

## **Let's not be brainwashed, duped or follow like sheep, but think and stand up for ourselves, and the country's needs**

There's a cartoon showing a flock of sheep rushing headlong over a cliff, with just one sheep saying "excuse me" as he (or she) struggles against the tide! Why do people so often behave like sheep? We're fickle too, able to focus only on one matter at a time, notably the financial crisis whilst temporarily forgetting climate change.

Group behaviour provides some advantages and is certainly easy. Even self-sacrifice for wider community benefit can offer social advantages, (for humans and other species). For society to function, and especially large urban populations or the globalised economy, there must be rules and standards. We cannot have everyone making their individual decisions without reference to some common rules, whether for traffic, emissions or financial management.

Too often, however, our group behaviour ignores or suppresses standards, and despite humans' considerable brain power we follow blindly, without questioning the sense of our action or even whether it adheres to agreed norms or standards. Why are whole societies readily brainwashed, blindly following leaders, who may be mentally unstable, egomaniacs or pursuing private vendettas (payback), sometimes into self-destructive conflict? Why have groups with religious convictions, professing sanctity of life, slaughtered each other through the ages? Why do groups in PNG rush to conclusions and even conflict after an incident, even just screaming tyres, although utterly unaware of the circumstances? Why have whole communities and otherwise intelligent individuals committed their hard-earned savings to pyramidal money schemes, like U-Vistract, which are invariably lost, or cast aside better judgement to commit the nation's funds to the court jester (in Tonga) or the most blatant conman, who constantly tramp PNG's government corridors, often gaining ready access to the highest offices, proposing ludicrous projects, exclusive trade or financing deals, without going through proper screening or selection criteria? Are judgements and systems so weak that they gain ready admittance and even support?

Sometimes people are driven by group pressure, even mass-hysteria, other times just perceptions of the norm, including that everyone else is taking their cut, so it's OK. We've seen how investment bankers all received large bonuses, and, whilst the profits apparently rolled in and cheap money was available their bosses and regulators turning a blind eye, leaving the market to itself. It's easy to justify one's behaviour, or not even question it, when others all have their snouts in the same trough and the sky seems the limit! Those who cry out that this is wrong or foolish, or that the balloon must burst, can be ignored readily whilst the going's good, and there's nothing quite as blind as greed, except (perhaps love but) certainly panic, which often springs from earlier excess!

The collapsing global financial markets are the result of lack of both self-restraint and effective supervision in markets, with high risk and low cost (packaged) lending with inadequate securitisation, followed by severe uncertainty and lack of trust between banks over each others' exposure. Nothing underlying changed, but uncertainty then panic suddenly set in. Money was there in the market, but no-one knew where, and funds no longer moved freely (on the money market) as fear gripped. It required outside interventions (and coordination) between governments to (start) calming

nerves and stabilise volatile markets. Highly experienced investors, like Warren Buffet, admitted not understanding these new financial products (derivatives, etc) so avoided them. More considered investors, such as he, sideline 'Money Rains' and ballooning markets, and better safeguarded from their (inevitable) collapse, others jump blindly in!

In the latest international financial crisis few financial institutions or regulators in developed countries come out unblemished, with some of the biggest and long established institutions closing or losing independence. In the globalised economy no-one is immune from the repercussions, but PNG is better set than most. Much of the population remains barely in the monetised system. Those who are, are likely to experience declining commodity prices triggered by reduced demand worldwide, although oil and copper prices (despite big falls) remain above (relatively conservative) 2009 Budget forecasts, and gold (considered a 'safe-haven') is well above forecast. PNG financial institutions are reasonably immune from the global exposure, and have strong balance sheets, so long as housing markets here don't also implode, which is unlikely in the face of high demand and severe supply restraint. Those needing to borrow heavily, such for LNG development, will find it harder, though the big commercial oil companies (notably Exxon) remain well-placed and self-financing, whilst the State should discontinue costly equity participation and focus expenditure upon core infrastructure and services, gaining revenue instead through taxation. Hopefully, even/especially during financial crises the world still need its cups of coffee and luxury of chocolate!

Individuals (worldwide) must be more ready to question, and not simply go with the sheep. Whilst the easiest option and at times suitable, we may be running blindly over the edge or simply acting against our collective or individual interests. In PNG we need to question much more and demand answers from politicians, officials, businesses and so-called experts. We must study budgets, including local budgets, proposals (including "lucrative" money schemes, which should raise suspicion) and ascertain what public funds are allocated for and why they are unspent, spent improperly or plans unimplemented. When misuse and waste is found, we must demand the problem be addressed and miscreants punished, providing a tangible deterrent.

We have a 7 billion kina budget for 2008 (excluding the latest Supplementary). Not much for Australia, but a large amount for PNG; enough to make a real difference. Where are these funds being spent? How much is being used effectively for priorities, including roads, education, police, health, and how much is being wasted? What actual goods and services are actually being delivered and making a positive difference to people's lives?

Despite positive efforts of a few politicians and many individual public servants, the PNG public sector has reached a trough; is a law unto itself. Bribes are now even being paid between agencies! The public sector requires a complete overhaul and change of mindset to make it answerable. Leaders still apparently encourage fraudulent out-of-court settlements, (money for nothing - i.e. theft). Institutions which function better are those authorities subject to legislation imposing checks and balances against sole discretion (by Ministers/Secretaries), with boards requiring accountability to stakeholders. Many of these, as with agricultural commodity

corporations, were set up because of the inadequacy of the National Department already in the late 80s/early 1990s. But even some these authorities (e.g. housing, agriculture, forestry and fisheries), like the SOEs, have been subject to undue cronyism in board and management appointments and decisions over the years, undermining accountability and performance (buying Ministers cars etc), and some, like Fisheries or IPBC, are permitted to retain licences fees or dividends, as though this is their own private revenue, only forwarding small amounts of their choosing to the State.

Nevertheless, with so many Departments now major bottlenecks, like Lands, or providing little or no service, like DAL, or severely underperforming, like police, because of lack of accountability to anyone, and, in the case of migration also totally inadequate staffing, more radical measures are needed. Even when funds are provided, stirring great expectations, as with District support or the National Agricultural Development Programme, they seem either to be wasted on political cronies or extravagant white elephants, or frozen in Trust funds, including preparation for the critical 2010 National Census.

Calls for greater accountability and reform, fall on deaf ears or gain lukewarm support, promptly overlooked, like recommendations from Inquiries. The NPF Inquiry did facilitate superannuation reform, but who can remember any powerful people being convicted of the many major crimes exposed by inquiries, or elsewhere. It is apparent that PNG leaders are immune from prosecution, whatever their crimes.

Enough is surely enough. If everyone was enjoying the 'party' maybe the excesses of leaders could be more readily overlooked, but for the majority of the population, who are not directly feeding at the trough, life is tough, roads impassable, airstrips closed or un-serviced, health services defunct or inaccessible, incomes and schooling opportunities limited, with PNG shamefully suffering the lowest regional social indicators; meaning people (especially mothers and children) are dying unnecessarily, whilst opportunities available overseas are largely denied. The forest resource owners (other than some purported landowner leaders) live largely in poverty, whilst the fat cats who accumulated over US\$ 40 million in Singapore bank accounts live like princes!

Running with the sheep is no longer acceptable. The community must stand up and be counted, and require answers and reform. Whilst the world financial and economic order may be reformed as I write, PNG could readily turn its public sector around, if there's the will from leaders and abusing public servants, to get their hands out of the till and make the public sector serve the public rather than exploit it. Whilst the 'global financial crisis' is about greed, following blindly, ignorance and distrust, and in some cases, criminal misbehaviour, the collapse of governance and public service over recent years in PNG is also one of greed, lack of accountability, failure to ask questions and demand answers, and increasingly also corruption (i.e. criminal intent to defraud public funds and assets for ones' own direct, or indirect, benefit including being paid without working). Like financial crises, this public sector abuse also has severe social and economic implications, but could be resolved readily with a firm hand and the restoration of systems and certainty.

Long Term Development Strategies are attractive notions, but we have real problems here and now. Let's address them immediately, starting with the most urgent. Corruption is ignored largely by government, partly as so many are implicated. Tackling it must now be top priority. There is inadequate motivation for the public sector to perform and become accountable under current arrangements. The right-sizing committee report was shelved, but now is the time to urgently look afresh at what is needed, and be prepared to take radical steps. The whole public has a vested interest to ensure that such radical reform happens and now. Everyone (well the honest ones) would be a winner.

We require a mixture of overall and targeted institutional reform, including contracting out services (including at least portions of personnel management, labour/migration, lands), closing Lands Department and perhaps DAL and establishing new accountable and tightly-focused authorities under effective stakeholder control, recruiting afresh. We must get it right with new institutions, notably contracting PPPs and for carbon trading, with transparent processes and minimum discretion and government overheads, and keep the Conmen out, with dubious track-records, purportedly representing the Government! On climate and carbon trading government's performance has been sluggish; the process must be market-driven for maximum impact and landowner benefit (they are private transactions), but with effective and transparent (but minimal) regulatory oversight (including carbon accounting), and minimal State overheads and middleman commissions.

The global financial crisis has similarities to the governance crisis in PNG. Both affect this country. We may be fortunate to avoid the full impact of the former, and there's limited action we can take to address it, except remaining focussed and acting prudently (in public fiscal and monetary management, business and private behaviour), but there's a lot we can do to address our governance crisis if there's the will. This requires we all use our heads and don't rush headlong like sheep!