

Parliament will be key to unearthing the facts in Securrency case

Peter Costello



In September 2002, together with the governor of Mexico's central bank, I launched the 20 peso note at Banco de Mexico in Mexico City. It was the first Mexican note to be printed on polymer—the material that Australian banknotes are printed on—as part of a deal between the Mexican central bank and the Australian company that holds the rights to this technology. That company is part-owned by the Reserve Bank of Australia.

The business of licensing this technology for printing currency around the world has proved a very good earner for the Reserve and its ultimate

shareholder, the Commonwealth of Australia. At last count there were contracts with 29 other countries.

It is a high-technology product which is more durable than paper and therefore more cost-effective for those countries that use it. In meetings with central bankers around the world, I would frequently recommend it, as would the Reserve's governor.

It is now alleged that some of the contracts that were obtained by the polymer company—Securrency International—may have involved the payment of irregular commissions. I have no knowledge of the facts behind such claims. Certainly the Reserve reported no suspicion of wrongdoing to me in the period I was treasurer up to November 2007.

Of course, any agency of government that becomes aware of evidence of criminal activity has a duty to inform the relevant minister and to take the evidence—if it is credible—to the law enforcement authorities. Aus-

tralia has very broad laws that make it a criminal offence to offer a benefit with the intention of influencing a foreign public official to award business or a business advantage.

The law was adopted in Australia as a result of the Organisation for Economic Co-operation and Development Anti-Bribery Convention of 1997. Under this convention the developed countries of the world have all pledged to criminalise bribery and corruption in the developing world.

The thinking is that if all countries ban such conduct then no one country, nor the companies of one country, will get a benefit over others by engaging in corrupt practices.

If there were any doubt about how these laws could render conduct in faraway places to be a crime in Australia, it would have been dispelled by the highly-publicised dealings of the AWB in relation to wheat exports to Iraq. A (then) little-known Labor frontbencher by the name of Kevin

Rudd conducted a vigorous campaign to try to implicate the Coalition government in a "wheat for weapons" scandal. Eventually the Coalition called a royal commission on the matter. In 2006 it completely exonerated ministers in the government.

bribery provisions, they may still contravene the Corporations Act if they do not take reasonable action to deal with allegations once they become aware of them.

It would be unthinkable if ASIC is not carefully looking at this issue irre-

oblivious to the dangers. The Reserve Bank says that for legal reasons it cannot release all the documents relevant to the allegations. It must abide by the law. But the bank is still accountable for its conduct. It is a very important institution that enjoys a very high

level of respect in the community. May it ever be thus. But as a public institution, like all institutions, it must be subject to public scrutiny.

In 1996, on behalf of the government, I entered into an agreement with the governor of the Reserve to give it much greater independence. From then on the government has taken no role in the setting or announcement of the official cash rate. But such power could not be

given to a statutory body without some mechanism to ensure public accountability.

The bank for its part agreed to appear before a parliamentary committee to explain its decision-making and account to the public through cross-party elected representatives. The current government has continued this agreement.

So the parliamentary committee has the responsibility to take up any issues of concern in the operation and management of the bank.

The bank has the opportunity, under parliamentary privilege, to explain its case and clear its reputation. This is why the arrangements were set up and this is how they will hopefully operate.

Here is a chance for a committee of the Parliament to get to the facts and really work in the public interest.

Peter Costello is the former federal treasurer.

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However, the Australian Securities and Investments Commission charged several of the officers of AWB for breaches of the Corporations Act. The former managing director admitted contravening that act for failing to exercise reasonable care and diligence as a director after he became aware of the nature of the claims against the company.

This illustrates that even where a person is not in breach of the anti-

spective of any criminal investigation the police have made under the Crimes Act.

Of course, all this goes to show that companies have to be very careful when they are dealing in foreign countries, especially when they are told that various arrangements are the norm or standard practice. They can get caught up inadvertently in conduct which runs foul of Australian law. Many Australian companies are

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