



Why concerns over funding Cape York welfare trial are valid

By Dr Kristian Lasslett

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It was no surprise to see, via *The Australian* on Thursday, the Queensland government planned to withdraw funding from Noel Pearson's controversial Cape York welfare reform trial. It's been on the cards for a while.

In fact, the program will continue — the publicity and federal intervention led to Queensland Premier Campbell Newman confirming ongoing funding within hours of the report being published. Political expediency, it would appear, has trumped long-standing concerns over transparency, good governance and value for money at Cape York. The concerns were valid.

Last year my research centre conducted an extensive investigation into Pearson's right-hand man, Gudmundur Fridriksson, formerly CEO of the Cape York Institute and director of welfare reform at Cape York Partnerships. The reason for our investigation had nothing to do with Queensland or indigenous affairs but Fridriksson's role as chairman and secretary of the Papua New Guinea firm Paga Hill Development Company.

In February last year, PHDC acquired an eviction order to remove around 3000 people from Paga Hill, a harbour-side suburb in PNG that abuts Port Moresby's CBD. The local police prosecuted the order with frightening brutality, beating local residents while demolition equipment hired by PHDC tore down family homes.

As our investigation into this serious human rights incident deepened, it became apparent Fridriksson had a colourful history that spanned several continents. While media coverage in Iceland and Hong Kong was interesting to say the least — Fridriksson is accused of exporting counterfeit jeans and skipping out on a six-figure hotel bill — it is PNG where matters assume a considerably more ominous tone.

In 2000 Fridriksson set up a consultancy firm, Anvil Project Services, which then became CCS Anvil. Both PNG's Auditor General's Office and Public Accounts Committee claim that as an agent for the Public Curator's Office, CCS Anvil kept money from deceased estates (K1,966,677 — about A\$983,338) that it was meant to deposit in Estate Trust Accounts. They also claim CCS Anvil's PNG principal was certifying government payments to his own firm for as much as \$500,000 kina (A\$250,000).

Perhaps not surprisingly then, when PNG's Public Accounts Committee investigated PHDC's 99-year state lease over Paga Hill in 2006, it found numerous alleged illegalities. Indeed, the committee claimed the lease was acquired through "corrupt dealings" by a "private, foreign speculator with no ability to even pay the Land Rental, much less build anything on the site". Nevertheless, PNG's Lands Department is a quagmire of corruption and mismanagement, and to date no action has been taken to forfeit the lease.

All of this information is now on the public record for the Commonwealth and Queensland governments to see. Indeed, much of the information referred to here has been available for six years. It says a lot about due diligence in Commonwealth and state government circles.

Somewhat surprisingly, federal Indigenous Affairs Minister Jenny Macklin went on the offensive following reports of the program's demise. She told *The Australian*:

"The Queensland government is walking away from the people of Cape York because Campbell Newman isn't prepared to fund much needed services."

In fact, Macklin has been alerted to our research. In a letter sent in October, we raised a number of serious concerns over Fridriksson and his involvement both with the Cape York Institute and the welfare reform program. This was after the Queensland government sounded its own warnings over the program's "governance arrangements ... and financial accountability requirements". Macklin didn't respond; Queensland's Minister for Aboriginal and Torres Strait Islander and Multicultural Affairs Glen Elmes did formally acknowledge our concerns.

The Queensland government's original decision may have been characterised as an attack on indigenous people and a program designed to facilitate self-reliance. But what no one appears to be asking is whether Pearson's considerable political clout is being employed to buffer his organisations from the sort of forensic scrutiny all taxpayer-funded operations should be subjected to. The concerns raised by PNG's anti-corruption agencies cast a long shadow over the Cape York Institute and Cape York Partnerships, given Fridriksson's senior role in both organisations.

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Duncan Murray, CEO of the Cape York Institute, responds:

As acknowledged by *Crikey*, there is no link between these matters and Cape York Institute or the Cape York Welfare Reform Trial.

These issues have previously been brought to the attention of the Queensland government. By letter dated January 30, Glen Elmes, Minister for Aboriginal and Torres Strait Islander and Multicultural Affairs, stated:

"As outlined previously, after being made aware of the King's College report, I was obliged to request my department to confirm the correctness of financial records relating to government funding provided to organisations with which Mr Fridriksson has been associated.

"I also indicated that I would write to you again about this matter with the intention to inform you of the outcome of the review."

"I can now confirm that my department has completed the requested review and has advised that those records are in order.

"In relation to your letter of 24 December 2012 I welcome your reaffirming the accountability arrangements for CYI and associated organisations."

The decision to provide further funding to continue to build upon the Cape York Welfare Reform Trial has been based on an independent evaluation presenting evidence showing that lives are being transformed in the four communities.