



THE NATIONAL PARLIAMENT OF PAPUA NEW GUINEA

PERMANENT PARLIAMENTARY COMMITTEE ON PUBLIC ACCOUNTS

Telephone: (675) 327-7783
Facsimile: (675) 327-7474

e-mail: pacparliament@daltron.com.pg

Parliament House
WAIGANI, NCD
Papua New Guinea

DRAFT SPEECH

1. Mr Speaker, I rise as the Acting Chairman of the Permanent Parliamentary Public Accounts Committee.
2. I have the privilege to table four Reports of the Committee pursuant to Section 86 of the *Public Finance (Management) Act* and/or Section 17 of the *Permanent Parliamentary Committees Act* .

Department of Finance

3. The first is an Interim Report of the PAC on the Department of Finance. Mr Speaker, within an hour of opening this Inquiry, the Committee referred to the Police, two major criminal conspiracies which successfully defrauded the State of millions of Kina and which clearly involved staff of the Department to a very senior level.
4. The Committee received a large number of allegations of further malpractice – often accompanied by very detailed documentation and records.
5. Although the Committee was instructed by the Parliament to conduct a full Inquiry and to deliver a report to Parliament, it became apparent to the Committee that a deeper and properly resourced Inquiry was required.
6. Therefore the Committee has recommended a full scale Commission of Inquiry into the Department of Finance and allied matters on the basis that the PAC is not equipped to handle either the number or the serious nature of the allegations received.

Office of the Public Curator

7. Secondly, I table a Report of the PAC on its Inquiry into the Office of the Public Curator. Regrettably the Committee have found this Office to be in a state of complete chaos and have described it as a “National disgrace”.

Twenty thousand Estates are awaiting finalisation – many have been waiting for years. Hundreds of properties cannot be found and millions of Kina have been wasted, lost, misapplied or stolen by staff or Agents and contractors.

8. The Committee have made thoroughgoing recommendations for reform and restructuring of the Office of the Public Curator.
9. The Committee has also recommended the establishment of an independent Inquiry to establish the likely liability of the State to beneficiaries and Estates as a result of incompetence, fraud, theft and mismanagement by the Public Curator both present and past.
10. The Committee has recommended the immediate removal of all Officers of the Public Curator and replacement by skilled and expert Trustees and the establishment of a system which will consider and pay outstanding claims by Estates and beneficiaries.
11. Mr Speaker, it is with regret that I must report fifteen referrals by the Committee for investigation and possible prosecution as a result of this Inquiry – in all cases for very serious offences.
12. It is to be hoped that this Report may be the start of reform and the eventual satisfaction of Estates and the entitlements of beneficiaries – but this will only be achieved at the expense of the State and therefore the taxpayer.

The Public Service Commission

13. Thirdly, I table a Report of the PAC of its Inquiry into the Public Service Commission.
14. This Commission is the senior Public Service controlling body in Papua New Guinea. A high standard of probity and integrity is expected from the Commissioners. Regrettably, Mr. Speaker, the Committee found the opposite.

15. Huge and unlawful overpayments were accepted by the Chairman and Commissioners with no demur or inquiry by them – in some cases these payments were instigated by the Commissioners themselves.
16. The Commissioners at first denied the allegations, but after Inquiry admitted almost all the overpayments and abuses detected by the Committee - with no apparent understanding that they had done anything wrong.
17. Mr Speaker, it is fair to say that all Members of the Committee were appalled that such abuses could exist at such in the very Constitutional body that judges other public servants accused of the same conduct.
18. The Committee has recommended the immediate removal of the Commissioners and staff who have abused their trust in this way.
19. The Committee has made 17 referrals for investigation, prosecution or recovery as a result of this Inquiry.
20. The Committee has also made a large number of recommendations for reform and restructuring to ensure that such abuses do not recur.

The Department of Lands and Physical Planning

21. Fourthly, Mr Speaker, I table a Report of the PAC on the Department of Lands and Physical Planning.
22. This Inquiry revealed a dysfunctional, incompetent, chaotic, leaderless Department that serves the interests of private enterprise and not the State.
23. Losses to the State as a result of these problems are enormous. Time and time again the Committee found blatant incompetence, fraudulent dealings, criminality and obstruction from this Department and its senior officers.
24. This should be a matter of profound concern. The Department plays a very important role in National economic and social development, but has suffered mismanagement and corruption of its responsibilities.

25. The Committee has made 36 referrals for investigation and possible prosecution from this Inquiry.

26. The Committee has made wide recommendations for restructuring and reform of this Department, beginning with a specially tasked Inquiry to identify and cleanse the Land Titles register of all fraudulently or otherwise unlawfully granted, issued and registered State Leases and to return to the State all the Land, recreational Reserves and National Parks that have been stolen in the last twenty years.

Summary:

Mr Speaker, in the last fourteen months the Public Accounts Committee has held Inquiries into fifteen Departments and Government bodies. Only one was found to have complied with the accounting and administrative requirements – and even then the Committee found the need for improvement.

This cannot be acceptable. It is an open invitation to theft and corruption – and that is precisely what has happened.

All Members have been shocked at the level of incompetence and corruption displayed by the senior Public Servants that we have heard in evidence.

Mr Speaker, the Committee also finds that the State has been opened to very significant liability from the failures of its Officers. This must be a matter of concern to this House.

Most concerning to the Committee has been the fact that the management and Officers of Departments have absolutely no fear of detection, prosecution or punishment for failures to obey the law, perform their jobs or for their illegal actions. This must change.

Mr Speaker, in the last twelve months alone, the Committee has made 145 referrals for investigation and prosecution for very serious offences.

The net result of the abuse of public monies is a failure to deliver service where it is needed.

Hospitals close, drugs are unavailable, schools have no teachers, roads fall apart while the theft and betrayal of public trust by senior Public servants

proceeds unchecked and money is applied to the few in Waigani – not the many, as it should be.

This cannot continue.

It has become clear to all Members of the Committee that the Public Service is compromised. It has no leadership, little understanding of and less concern for its role and vital function in nation building.

It has become clear to us - mainly from the arrogant and dismissive attitude displayed by witnesses before this Parliamentary Committee - that the Executive has lost control of the Public Service and the people of this country suffer because of that fact.

Further, that suffering is likely to continue unless this House makes positive and immediate moves to bring that Public Service under control and make it fiscally and administratively accountable.

Members, consider the Reports and the serious findings that they record. The Committee has sounded the warning. You are the only ones who can now take action to halt the disintegration of service delivery.

Mr Speaker, I acknowledge the work of the immediate past Chairman of the PAC, Hon. John Hickey - Member for Bogia and now Minister for Finance and Planning. It is clear that his leadership and strength brought the PAC to the place intended by our Constitution.

I further acknowledge the excellent work of the Office of the Auditor General. We have seen a huge improvement in the quality of Audit Reports prepared by that Office which has been crucially important to the workings of the Committee.

I also acknowledge the excellent work of the small staff of the Committee – who have succeeded despite the fact that there is often no funding to buy even basic Office supplies.

I advise the House that these Reports are available free of charge on CD to anyone who wants them.

I ask Members to read and consider the Reports and the serious nature of their contents.

Mr. Speaker, I commend the five Reports to the House.

