



Speech

Anti-corruption Campaign

Minister for Treasury

The Rt. Hon. Sir Rabbie Namaliu, CSM KCMG MP

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Distinguished Guests, Ladies and Gentlemen.

I am pleased to be here with you today as we discuss the extremely important issue of fighting against corruption. Despite corruption being something that is deeply entrenched in the system and that sometimes seems inevitable, we need to keep on and improve our efforts to tackle this problem.

It is well known that economic growth in Papua New Guinea has been greatly hindered by corruption. Corruption can be thought of as fast growing termites which can dig deep and undermine the system of government. However, if we have the desire and commitment to continue with the fight, and if we choose effective methods of improving systems and reforming attitudes, we can substantially reduce corruption over time.

Let me say at the beginning that the problem of corruption within our system of government is a large and multifaceted one that is outside of the control of any one body. I think it is necessary to make this point since it has important implications for how we to fight corruption.

I believe we have to work on a range of improvements in our administration, and not expect the job to be done by a single committee or agency, or by a single system of accounting or auditing.

Secondly, I believe that as well as using a range of tools for improvement, we have to appeal to the people at all levels of government administration, and in all agencies of the public service, to improve their own attitudes, and do their own part each day to make the system work more honestly.

And thirdly, I believe it is vital in present circumstances that we have several bodies with a watchdog function, and a public voice — both in the Parliament, in the form of the Public Accounts Committee or PAC, and in the form of the Ombudsman Commission.

Of the many different types of corruption, my greatest concern as Minister for Treasury is the leakage or misuse of scarce public funds. This has limited the effective flow of basic goods and services from the Government to the bulk of the population in the rural areas of PNG.

We need to go back to the root causes of this. Why is there a misallocation and leakage of scarce resources in the public sector?

Firstly, there is the problem in the chain of delivery of basic goods and services. There are difficulties in determining who is responsible for each part of the process and what the guiding principles are that combine to make that particular task happen. Many people do not know exactly what their roles and responsibilities are and there is a lack of accountability. As a result, much less is received at the end of the chain, although the funds provided at the beginning were enough.

Another major problem can arise from firms obtaining illegal favours from government agencies, such as obtaining contracts that have not been won on their merits, and then providing much less in goods or services than the value of the contract should buy.

This is where proper process in the management of public funds and contracts can help. Officials should be open about what they are doing in their jobs, they should accept the need to keep to the rules, they should produce reports so that other officials supervising their work can know what's happening, and they should accept being accountable for whether they do their jobs properly.

Let me tell you about some of the improvements in public financial management which have been made during the term of the Somare Government. They haven't solved all the problems of corruption, but they are all of them helpful for reducing opportunities for corrupt behaviour and making corruption more likely to be found out .

- We have put more resources into the Auditor-General's Office, and into related work by the Department of Finance to improve the preparation of the public accounts.
- The Audit Division of the Department of Finance has been strengthened, Financial Controllers have been placed in major spending departments and agencies, internal audit units have been established in major spending departments and agencies as well, and audit committees have been established.
- The Central Supply and Tenders Board has been restructured, and complemented by other specialized Boards, in order to improve the probity and accountability of procurement practices.

- It has been made mandatory for departments and agencies to have the availability of funds certified before they proceed with the procurement of goods and services, in order to prevent bogus claims and to protect the financial interest of suppliers to Government.
- Several other measures have been taken to improve transparency in the financial practices of departments and agencies — sanctions if they fail to submit financial reports, tighter controls on use of trust accounts, widening the use of electronic funds transfer for payments, bringing annual and quarterly public accounts up to date, and developing communication links so that information transfers can be made through Local Area Networks.

Despite the good progress that I have just outlined, we need to be honest and admit that there are still many corrupt practices in the public sector. We just need to open the daily papers to read the many reports of corrupt practices — although of course allegations are not the same thing as evidence or proof.

- We strongly suspect that fraudulent claims for government payments are still occurring, resulting in the loss of millions of kina that could otherwise be used to improve the lives of ordinary PNG citizens.
- Appropriation rules are sometimes circumvented, weakening the implementation of the budget and misallocating resources.
- Some appointments to public service positions, in both the civilian and uniformed services, seem to be questionable and could provide greater scope for mismanagement.
- The workplace culture in the public sector often seems to overlook what amounts to fraud. For example, poor attendance and overpaid

allowances often go unchallenged, and some fraud cases are not investigated. Attempts to recover fraudulent payments are inadequate. And there is little follow-up to important findings by auditors or the PAC.

So we have large tasks still ahead of us to reduce the scope for corruption in our public administration — both by improving systems further, and by encouraging each other to be honest and law-abiding in our attitudes.

- One of the keys to success in the fight against corruption is for individuals working in the public system to take more personal responsibility, and to be held accountable for implementing proper procedures rather than circumventing them.
- Committees set up by Government, particularly to help choose development projects or to help deliver goods and services to the people, should not be used as avenues for self interest. They should be used to enhance the performance of our public institutions, in a transparent and accountable way.

Let us look at this issue in the broadest way. There should be nothing more important to us than the welfare of our children and their future. One of the most basic goals we can set for ourselves as good citizens is to leave the world a better place for our children than it was for us.

During my many years in public life, I have traveled to most parts of our country, and seen what conditions are like at the district level. I have seen for myself how many of our people are suffering because of the lack of basic services. In many areas, roads are poor, health and education facilities have deteriorated, basic commercial services are lacking, and law and order is under threat.

This is not the legacy we want for our children. We owe it to them to do a lot better, and to create the conditions for a brighter future.

That is the most basic reason why we must try together, by every effective method, to overcome corruption in our government system and make it work more reliably to provide basic services to the whole of our people.

This is a shared responsibility, not one borne by the government alone. It means that all of us, whether we work in the government or in private business or in the informal sector, have to think harder about what we can do for our nation's development.

Conclusion

I have raised some tough issues in my speech, but these are the sorts of things that we need to face if we are to challenge corruption. I hope that my comments will stimulate further discussion on how to build the nation while reducing corruption for the benefit of everyone.

My friends, in conclusion I leave you with my simple central point: that in every aspect of our lives our focus should not be on ourselves, but on leaving the world a better place for our children.

Thank you.