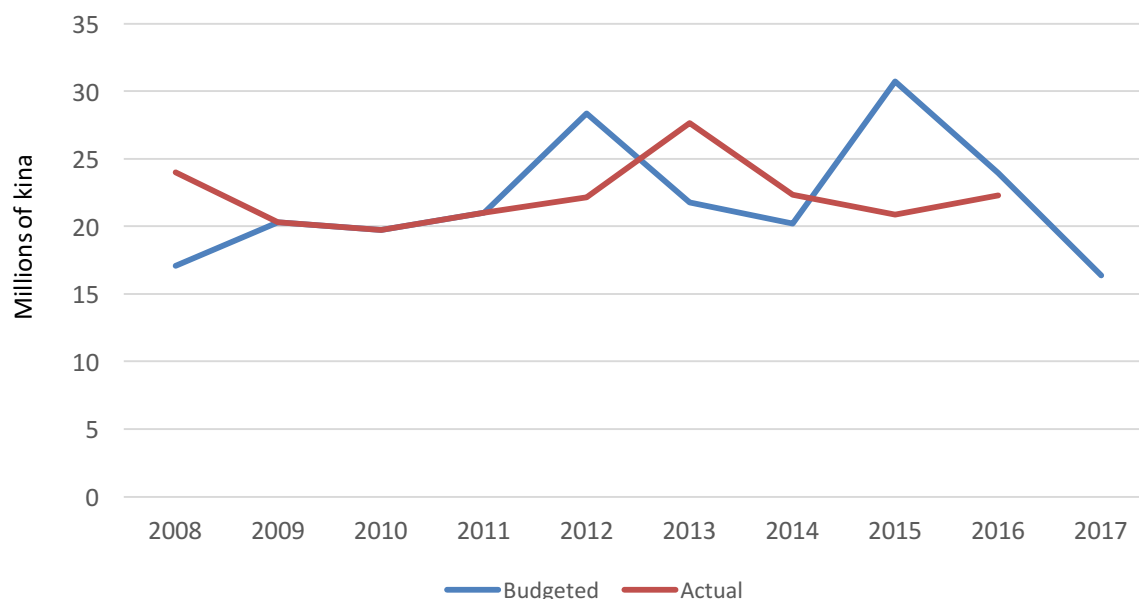
The Auditor-General of Papua New Guinea (referred to as the Auditor-General's Office in this paper) commenced operations in 1973 and was established as the country's supreme audit institution under Section 213 of the Constitution in 1975. The organisation is tasked with inspecting, auditing and reporting on accounts, finances and properties of government departments, agencies, and public corporations. Over the past decade the Auditor-General's Office has suffered from challenges to its leadership. In 2011 then Auditor-General, George Sulliman, stepped down amid controversial circumstances (Anonymous, 2011). While the agency tries to remain non-partisan, it has been caught up in the to-and-fro of PNG politics – for example, in 2015, Don Polye, leader of the opposition, accused the organisation of being politicised (PNG Post-Courier, 2015). Despite this, the Auditor-General's Office continues to operate and shed

light on mismanagement and potential corruption within government (e.g. see: Auditor-General's Office of Papua New Guinea, 2014).

There have been calls for the organisation to be strengthened, both outside and within the country. The organisation has been rated as providing only 'limited' budget oversight by the International Budget Partnership's Open Budget Survey. The 2015 survey called for the agency to have 'adequate funding to perform its duties, as determined by an independent body' (International Budget Partnership, 2015). The call for the government to better fund the organisation has been echoed by commentators within PNG for some time (Kaiok, 2008). Have these calls been heard?

Figure 3 shows budgeted and actual spending on the Auditor-General Office between 2008 and 2017. Between 2009 and 2011 allocations and spending were in sync – staying at around 20 million kina. In 2012 the agency's allocation rose above spending, and in 2013 spending rose above allocations. By 2015, spending had declined to 21 million kina, and then increased slightly in 2016 to 22.3 million kina. However, funding is set to decline, with allocations reducing to 16 million kina by 2017; in real kina this is less than the agency was allocated at the start of the decade. This analysis suggests that, overall, calls for more spending for the Auditor-General's Office were responded to early on in the O'Neill-led government (which began in late 2011), although these gains now appear to be lost.

Figure 3: Auditor-General’s Office allocations and spending (2016 prices)



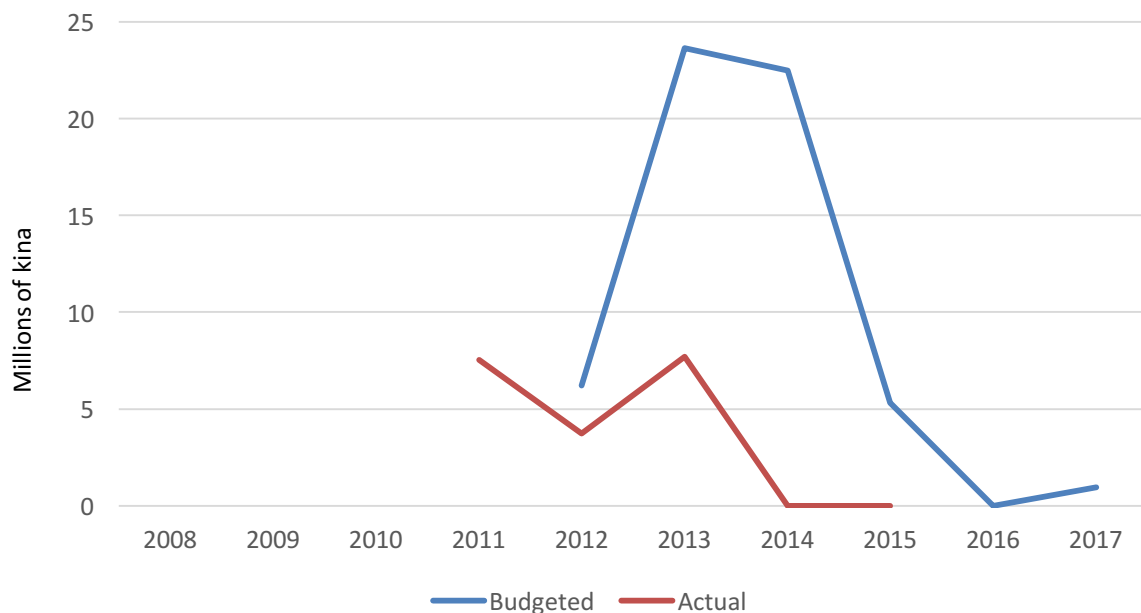
Investigation Taskforce Sweep (ITFS)

Peter O’Neill came to be prime minister under controversial circumstances; in 2011 he took over from Michael Somare who was getting medical treatment overseas. In an attempt to differentiate himself from his predecessor O’Neill quickly introduced a number of measures, including promising to establish an Independent Commission Against Corruption (ICAC). As it would take some time to legally establish an ICAC, the O’Neill-Namah government set up an organisation to investigate corruption in the interim; that organisation was ITFS. In the short time it was operating, the agency helped facilitate numerous arrests, including of prominent politicians, and recover millions of kina. The agency helped coordinate an arrest warrant for the Prime Minister in June 2014 after which its ability to operate was significantly curtailed through budget cuts.

Figure 4 depicts the PNG government’s budget and actual spending on ITFS and the yet to be established ICAC between 2011 and 2017. The budget allocations rose significantly between 2013 and 2014, peaking at roughly 23 million kina. After ITFS’s role in O’Neill’s attempted arrest, funds slumped sharply to 5 million and zero in 2015 and 2016 respectively. However, the amounts reportedly spent are far lower than allocations. While the O’Neill-Namah government quickly spent 7.5 million kina (non-

budgeted) on the agency in 2011, since then the difference between allocated and spending is significant. Spending on the organisation peaked at 7.7 million in 2013, which was significantly lower than the 23.6 million kina allocated. Just under one million (real) kina was allocated for ICAC in 2017. When it was first established, the PNG government publically stated that it was channeling more resources into ITFS (PNG Post-Courier, 2012); however, comparatively little money reached the organisation. Overall, Figure 4 shows that the meteoric rise and fall of ITFS was accompanied by unfulfilled spending promises.

Figure 4: ITFS and ICAC allocations and spending (2016 prices)

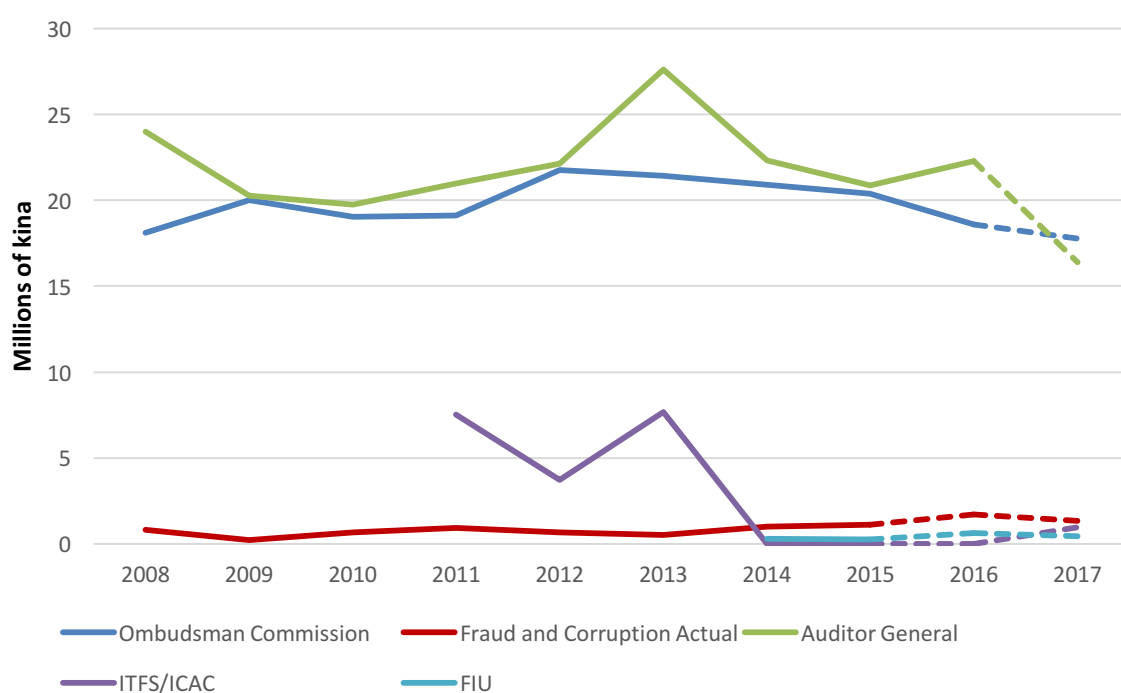


The funds that did not reach ITFS were slated for other agencies, in particular for the Auditor-General’s Office, Ombudsman Commission and the judiciary (Cochrane, 2015). Figure 1 shows that while more funds were budgeted for the Ombudsman Commission, it received less in 2015 than in 2014. Figure 3 showed that the Auditor-General’s Office was promised more funds for 2015; however, it too received less money in 2015 than in 2014. As we’ll see below, the Department of Justice and Attorney General (DJAG) also had its budget reduced and received less money in 2015 compared to the previous year. Thus, for the other key anti-corruption organisations the promised redistribution of funds after the closure of ITFS did not materialize.

Overall trends

To get a sense of the relative amounts of spending on each organisation, Figure 5 compares actual *spending* over time. It shows that out of the agencies we examine, the Ombudsman Commission and Auditor-General’s Office are by far the most heavily funded. Traditionally more has been spent on the latter than the former, although in 2017 this appears set to change, with the Auditor-General’s Office facing severe funding cuts. In comparison, other agencies receive paltry sums.

Figure 5: Spending on five anti-corruption organisations 2008-2017 (2016 kina)

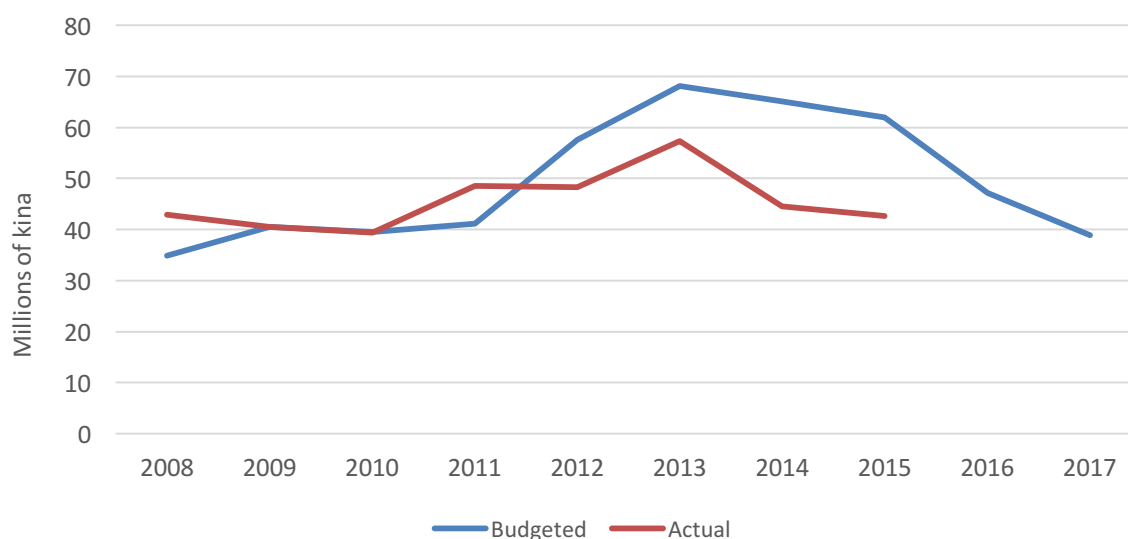


Notes: Actual spending solid lines, budgeted dashed lines. 2016 figures for Ombudsman Commission and Auditor-General’s Office from Final Budget Outcome (2016).

Figure 6 pulls data together from these five anti-corruption organisations – along with an extra allocation of 520,000 kina in 2016 and 2 million in 2017 for a program to combat corruption in the Department of Finance. It shows trends of allocations and spending over the past decade. Overall, budgets for and spending on these anti-corruption agencies increased gradually between 2008 and 2013, but declined thereafter. This decline started in 2014 even though this budget was, at the time, PNG’s largest ever, coming in at 15 billion kina (Price Waterhouse Coopers, 2014). Due to the

quick spending on ITFS, actual spending outstripped allocations in 2011. However, thereafter promised spending on anti-corruption has not matched actual spending. The 7 million kina reduction in funding for ITFS made up half of the overall reduction in anti-corruption spending between 2013 and 2014. The continued decline of budgeted anti-corruption spending will mean that these organisations will not receive any more than 39 million kina, four million kina less than was spent on them at the start of the decade.

Figure 6: Total anti-corruption allocations and spending (2016 prices)



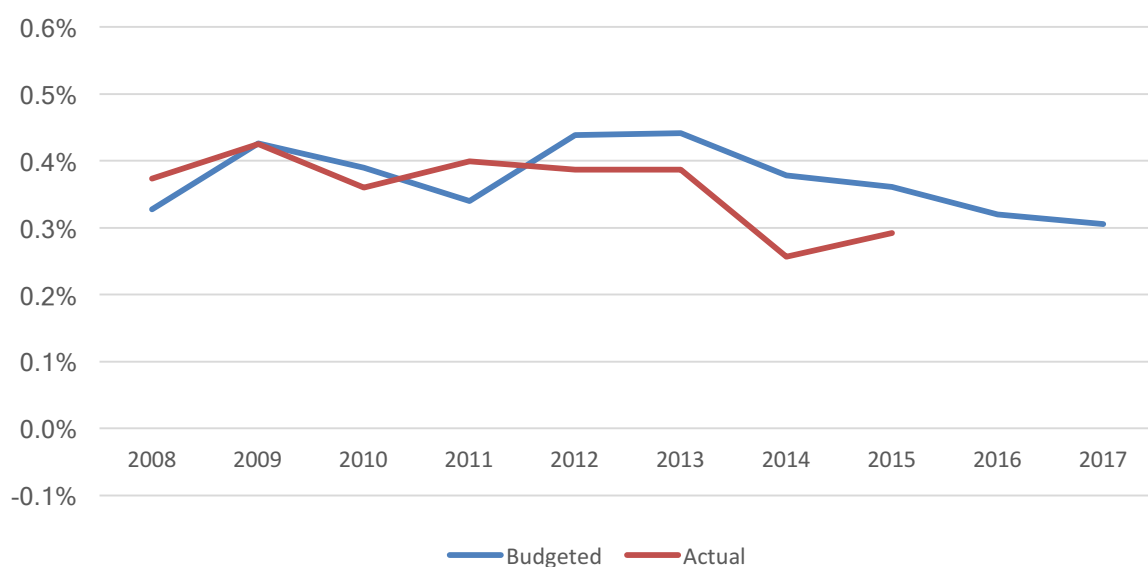
*Notes: Total anti-corruption spending - Ombudsman Commission/National Fraud and Corruption/Auditor-General's Office/National Anti-corruption Strategy Taskforce (ITFS)/FIU/Anti-corruption program
Department of Finance*

Points of comparison and (anti-)corruption trends

It could be argued that the recent decline in anti-corruption spending shown in Figure 6 (above) simply reflects the PNG government's reduced budgets due to the country's flailing economy. Indeed, while the 2014 budget boasted 15 million kina (nominal) in allocations, the 2017 budget was set at only 13,350 million (nominal) (Price Waterhouse Coopers, 2016). To test whether the reduction in the government's overall budget explained the fall in anti-corruption allocations and spending, Figure 7 illustrates total anti-corruption spending and budgetary allocations as a proportion of PNG's

national budget. The first thing to note is that anti-corruption spending makes up a very small proportion of government spending: between 2008 and 2015 spending varied between 0.25 and 0.44 per cent of the overall budget. This figure also shows that allocated funding has dropped significantly since 2013; by 2017 the PNG government is set to spend less on anti-corruption efforts as a proportion of the budget than it did in 2008. Thus, reductions in anti-corruption spending are not simply a function of smaller budgets; anti-corruption spending has reduced relative to other areas of government spending.

Figure 7: Anti-corruption spending as proportion of national budget

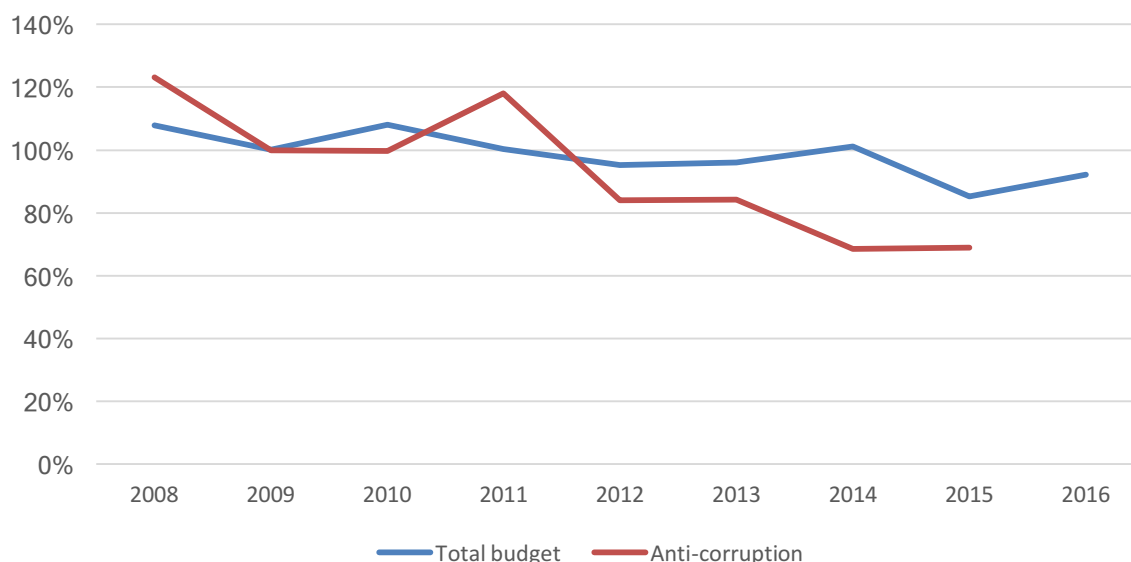


Notes: Total Anti-corruption Spending - Ombudsman Commission/National Fraud and Corruption/Auditor-General's Office/National Anti-corruption Strategy Taskforce (ITFS)/FIU/Anti-corruption program Department of Finance. In Appendix A we account for the effect of decentralisation on these figures; our analysis shows that the relationship between actual and budgeted is similar to Figure 12.

It might be argued that other government departments also suffer from receiving less than they were promised, and that there is nothing special about anti-corruption organisations in this regard. To test this, we compare how the proportion of actual spending to budgeted compares across time for anti-corruption organisations versus whole of government (minus anti-corruption organisations). Figure 8 shows that there has been a significant underspend on anti-corruption agencies, compared to the government as a whole, since 2012. Extra funding spent on ITFS explains the reversal of

this trend in 2011. This suggests underspends are not simply due to a broader issue of capacity that affects other government departments and operations.

Figure 8: Comparison of percentage of spending to budget for total budget and anti-corruption

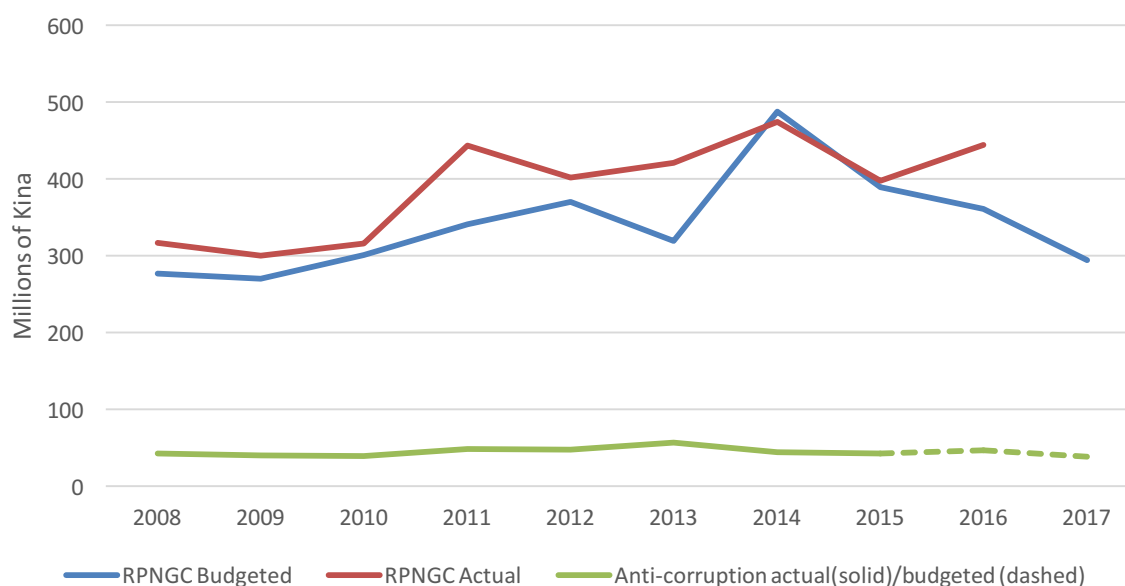


Notes: Total Anti-corruption Spending - Ombudsman Commission/National Fraud and Corruption/Auditor-General's Office/National Anti-corruption Strategy Taskforce (ITFS)/FIU/Anti-corruption program Department of Finance

Are other law and justice agencies experiencing a rise in support at the expense of anti-corruption organisations? Figure 9 compares the PNG government's budget and actual spending on the RPNGC with spending on PNG's five anti-corruption organisations (and 2016/2017 allocations for the corruption program in the Department of Finance). Spending on key organisations is tiny in comparison to spending on the RPNGC, although with recent cuts to the RPNGC's budget the gap is reducing. For the RPNGC, the large increase in budgeted expenditure between 2013 and 2014 can be explained by the expected cost of hosting Australian Federal Police (Government of PNG, 2014: 99). Between 2008 and 2014 actual spending was higher than budget allocations; both gradually increase over this time. From 2014 spending and allocations reduced; 317 million real kina was spent on the RPNGC in 2008, which is more than allocated for the agency in 2017 (294 million kina). Given this, between 2014 and 2017 the RPNGC is facing a funding cut of 40 per cent. So while the RPNGC has seen their funding increase

at a higher rate than anti-corruption organisations between 2008 and 2015, these gains are set to unravel.

Figure 9: Comparing RPNGC and anti-corruption allocations and spending (2016 prices)

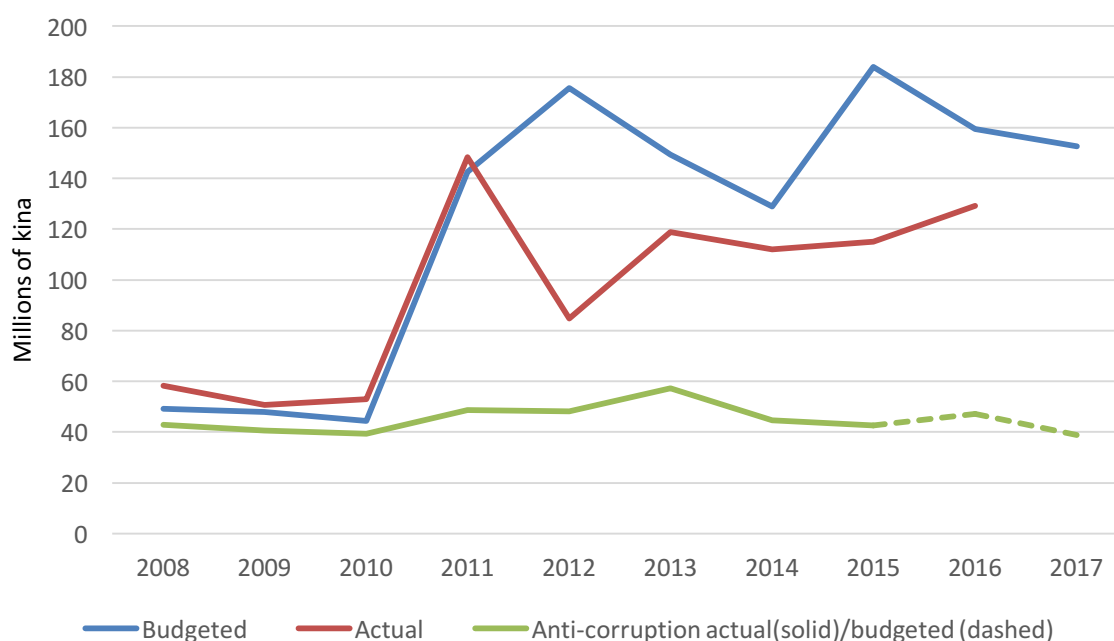


The Department of Justice and Attorney General (DJAG) is another key law and justice agency in PNG. It is the ‘central agency responsible for the administration of legal services to the State and its instrumentalities, and the provision of law and justice services’ (Department of Justice and Attorney General, 2017). The agency has a wide-range of functions, including policing, corrections, overseeing the judiciary and courts, prosecutions, and investigating corruption and abuses of leadership positions. Over the past decade the agency has seen the coming and going of a number of Attorneys General responsible for the department. This has included Allan Marat who resigned from the position in 2010 after criticising the Somare government; and Kerenga Kua, who was sacked by Prime Minister Peter O’Neill in 2014 and replaced by Ano Pala. The latter, in turn, was arrested by the country’s Fraud Squad in April, 2016 for misusing Rigo district funds (specifically, funding from the District Services Improvement Program). At the time of writing the matter was making its way through the courts.

Figure 10 compares allocations and spending on the Attorney General’s department and key anti-corruption agencies. While less than 20 million real kina separated spending on the Attorney General’s department and key anti-corruption organisations in 2008, by 2015 the gap had risen to over 70 million kina. This was helped along by the 300 million kina (2010-2015) PNG-Australia Law and Justice partnership (LJP) (Government of PNG, 2012: 19). The Attorney General’s department has experienced a substantial increase in funding since 2010, with the agency budgeting an extra 101 million kina in 2011 mostly from LJP (94 million) with the remainder from the United Nations (7 million).

The agency’s funding has fluctuated significantly. While the agency’s allocation rose to 176 million in 2012, spending was 85 million kina, a difference of 52 per cent. A gap between allocations and spending has continued ever since. Between 2012 and 2014 (during Kua’s time as the Attorney General) the agency experienced significant cuts to budgetary allocations. Although the agency’s allocations have reduced since 2015 it is set to be significantly better off in 2017 than it was in 2008.

Figure 10: Comparison of DJAG and anti-corruption spending and allocations (2016 prices)



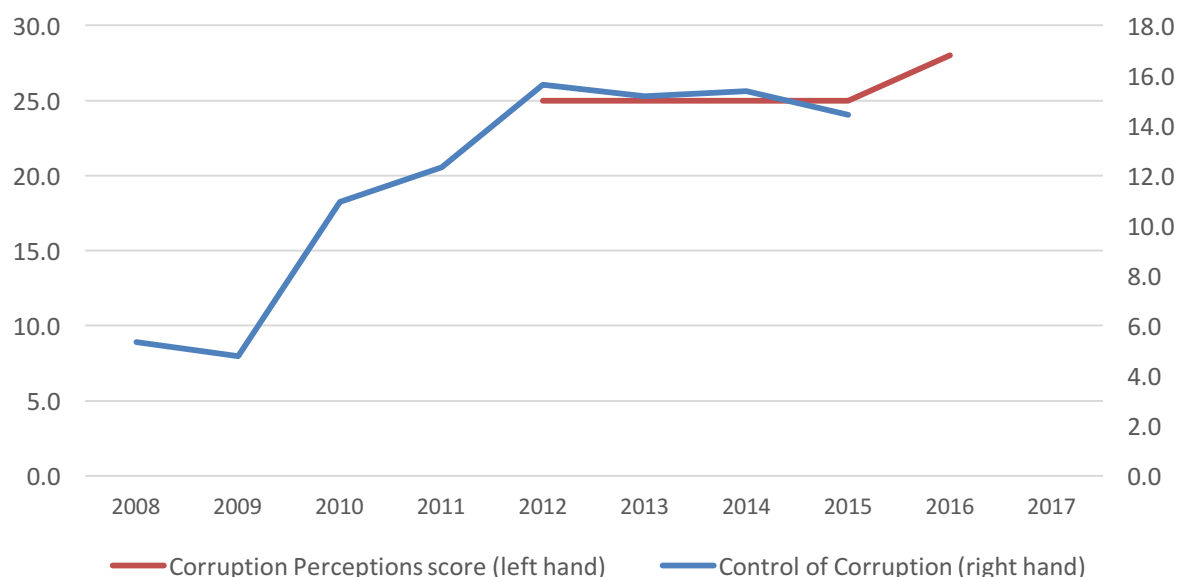
Finally, it is worthwhile asking whether or not these changes to anti-corruption spending have made any difference to perceptions about corruption in PNG. This question is difficult to answer, for two key reasons. First, outcomes of anti-corruption efforts are not always made public and efforts to release information can come under attack from political elites. For example, in late 2014 ITFS released an update on its operations (it was still operating despite being defunded) (ITFS, 2014). The publishing of the report resulted in its chief Sam Koim being taken to court for allegedly transgressing a media ban. There is some data available: for example by 2015 ITFS was still working on 350 cases of corruption and had secured 12 convictions (Koim, 2015). Thorough agency-by-agency research is required to assess the ability of anti-corruption organisations to bring about just outcomes.

The second limitation is around how 'corruption' is measured and the role these agencies play in reducing it. The popular Corruption Perceptions Index (CPI) released each year by Transparency International did not allow comparisons over time until 2012. A better measure over the period of analysis is the World Bank's Control of Corruption index. While it does better in comparing data over time, this measure is very broad as it 'captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as 'capture' of the state by elites and private interests' (World Bank, n.d.). It includes data about how trustworthy the government is as well as measures about perceived levels of different types of corruption. Given how broad the measure is, anti-corruption spending alone will not alone influence these indicators; however, it likely does provide some explanation of the shifts in these measures – along with other anti-corruption efforts such as the free media.

With these caveats in mind, Figure 11 compares PNG's control of corruption and CPI score (higher numbers mean better control of corruption or less perceived corruption respectively). Perceptions about the country's control of corruption appears to have improved since 2010, although it plateaued in 2012. The CPI score did not change between 2012 and 2015, although it improved, though not significantly, in 2016. It is notable that improved perceptions about the country's control of corruption occur at the same time funding for the DJAG significantly increased. Neither the CPI or control of corruption indexes responded to the defunding of ITFS. This suggests that 'expert'

perceptions about how well corruption is addressed could be more closely tied to the activities of organisations involved in broader law and justice work, rather than the rise and fall of specific anti-corruption organisations.

Figure 11: Comparison of PNG’s Control of Corruption and CPI score



Conclusions

The introduction of this paper set out three questions that guided subsequent analysis. The first question focused on how funding for anti-corruption agencies has fared over time. While funding for ITFS dramatically rose and fell within a short period of time, the Fraud Squad saw increases. The Ombudsman Commission and the Auditor-General’s Office have seen some gains. All of these organisations have suffered from promised budgetary allocations not materialising, and the difference between promised funding and actual spending was particularly acute within ITFS and the National Fraud and Anti-Corruption Directorate. Overall, the difference between allocations and spending has been growing since 2011, suggesting there has been little pressure on the government to live up to its promises on anti-corruption spending.

The analysis also showed that, overall, both allocations and spending on key anti-corruption organisations have declined since 2013. Because budgetary allocations are made the year before (i.e. the 2014 allocation is made in 2013), this means that the PNG government was significantly reducing its commitment to anti-corruption agencies

before ITFS helped organise an arrest warrant for the prime minister. In other words, ITFS' move on the PM helped to reduce overall anti-corruption funding, but there are signs the government's support for anti-corruption agencies had peaked before this event. Projections show that spending on key anti-corruption organisations is set to reduce further.

The second question asked how allocations for anti-corruption organisations compare to other law and justice organisations, and to overall government spending. Funding for key anti-corruption organisations has reduced in importance relative to other areas; this suggests reductions in spending are not simply a function of smaller budgets. Combined anti-corruption spending is now miniscule compared to two key law and justice organisations: the DJAG and the RPNGC; but in the case of the DJAG this was not always the case, with this agency receiving significantly more support from the national government over the past decade.

The third question was about how these changes relate to perceptions about corruption and anti-corruption. Perceptions about the control of corruption seemed to be more related to changes in funding to DJAG than to anti-corruption organisations per se. Perceptions about the level of corruption did not change despite well-publicised attacks on key anti-corruption organisations. Having said this, we caution against reading into these findings too much and suggest more research is required to show a direct relationship between inputs (finances), outputs (e.g. prosecutions) and outcomes (reduced levels of corruption).

Together these findings provide some key insights for those seeking to bolster government anti-corruption efforts. For a start, they suggest there is a critical role that anti-corruption advocates could play in monitoring budgetary allocations and spending. Those concerned about bolstering funding to the organisations that are most able to monitor and expose corruption (particularly corruption by public officials) – i.e. the anti-corruption organisations included in this analysis – would do well to pressure the PNG government to close the gap between budget promises (allocations) and actual spending. In addition, those concerned about the capacity of these organisations should be working to ensure that spending does not continue to fall – both in real and relative (to other budget areas) terms.

There are also questions emanating from this analysis which deserve further attention. In particular, are the significant increases to DJAG over the past decade – relative to anti-corruption spending – justifiable? It might be argued that DJAG provides a more holistic response to anti-corruption, and that bolstering legal oversight can be more effective in addressing poor governance. Trends on the country’s effectiveness to control corruption support this thesis. On the other hand, the five anti-corruption organisations analysed in this paper have had a unique role in monitoring corruption and keeping leaders accountable, and this might suggest that increases to DJAG have been (relatively) excessive. Debates about the benefits or otherwise of increasing funds to anti-corruption agencies in relation to other agencies should be made with such trade-offs in mind.

There are also more questions to be answered about why underspends and overspends occur. While some can be explained – particularly in the case of ITFS – others require further research (for example, overspending for the Auditor-General’s Office in 2008). These questions are beyond the scope of this paper, however, given the paucity of research conducted on anti-corruption spending they are worthwhile perusing in subsequent research.

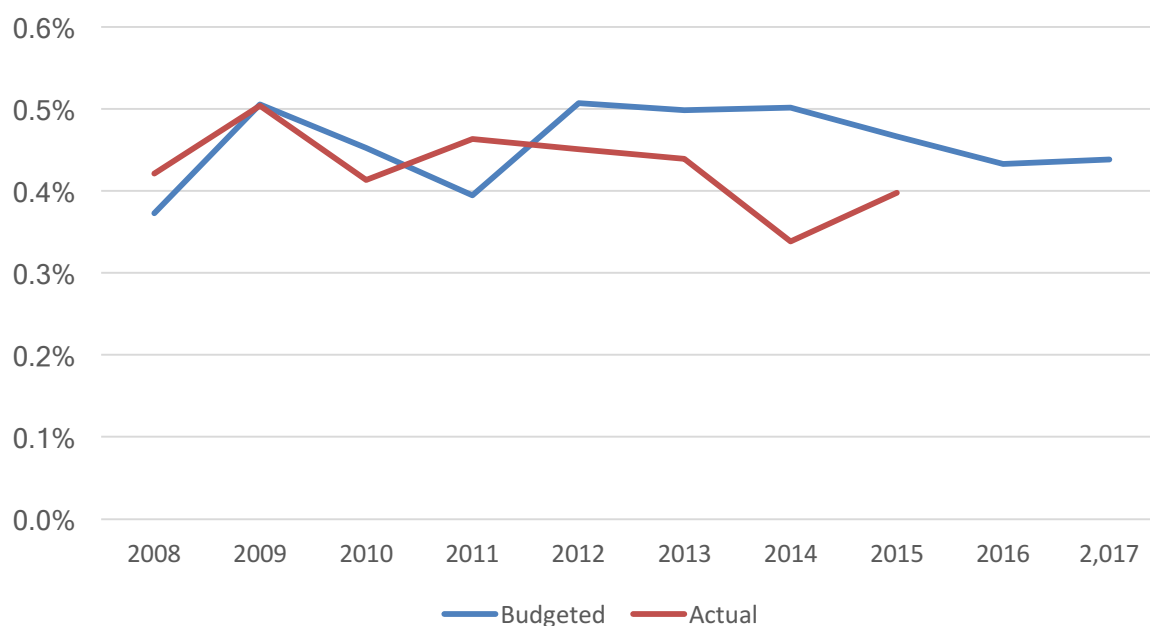
In sum, this paper has provided a longer-term view of the PNG government’s support for anti-corruption agencies. It is hoped that its analysis contributes to debates about the gap between government promises and spending, declining spending on key anti-corruption organisations, and the relative importance of key anti-corruption organisations against other budget priorities.

Appendices

Appendix A

PNG has undergone a process of increasing decentralisation and has increasingly allocated funding to subnational administrations. Figure 12 below accounts for this. It shows a similar relationship between budgeted and actual spending to Figure 7, which does not account for decentralisation. Taking out funding to provinces and Bougainville (to account for decentralisation) increases budgeted and actual spending by around 0.1 of a percentage point over time.

Figure 12: Anti-corruption spending as proportion of national budget minus provincial expenses



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