

PREFACE

These Reports and speeches of the Permanent Parliamentary Committee on Public Accounts of Papua New Guinea were tabled or made either in Parliament or in Committee in the period 2004 – 2007.

The Committee had been dormant for a decade or more before it was revitalized by Hon. John Hickey MP Member for Bogia and Chairman of the PAC.

The Reports reveal the depth of incompetence, illegality and failure of governance – particularly in the agencies where public money is managed. The Reports are a stark snapshot of a failing State and should be a wake up call to anyone who reads them. They are made more worrying by the high quality of research and analysis by the Committee.

No-one who reads this material can have any doubt that highly organized crime, protected by violence or the threat of violence, has swamped the Public Service and, as the Chairman Hon Leo Hannett points out in his final address in July 2007, if that crime is not stopped very soon, it will destroy the State. Any country whose Auditor General refuses to audit payment of external legal firms by the State because he is afraid for the safety of himself, his family and the families of his staff, has a very real problem.

The PAC was greatly assisted by the funding of expert Legal Counsel by AUSAID. However that assistance abruptly stopped in 2007 when the Aid Project managers, UNDP, were removed from the National Parliament by order of the Speaker.

The PAC and the Auditor General are the only agencies of accountability that can be said to be working at all. The PAC made over 150 referrals for prosecution for very serious offences, but has not received even an acknowledgement of those briefs. No action at all has been taken by Law enforcement agencies.

The state of public fiscal accountability is now so poor that the Auditor General has disclaimed the National Public Accounts as unreliable and uncertain. This is very serious. The Department of Finance has utterly failed to perform its legal duty to the point where every arm, Department or entity of Government at every level is illegally handling public money and has failed to comply with the Public Finance (Management) Act, or any part of it.

The Reports should be of interest to investors, business and all persons with an interest in Papua New Guinea. When you read them, please bear in mind that the billions of Kina mishandled every year come from recurrent expenditure and/or development budgets – that is, schools, aid posts, clinics, hospitals and so on.

Feedback on the reports is welcomed.