



THE NATIONAL PARLIAMENT OF PAPUA NEW GUINEA

PERMANENT PARLIAMENTARY COMMITTEE ON PUBLIC ACCOUNTS

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DRAFT SPEECH

1. MR. CHAIRMAN, DISTINGUISHED GUESTS, WORKSHOP PARTICIPANTS, LADIES AND GENTLEMEN I THANK YOU FOR THE OPPORTUNITY TO ADDRESS THIS CONFERENCE ON THE SUBJECT OF THE PUBLIC ACCOUNTS COMMITTEE, ITS WORK, CHALLENGES FACED BY THE COMMITTEE AND THE IMPACT OF THE COMMITTEE ON BUDGETING PROCESSES.

2. THE WORK AND EXPERIENCE OF THE PAC IS CRUCIALLY IMPORTANT TO THE SUBJECT OF THIS CONFERENCE WHICH IS SERVICE DELIVERY AND THE ERADICATION OF IMPEDIMENTS TO EFFECTIVE DEVELOPMENT AND IMPLEMENTATION OF DEVELOPMENT BUDGETS.

3. IT IS CRUCIALLY IMPORTANT BECAUSE IT IS THE ONLY AGENCY OR ENTITY OF STATE THAT HAS SPOKEN THE TRUTH CONCERNING THE STATE OF PUBLIC ADMINISTRATION ACROSS EVERY ASPECT OF THE PUBLIC SERVICE THAT THE COMMITTEE HAS CONSIDERED.

4. THAT TRUTH IS RECORDED IN THE CLOSING ADDRESS OF THE LAST CHAIRMAN OF THE PAC HON. LEO HENNETTE MP.

5. THIS ADDRESS WAS POSSIBLY THE MOST SERIOUS SPEECH DELIVERED IN PAPUA NEW GUINEA FOR MANY YEARS – RECORDING AS IT DOES THE DAMNING FINDINGS OF THE P.A.C. AND WARNING, AS IT DOES, OF THE ULTIMATE CONSEQUENCES OF FAILING TO ADDRESS THE RAMPANT CORRUPTION, CRIMINALITY AND INCOMPETENCE ATTENDING THE PUBLIC SERVICE AND PUBLIC ADMINISTRATION IN THIS COUNTRY AND THE EFFECT THAT THIS HAS ON SERVICE DELIVERY AND DEVELOPMENT.

6. THE CHAIRMAN SAID THIS:

“I CAN TRUTHFULLY SAY THAT THIS COMMITTEE HAS NOT BEEN ABLE TO FIND ONE DEPARTMENT OR ARM OF GOVERNMENT THAT BEGAN TO COMPLY WITH THE TERMS OF THE PUBLIC FINANCES (MANAGEMENT) ACT OR THE FINANCIAL INSTRUCTIONS.

AS THE COMMITTEE MOVED INTO THE LINE DEPARTMENTS RESPONSIBLE FOR FISCAL MANAGEMENT – THAT IS THE DEPARTMENT OF FINANCE, THE DEPARTMENT OF NATIONAL PLANNING AND MONITORING, THE OFFICE OF RURAL DEVELOPMENT AND CERTAIN SPECIFIC TRUST ACCOUNTS, THE TRUE STATE OF MANAGEMENT FAILURE BECAME OBVIOUS.

THIS WAS NOTHING NEW. THESE FAILURES HAD BEEN IDENTIFIED BY THE OFFICE OF THE AUDITOR GENERAL – OFTEN FOR YEARS - BUT NOTHING HAD BEEN DONE BY GOVERNMENT OR THOSE AGENCIES CHARGED WITH LAW ENFORCEMENT, TO RECTIFY THE SITUATION.

NOR DID DEPARTMENTS MAKE VIRTUALLY ANY ATTEMPT TO RECTIFY THE FAILURES IDENTIFIED BY THE AUDITOR GENERAL – OFTEN YEAR AFTER YEAR THE SAME CRITICISMS OF THE SAME DEPARTMENTS ARE MADE.

THIS COMMITTEE FOUND EVIDENCE OF MISAPPLICATION, FRAUD, NEGLIGENCE, DISHONESTY AND DISREGARD FOR THE LAW AND FOR THE WELFARE OF THE STATE AND ITS CITIZENS BY PUBLIC SERVANTS AT EVERY LEVEL IN EVERY INQUIRY THAT WE HAVE HELD – WITH ONLY ONE EXCEPTION.

THE IDENTIFIED CONDUCT RANGED FROM FRAUDULENT AND FORGED DOCUMENTS, CONFLICT OF INTEREST, STOLEN MONEY, CONSTANT BREACHES OF THE PUBLIC FINANCES (MANAGEMENT) ACT,

MISLEADING OF THE NEC, FORGING BOARD MINUTES WITH THE INTENTION OF MISLEADING THE HEAD OF STATE, CONSPIRACY TO UNLAWFULLY OBTAIN STATE PROPERTY, ACTING AS AN AGENT OF THE STATE WITH NO POWER TO DO SO, BREACHES OF TRUST, THEFT OF TRUST PROPERTY, MISAPPLICATION OF MONEY PAID TO TRUSTEES BY THE GOVERNMENT, FAILURE TO KEEP ACCOUNTS, RECORDS, MINUTES AND OTHER DOCUMENTS, THEFT OF TRUST MONIES, WANTOKISM, FABRICATED QUALIFICATIONS, FALSE PRETENCES, DISHONOURED CHEQUES UTTERED BY THE PARLIAMENT ITSELF, THE RECEIPT OF BENEFIT BY DECEPTION, LIES TO THIS COMMITTEE, FAILURE TO ASSIST THE AUDITOR GENERAL, OBSTRUCTION OF THE AUDITOR GENERAL AND OF THIS COMMITTEE, CORRUPT CONDUCT IN MANY FORMS, CRIMINAL CONVERSION AND SO ON AND ON.

WE STATE THIS LIST TO SHOW THAT WE ARE NOT CONCERNED WITH MERE PEDANTIC TECHNICAL MATTERS OR ADMINISTRATIVE OVERSIGHTS.

THIS COMMITTEE SEARCHED IN VAIN FOR ANY DEPARTMENT OR AGENCY THAT COULD MANAGE ITS OWN BUDGET PROPERLY – MUCH LESS THE NATIONAL AND DEVELOPMENT BUDGETS.

THAT THIS ILLEGAL CONDUCT IS ORGANIZED AND PROTECTED WAS CLEAR WHEN THIS COMMITTEE WAS TOLD BY THE OFFICE OF THE AUDITOR GENERAL THAT HE WOULD NOT PERFORM CERTAIN AUDITS INTO THE PAYMENT OF EXTERNAL LEGAL FIRMS BY THE STATE BECAUSE HE WAS AFRAID FOR THE SAFETY OF HIMSELF AND HIS EMPLOYEES.

THIS IS A VERY SERIOUS MATTER. WE DETECT A CLEAR WEB OF ORGANIZED AND SYSTEMIC ILLEGALITY REACHING ACROSS AND INVOLVING SEVERAL DEPARTMENTS WHICH IS DESIGNED TO ACCESS PUBLIC MONEY IN AN ILLEGAL MANNER.”

7. THE CHAIRMAN THEN ADDRESSED THE INEVITABLE CONSEQUENCES OF SUCH FAILURES. HE SAID:

“WHAT THEN IS THE RESULT OF SUCH FAILINGS? WHY SHOULD WE BE CONCERNED?”

WE BELIEVE THAT THE RESULT IS CLEAR FOR ALL TO SEE.

MONEY THAT IS ALLOCATED FOR BASIC SERVICES NEVER LEAVES WAIGANI, OR IF IT DOES, THE MANAGEMENT OF ITS APPLICATION IS SO POOR THAT OUR PEOPLE DO NOT RECEIVE THE BASIC SERVICES THAT THEY WANT, NEED AND ARE ENTITLED TO EXPECT.

SCHOOLS DO NOT OPEN, TEACHERS DO NOT GO TO WORK, AID POSTS CLOSE, HOSPITALS CLOSE, ROADS FALLS APART, LAW ENFORCEMENT FAILS, CONTRACTS ARE UNSUPERVISED, CONTRACTORS DO NOT PERFORM THE WORK THAT THEY HAVE ALREADY BEEN PAID FOR, FRAUD AND MISAPPROPRIATION ABOUND AND OUR PEOPLE BECOME MORE AND MORE ALIENATED, REMOTE, MARGINALIZED AND ANGRY.

MORE OFTEN THAN NOT, WE FIND ABSOLUTELY NO CAPACITY AT NATIONAL, PROVINCIAL OR DISTRICT LEVEL TO KEEP ACCOUNTS OR RECORDS OR TO OVERSEE AND MANAGE DEVELOPMENT CONTRACTS OR PROJECTS. THIS IS AN OPEN INVITATION TO MISCONDUCT.

EACH SUCCESSIVE GOVERNMENT HAS TOLERATED THIS FAILURE BY THE PUBLIC SERVICE TO PROPERLY AND FRUITFULLY MANAGE PUBLIC MONEY DEDICATED TO SERVICE DELIVERY.

THERE IS, IN SHORT, A FAILURE OF LEADERSHIP IN PUBLIC ADMINISTRATION AND SERVICE DELIVERY BY

THE PUBLIC SECTOR BECAUSE THE CUSTODIANS OF OUR MONEY HAVE FAILED IN THEIR DUTIES.

IN THE OPINION OF THIS COMMITTEE, SUCH FAILINGS CANNOT BE ALLOWED TO CONTINUE.

IF THEY DO CONTINUE, WE HOLD GRAVE DOUBT THAT A VIABLE, COHESIVE STATE CAN EXIST. INDEED, THE SIGNS OF CIVIL UNREST IN DEPRIVED AREAS, IS ALREADY EVIDENT.

8. SO, LADIES AND GENTLEMEN, WHILST I BELIEVE THAT GATHERINGS SUCH AS THIS ARE USEFUL, THE REAL PROBLEM CAN ONLY BE DEALT WITH BY THE NATIONAL PARLIAMENT BRINGING THE PUBLIC SERVICE UNDER CONTROL AND OUT OF THE HANDS OF THOSE CITIZENS WHO HAVE SULLIED IT.
9. THE IMPLEMENTATION OF DEVELOPMENT BUDGETS SHOWS FEW ACHIEVEMENTS OVER THE LAST TWENTY YEARS.
10. DESPITE THE FACT THAT HUGE AMOUNTS OF MONEY ARE ALLOCATED AND GENERALLY ACCURATELY TARGETED BY PARLIAMENT, WE CANNOT EVEN FIX POTHLES OR OPEN AID POSTS IN THE CAPITAL CITY AND THE SITUATION IN OUR REMOTE

OR RURAL AREAS IS SHAMEFUL TO US ALL.

11. BECAUSE OF THIS FAILURE WE HAVE SUFFERED THE HUMILIATION OF BACKSLIDING TO THE STATUS OF A THIRD WORLD NATION IN THE OPINION OF THE UNDP.

11. EFFECTIVE BUDGETING CAN ONLY BE THE PRODUCT OF EFFECTIVE ANALYTICAL AND PLANNING SYSTEMS AND PROCESSES. THIS IS THE SINGLE BIGGEST PROBLEM THAT THE AUDITOR GENERAL AND THE PAC HAVE FOUND IN THE PUBLIC SERVICE DEPARTMENTS THAT WE HAVE CONSIDERED.

12. ALMOST ALL DEPARTMENTS LACK MODERN SYSTEMS OF DATA CAPTURE AND ANALYSIS, OVERSIGHT AND PREDICTION – WHICH MAKES OUR PUBLIC SERVICE UNABLE TO FORESEE OR ADDRESS CHANGING CIRCUMSTANCES OR CHALLENGES AS AND WHEN THEY ARISE. THIS CAN ONLY RESULT IN AN INABILITY TO PLAN AND BUDGET EFFECTIVELY.

13. THAT INABILITY EXTENDS TO CONTROL AND

ANALYSIS OF INTERNAL ENVIRONMENTS. HOW CAN A LINE IMPLEMENTING AGENCY PLAN, ADVISE OR BUDGET ACCURATELY IN THE ABSENCE OF SUCH SYSTEMS? IN THE OPINION OF THE AUDITOR GENERAL AND THE PAC, IT CANNOT.

14. CONSIDER FOR A MOMENT THAT NEITHER THE DEPARTMENT OF NATIONAL; PLANNING AND MONITORING NOR THE OFFICE OF RURAL DEVELOPMENT HAS AN INTERNAL AUDITOR AT ALL. CONSIDER THAT THE DEPARTMENT OF FINANCE DOES NOT HAVE ITS OWN LEGAL OFFICER. HOW CAN SUCH CRUCIAL LINE AGENCIES PERFORM TO ANY ACCEPTABLE STANDARD WITHOUT THESE BASIC OFFICERS?

15. VESTED INTERESTS AND SYSTEMS FAILURE HAVE ALSO AFFECTED THE WORK OF THE PAC. WE ENCOUNTERED SIGNIFICANT OBSTACLES IN THE LAST FIVE YEARS.

16. OUR BUDGET AND FUNDING WERE CUT, THE LITTLE

FUNDING THAT WE ALLOCATED WAS NOT PAID, STAFF WENT UNPAID, MEMBERS COULD NOT ATTEND MEETINGS, RESOURCES WERE NOT FORTHCOMING AND ULTIMATELY THE PAC STAFF WERE REMOVED FROM THEIR OFFICES.

17. HOWEVER, THE COMMITTEE CONTINUED ITS WORK BECAUSE ONE OF ITS MEMBERS HON MAL SMITH-KELA PERSONALLY PAID FOR THE COMMITTEE TO SIT AND FUNCTION. CONSIDER THAT FOR A MOMENT. THE SENIOR PARLIAMENTARY COMMITTEE ONLY FUNCTIONED BECAUSE A CITIZEN PAID FOR IT HIMSELF.
18. THE FAILURES OF PUBLIC ADMINISTRATION ARE PERFECTLY ILLUSTRATED IN THE RESULT OF REFERRALS BY THE PAC FOR INVESTIGATION AND PROSECUTION.
19. THE SYSTEMIC FAILURES ARE MORE SERIOUS WHEN THE OUTCOME OF COMMITTEE REFERRALS ARE CONSIDERED. THE PAC HAS MADE AROUND 150 REFERRALS FOR SERIOUS CRIMINAL CONDUCT.

20. THOSE REFERRALS WERE MADE TO LAW ENFORCEMENT AGENCIES OF GOVERNMENT – THE POLICE, THE PUBLIC PROSECUTOR, THE OMBUDSMAN, THE DEPARTMENT OF PERSONNEL MANAGEMENT, THE ATTORNEY GENERAL AND THE SOLICITOR GENERAL.

21. THE COMMITTEE RECEIVED NOT EVEN A LETTER OF ACKNOWLEDGEMENT – WITH THE EXCEPTION OF THE POLICE COMMISSIONER.

22. NO ACTION AT ALL HAS BEEN TAKEN BY ANY ONE OF THOSE AGENCIES TO OUR KNOWLEDGE. THE PAC ACTUALLY HAD TO REFER A PAST ATTORNEY GENERAL FOR PROSECUTION AND TO THE LAW SOCIETY – AND STILL WE RECEIVED NO RESPONSE FROM HIM OR HIS OFFICE.

23. WHAT IS THE CLEAR MESSAGE FROM THIS? IT CAN ONLY MEAN THAT THE PUBLIC SERVICE AND MISCONDUCT ARE PROTECTED AND IMMUNE. THAT IS A VERY DANGEROUS DEVELOPMENT.

24. FURTHER, WE FOUND A CLEAR DECISION BY SENIOR PUBLIC SERVANTS NOT TO CO-OPERATE WITH EITHER THE AUDITOR GENERAL OR THE PUBLIC ACCOUNTS COMMITTEE. THIS ACTUALLY MEANT AN INTENTIONAL DECISION TO DISOBEY THE LAW.
25. FAILURE TO OBEY SUMMONSES, PRODUCE DOCUMENTS OR RECORDS, REMAIN IN ATTENDANCE IN THE COMMITTEE, MEET WITH OR ASSIST THE AUDITOR GENERAL AND ATTEMPTS TO CLOSE DOWN THE PAC BY COURT ACTION WERE ALL MANIFEST.
26. WHAT DOES THIS MEAN?
27. FIRSTLY, THE REFUSAL TO DEAL WITH ILLEGAL CONDUCT RENDERS ANY HOPE OF EFFECTIVE BUDGETS AND, IN PARTICULAR, DEVELOPMENT BUDGETS, IMPOSSIBLE UNLESS A GOVERNMENT IS PREPARED ACCEPT THE MISCONDUCT AND INCOMPETENCE THAT WE HAVE FOUND.
28. IN MY OPINION, PUBLIC SERVANTS WHO ENGAGE

IN SUCH CONDUCT – REFUSAL TO BE ACCOUNTABLE FOR THEIR ACTIONS - ARE IN OPEN REVOLT AGAINST THEIR MASTERS – THE CITIZENS OF THIS COUNTRY.

29. SUCH OFFICERS HAVE FOR SO LONG BEEN UNACCOUNTABLE THAT THEY HAVE BECOME A STATE WITHIN A STATE – QUITE PREPARED TO TREAT THE NATIONAL PARLIAMENT WITH THE SAME INDIFFERENCE AS THEY TREAT OUR CITIZENS IN THE MANAGEMENT OF PUBLIC MONEY, DEVELOPMENT BUDGETS AND SERVICE DELIVERY.
30. AND IN THOSE FACTS, LADIES AND GENTLEMEN, IS ENCAPSULATED THE REAL PROBLEM FOR THE PUBLIC SERVICE, GOVERNANCE, FISCAL ADMINISTRATION, SERVICE DELIVERY, DEVELOPMENT IMPLEMENTATION AND WHICH RENDERS OUR ENTIRE BUDGETING SYSTEM IMPOTENT AND INEFFECTIVE.

31. IN ONE WORD, THAT PROBLEM IS - ATTITUDE.
32. SENIOR PUBLIC SERVANTS HAVE SHOWN THE SAME CONTEMPTUOUS DISREGARD TO THE PAC AS THEY SHOW TO OUR CITIZENS AND TO THE LAW.
33. ARROGANT INDIFFERENCE TO DUTY AND RESPONSIBILITY MIXED WITH INCOMPETENCE AND INDOLENCE IS THE STATE OF THE PUBLIC SERVICE, MOST PARTICULARLY THE DEPARTMENTS DEALING WITH PUBLIC MONEY AND SERVICE DELIVERY.
34. THAT IS LARGELY WHY WE ARE FAILING IN NATIONAL DEVELOPMENT. BUDGETS ARE GENERALLY WELL MEANT, BUT NOT IMPLEMENTED BECAUSE THE RESPONSIBLE AGENCIES HAVE FALLEN INTO LETHARGY AND INDIFFERENCE.
35. THIS MUST CHANGE AND THE PAC WILLO TAKE THE LEAD IN SETTING THE ETHICAL EXAMPLE FOR YOU TO FOLLOW.

36. IT IS MY INTENTION THAT THE PAC WILL, UNDER MY CONTROL, BE PROPERLY AND FULLY FUNDED, WILL HAVE A NEW ACT AND NEW POWERS, WILL ACTIVELY PURSUE ITS MANDATE AND WILL NOT BE DETERRED FROM ITS DUTY BY THREATS, FUNDING STRICTURES OR NON-COOPERATION FROM AGENCIES – PARTICULARLY THOSE THAT EXIST TO ENFORCE THE LAW – BUT DO NOT DO SO.

37. IN THE NEAR FUTURE, A HANDBOOK FOR THE GUIDANCE OF PUBLIC SERVANTS APPEARING BEFORE THE PAC WILL BE AVAILABLE. I HOPE THIS WILL ASSIST YOU TO UNDERSTAND HOW TO PREPARE AND COMPORT YOURSELVES BEFORE THE COMMITTEE. IT WILL CERTAINLY SET OUT YOUR DUTIES TOWARD THE COMMITTEE.

36 WE WILL SHORTLY ADDRESS THE KEEPING OF THE PUBLIC ACCOUNT AND THE BUDGETING PROCESS. WE ARE PARTICULARLY INTERESTED TO ASCERTAIN THE PRECISE EFFECT AND USE OF STATUTORY GRANTS AND SUPPLEMENTARY

BUDGETS – SO YOU SHOULD BE PREPARED TO ASK SEARCHING QUESTIONS CONCERNING INDIVIDUAL AND DEPARTMENTAL PERFORMANCE

37 OUR AIM IS TWOFOLD.

38 FIRSTLY, TO ASCERTAIN THE TRUE DEGREE TO WHICH OUR FALTERING PUBLIC SERVICE AND ITS FAILURES AFFECTS THE BUDGETING PROCESSES AND IMPLEMENTATION OF HUGE DEVELOPMENT BUDGETS AND SECONDLY TO RECOMMEND TO PARLIAMENT WAYS IN WHICH THIS PUBLIC MONEY CAN BE BETTER ALLOCATED, PROTECTED AND ACCOUNTED FOR – IN OTHER WEORDS TO IMPROVE THE BUDGETING PROCESS.

38. IT IS THE INTENTION OF THIS GOVERNMENT TO MAKE SERVICE DELIVERY WORK – NO MATTER WHAT IT TAKES – AND IT MAY TAKE MAJOR AND UNPALATABLE CHANGE TO ENFORCE DISCIPLINE AND PERFORMANCE. MY COMMITTEE PLAYS AN INTEGRAL PART IN THAT PROCESS.

39. MY MESSAGE TO SENIOR BUREAUCRATS IS TO LIFT YOUR GAME BEFORE WE GET TO YOU. THAT IS WHAT YOU ARE PAID TO DO AND YOU SHOULD TAKE PRIDE IN ACHIEVEMENT AND SERVING THE STATE – NOT THE VESTED INTERESTS THAT HAVE COMPROMISED SO MANY OF YOU – AND COMPROMISED DEVELOPMENT AND NATIONAL ADVANCEMENT.
40. AS OF TODAY, RESOLVE TO IMPROVE AND IMPLEMENT TRANSPARENCY AND ACCOUNTABILITY. LEARN TO REFUSE – SAY NO – TO IMPROPER DEMANDS NO MATTER WHO MAKES THEM.
41. FURTHER, READ AND CONSIDER THE REPORTS OF THE AUDITOR GENERAL AND THE PAC. THEY ARE DESIGNED TO ASSIST AND IMPROVE.
42. I CONCLUDE WHERE I BEGAN – UNLESS SERVICE DELIVERY QUICKLY CHANGES FOR THE BETTER, WE WILL NOT HAVE A COUNTRY OR A GOVERNANCE SYSTEM IN ANY VIABLE FORM.

43. TRANSPARENCY, OBEDIENCE TO THE
REQUIREMENTS OF LAW AND ACCOUNTABILITY BY
ALL OF YOU WILL BEGIN THAT IMPROVEMENT IN
BUDGETING IMPLEMENTATION AND HOPEFULLY
THE PAC CAN, IN THE NEAR FUTURE, GIVE PRAISE
INSTEAD OF CRITICISM.