

Transparency, accountability and us

Professor Wadan Narsey

[Keynote address at Anti-Corruption Day organised by the
Faculty of Business and Economics, and Transparency International]

Transparency International is holding its Anti-corruption Day today, as part of the initiative by the United Nations Convention Against Corruption. At somewhat short notice they requested the Faculty of Business and Economics to provide the key-note address, and Professor Biman Prasad (Dean of FBE) passed the request, to me.

The mission of Transparency International is to create change towards a world free of corruption which is defined as “the abuse of power for private gain”. The TI website outlines how corruption hurts everyone, but how it harms the poor the most. Corruption is both a cause of poverty, and a barrier to overcoming it. Corruption undermines democracy and the rule of law; distorts national and international trade; jeopardises sound governance and ethics in the private sector; threatens domestic and international security; and threatens the sustainability of natural resources. Corruption hurts everyone.

Similarly, the preamble of the United Nations Convention Against Corruption (UNCAC) expresses its concern about the seriousness of problems and threats posed by corruption to the stability and security of societies, undermining the institutions and values of democracy, ethical values and justice and jeopardizing sustainable development and the rule of law. Article 1 of the UNCAC states that its purposes are to

- (a) To promote and strengthen measures to prevent and combat corruption more efficiently and effectively;
- (b) To promote, facilitate and support international cooperation and technical assistance in the prevention of and fight against corruption, including in asset recovery;
- (c) To promote integrity, accountability and proper management of public affairs and public property.

I address this last objective, by focusing on three areas which Transparency International would find quite pertinent in terms of the need for greater transparency and accountability: the use of tax-payers’ funds; corporate responsibility for good governance; and USP’s accountability to the tax-payers of the region. The audience may wish to ask themselves how Objective (a) may be addressed with respect to the three issues I speak on today.

Issue 1 “Regularising” Military Overspending?

I have previously raised this issue in a *The Fiji Times* feature article, but repeat the main conclusions here, and to rebut one political response which claims that the huge military overspending has been “regularized by Cabinet”.

The Interim Government takes roughly thirty percent of the people’s income or about \$1,500 millions per year and decides how to spend it. The authority to tax the people by law, and to spend that revenue, is one of the most sacred responsibilities of an elected parliament. To ensure that the elected Government does what it says it will do in the Annual Budget documents, our Constitution has provided a safeguard under Section 167, whereby the Auditor General’s Office must annually inspect and audit, and report to the taxpayers through Parliament on the public accounts of the State, the control of public money and public property of the State; and all transactions with or concerning the public money or public property of the State; to state whether they have been authorised by or pursuant to the Constitution or an Act of the Parliament; and whether expenditure has been applied to the purpose for which it was authorised. This is vital if there is to be transparency and accountability with respect to tax-payers’ funds.

For 2006, the military which had only \$76 million approved by Parliament, had actually spent \$100 million, \$24 million more than was approved. The military had effectively robbed tax-payers of \$24 millions in 2006. Our government’s financial regulations require that any over-expenditure by any department is to be punished by surcharging the head of the department concerned. The Qarase Government tried to surcharge the Commander of the Fiji Military Forces who simply refused to pay any fines- which in any case were a mere fraction of the total amounts stolen from tax-payers. And soon after Bainimarama did the December 2006 coup, thereby removing the last elected government to approve any national budget.

The 2009 Budget reveals that in 2007, there was an even larger over-expenditure by the military amounting to a massive \$50 millions more than was approved by the 2006 elected parliament. Some \$23 millions extra was apparently paid in salaries (a massive 39 percent increase) while it is quite unclear where another \$27 millions went.

Health experts know that when you do not spend \$50 million extra on medicines, doctors, nurses, life saving operations, you lose x number of lives. Our hard-working and valuable nurses, forced to go on strike for a pitiful increase in salaries, were beaten down by this Interim Government. Our health centres last year ran out of medicines, because only \$10 millions out of \$15 millions approved by the 2006 Parliament, were actually spent. Squatters are told there is no money for housing. Poverty alleviation has had to make do with a few miserly millions annually. The Ministry of Education is told they cannot have \$3 million for scholarships for the poor and that they must have a cut in teaching establishments, while the military get extra staff. As the Transparency International website points out, the poor are the main victims of such unethical practices.

The former Interim Minister of Finance has claimed that the Interim Cabinet had “regularized” the over-expenditure by approving it ex-post. But how on earth can an Interim Cabinet, appointed by the military itself, approve over-expenditure by the military itself, without the mandate of an elected Parliament and tax-payers? What on earth does “regularize” mean in this context?

And what has happened to the tax-payers’ safeguard? We know that the Auditor General has prepared his 2006 Report, no doubt including detailed comments on the over-expenditure by the military. With no parliament to report to, the Auditor General’s narrow interpretation of his legal responsibility is that all he has to do is report to the “Minister of Finance and to the President”. He won’t be reporting to the taxpayers of Fiji, whose taxes pay for his and other salaries in the Auditor General’s Office.

Unfortunately, the Interim Minister of Finance is also the head of the Military which removed the last lawfully elected government, and also the head of the department which has been guilty of spending probably more than a hundred millions beyond what was approved by the last Parliament.

Is the Auditor General ensuring the application of principles of transparency and accountability by giving his Audit Report to the “President”- who after being appointed by the military, purported to authorise the military’s removal of the government elected by the taxpayers, and indeed claimed to grant them immunity for all their crimes? Why is the Interim Government which is trumpeting the great pillars of transparency and accountability in its Charter, not releasing the audit reports?

Clearly, our only safeguard has been thrown out the window by the military junta through the December 2006 coup. There is now no Parliament; taxpayers have no say over the approval of the national budget, nor can they reject the Interim Government’s plans. Nor is the public going to be told how their money has been spent.

A terribly loud question has to be asked: why are our corporate bodies, our senior accounting firms, and our employers’ federations not demanding that the Auditor General and the Interim Government must release the audit reports to the public? Where is their commitment to transparency and accountability for tax-payers’ funds? And why are NGOs like TI not making a great hue and cry about this Interim Government not releasing the Audit Reports.

Issue 2 Corporate interests and the military

Since the 2006 coup, groups of businessmen have been inviting the Interim Prime Minister and Interim Minister of Finance to public meetings of their particular industry or to public social gatherings. Normal behaviour, you would say, for the business community to be inter-acting with the Interim Prime Minister cum Interim Minister of Finance.

But it seems that not too long ago, a small group of elite businessmen invited the Commodore to a luncheon where he was profusely congratulated for the court judgment that apparently legalised the coup. So what's new, you might ask?

For all those concerned with transparency and accountability, there were two very worrying aspects. First this group of businessmen was not any formal national or local body representing all businesses in Fiji, having a public transparent and accountable meeting with the Interim Government. And secondly, also invited and present were senior members of the military hierarchy and the Military Council. Both of these give cause for concern.

Of course, the business community in general has always courted powerful Prime Ministers and Ministers. Businessmen can and do make extra millions of dollars with small changes in laws, such as we saw in the last budget: a lowering of the corporate tax rates; long tax holidays; increase in tariff protection, which is an undesirable reversal of policy; and the non-imposition of planned excise taxes. There can also be the favoured provision of roads, electricity, or sewerage in response to a business lobby, and not according to the civil servants' planning priorities.

To businessmen, the potential benefits, are far in excess of the cost of the "favours" they are known to throw at Ministers: Christmas or birthday presents, loans of cash or goods that are never repaid; property sold to Ministers at discount prices, and even brown paper bags filled with that special coloured paper. Not too long ago, a few businessmen collected hundreds of thousands of dollars in cash, all around the country, as a "birthday present" for a particular Minister. Another lot of businessmen were complaining about a new set of supposedly radical Ministers. "Ha, so you cannot exchange favours anymore, eh?" I asked. "No", my friend grumbled bitterly. "They are asking for a lot more than the previous Ministers".

Changing Ministers, same businessmen

For 38 years the public has seen Prime Ministers and Ministers of Finance come and go. But the businessmen who flock around them, largely remain the same, except for the emerging Young Turks. Many a Minister learnt the bitter lesson that, like countries, businessmen do not have permanent friends, just permanent interests. Ratu Mara was shocked when a whole generation of businessmen he had fostered for 17 years dumped him, a few months before the 1987 elections, won by the Labour-NFP Coalition.

For a whole month, the same businessmen also flocked to Mr Chaudhry and Mr Bavadra. Then back again to Ratu Mara after the 1987 coup. Then Mr Rabuka and his Ministers enjoyed the business community's favours for 12 years. But the very day he lost the 1999 Elections, Mr Rabuka went, to use his own words, "from hero to zero". Mr Jai Ram Reddy (and at least one of his junior colleagues) were weekly feted just prior to the 1999 Elections expected to be won by the SVT-NFP Coalition. They were dropped like hot potatoes the very day they lost. Today, the same businessmen who flocked around Mr Qarase from 2001 to 2006 are now flocking around Mr Bainimarama.

So what's different today? First, this group of businessmen at the luncheon were not formally representing the whole business community. Secondly, they were courting the military hierarchy, who as good professionals, should be keeping their distance from the business community.

Riding the military tiger

Some select businessmen have already benefited tremendously from this military government's policy changes. A few may be strategising that incentives should be given to the second layer of the military hierarchy to strengthen opposition to a return to parliamentary rule which may see the end of the business benefits currently being enjoyed. But such a Machiavellian strategy would be short-sighted.

Note that while the Commodore in his first year in power often talked of wanting to get away from the burdens of running the country, these sentiments are not heard any more. A Prime Minister's life is far more comfortable and the powers far more exciting than that of a mere Commander of the FFMF. And some in the business community may now be encouraging our military hierarchy to go through a similar transformation.

The terrible problem for good governance is that this Interim Government and the Military Council are in power as a result of a military coup. They cannot be voted out. And worse still, unlike elected Ministers, military men cannot be "sent away empty-handed" if they ever come knocking at your business doors. Like all of us, military men can also become used to the attention and favours, and be reluctant to give them up. Businessmen ride the military tigers at their great peril.

Naturally, young businessmen want to make their fortunes in the shortest time, and there are exciting opportunities presented by coups and insecure ministers courting approval. But the short-sighted behaviour of the older well-established "businessmen elders" courting the military is puzzling. Many of our senior businessmen entrepreneurs have already made great fortunes, and will make a good profit operating normally. They don't need to court ministers or military men for special favours.

The tragedy is that many of our elite businessmen think they have nothing to lose. They have already moved their families and most of their fortunes abroad, while they commute to Fiji for their business interests. Personal safety is seen as only a short flight away, should there be any hint of trouble. And for some, their lack of concern for the long term future of Fiji is worsened by their racist contempt for the majority of Fiji's inhabitants, with whose lives they are playing Russian Roulette.

Who can advise the military?

Our Fiji Military Forces has built up an enviable reputation over the last 65 years, serving in military campaigns and peace-keeping missions internationally. Despite the occasional

breaches, the rank and file have largely maintained their discipline and professionalism, even after the 2006 coup. But that professionalism is in very real danger of being compromised, if the immoral few in the business community succeed with their overtures.

Fiji never envisaged that the military hierarchy would be taking such a prominent role in the governance of Fiji. The military officers' training has not been about governing the country. No courses on good governance have looked at codes of conduct for the military in the context of the roles that they are playing today.

Indeed, we need to ask a painful question: who today can advise our military hierarchy to remain true to their professional calling and maintain arms length from a business community ever ready to flourish "incentives"?

Given that Fiji is the typical small society, such questions unfortunately, but necessarily become focused on key individuals. How credibly could the current Commander lecture his military hierarchy not to accept favours from the business community, when it is public knowledge that he was awarded \$200,000 of taxpayers funds as "back-pay" for 30 years at the Commander's salary? One wonders at the intentions of his "friends" or "advisers" who allowed or perhaps even encouraged this unwise act.

Would the military hierarchy listen to the advice of former FMF commanders? The military grog bowl swipers (and they also do swipe grog) would note that one has already had the considerable benefits as Prime Minister, while having a strained relationship with the current hierarchy; they would note that two other former commanders are enjoying the benefits of being unelected Ministers in this military government, while dissipating their chiefly energy in battles for chiefly titles, further dividing their peoples.

The military grog swipers would note that some experienced senior officers have been removed by the current leadership on suspicion of lack of allegiance. And tragically for the FMF and Fiji, probably the most respected senior military officer removed himself from the military after the 2006 coup, to protect his professional integrity, and do some good where he could.

It should be serious cause for concern for all of us, that the only ones who may credibly advise our extremely powerful and influential military hierarchy to remain true to their professional code of conduct are the Military Council themselves.

There is a terribly difficult question that our civil society organisations now must ask: how can they interact with this new potent force in our society and economy, to promote good governance, transparency and accountability, without compromising their NGO principles and their commitment to parliamentary democracy?

Good Governance for all businessmen

Under a lawful elected government, Fiji's economy could grow at more than 7 percent per year for the next 10 years, to the benefit of all businessmen and women, and not just a select few. With coups, the uncertainty, and failure to return to parliamentary rule, the growth rates will be what we are seeing now - less than 2 percent per year, which will be to the detriment of the majority of the decent businessmen.

Our elite businessmen can therefore choose to be corporate vultures lining their own pockets with rapid gains due to special favours, or they can behave like moral corporate doves, encouraging a return to parliamentary rule, which would be good for the entire business community, and our nation.

Will our businessmen elders help to provide that transparent corporate leadership for the common good or will they continue to be selfish power-brokers behind the scenes, praising and reinforcing this unelected, non-transparent, and unaccountable military government?

Likewise, our Military Council and hierarchy can remain deeply professional and incorruptible, or they can compromise with the attention and financial incentives offered by businessmen.

These choices are being made today by our elite businessmen and our military hierarchy. These persons may be out of sight. But they should not be out of the public mind.

They, not academics, clerics, or returned former citizens, are now deciding the future of 850,000 Fiji citizens.

Issue 3 Governance of USP and Good Governance Advisers

USP is sponsoring this discussion today, not surprising since in recent years, USP has developed solid, extensive and highly visible good governance programmes and outreach to the region. Our governance professors and experts lecture the regional governments, corporate bodies, NGOs and the general public, about the need to be transparent and accountable, especially when it comes to public funds and assets.

However, in the last couple of years, USP has been in the limelight, for the wrong reasons. Soon after the appointment of an expatriate Vice Chancellor, serious allegations and evidence of financial malpractice hit the media, tainting the reputations of all the senior USP staff, academic and administrative. An Audit Committee discovered financial practices which clearly amounted to a gross misuse of regional tax-payers' funds, to the extent that the Vice Chancellor was encouraged to resign.

Two critical and related issues of transparency and accountability arise from this case- the accountability to regional tax-payers for the misuse of their scarce funds, and the

accountability of Council for their original decision to appoint someone as Vice Chancellor, known to have question marks over his financial record.

There is no doubt that the senior members of the USP Council and the Audit Committee accomplished an extremely difficult task in terminating the former Vice Chancellor's appointment, returning USP senior management terms and conditions to that prevailing previously, and setting in place explicit guidelines that will hopefully discourage such future malpractice. But this is not enough.

USP Council needs to go that extra step. USP is the foremost regional institution of higher learning, at the forefront of teaching accounting and auditing to the region. There is an ethical responsibility for USP to explain to the region's tax-payers why its own internal checks and balances failed to work when the former Vice Chancellor went out of line. What in particular were the roles of the Registrar and the Bursar the two relatively independent powers at USP? What were the roles of the Pro Chancellors who the Vice Chancellor supposedly must report to?

The USP Council elites are not corporate shareholders of USP, but representatives of the regional governments and the regional tax-payers. Why has the Audit Report on the previous Vice Chancellor not been made public?

It is quite anomalous and disappointing that our good governance professors and experts have been silent about all these malpractices when they were occurring, or even after when the facts became clear.

It is even more anomalous that the Audit Report has been kept under wrap, when two senior members of Transparency International are key office holders with USP- one is the Deputy Chairman of Council and indeed the Chairman of the Audit Committee, and the other is the Chairman of the University Grants Committee.

The second major issue, related to the first, is the transparency and accountability of the process of appointment of the previous Vice Chancellor. Indeed, it seems that concerns and some evidence of questions about his financial management practices were presented to the Screening Committee by some members. These concerns and evidence were totally disregarded by certain key members of this Committee, including the representative of a donor government which funds USP's Good Governance programmes, and one individual who is now at the forefront of a prominent public exercise for the Interim Government, extolling the virtues of transparency and accountability.

In contrast, the regional candidate had not a single financial blemish in his record of long service to the University, in a whole range of capacities right up to that of the Vice Chancellor. He was at least comparable to other regional and expatriate vice chancellors USP has had over the years. It was extra-ordinary that he was not appointed. With the departure of Tarr, the University Council appointed the current Vice Chancellor, perhaps

without any fuss because of the strong support by the current Interim Minister of Education from Fiji.

Given the serious financial mismanagement that took place under the previous Vice Chancellor, the question must be asked: why was the current Vice Chancellor not appointed in the first place? Fiji and the Pacific region is a small place and the coconut wireless is broadband, with an incredible internet speed. A personal perception was that a group of senior expatriates at USP and former USP staff were campaigning against the current Vice Chancellor, even in diplomatic donor circles, as also did a few regional Education Ministers, aided by some USP staff.

Were these campaigns based on substance or simply racism against an Indo-Fijian applicant? Certainly, few will dispute that had the current Vice Chancellor been a regional and not an Indo-Fijian, with the same qualifications, experience and unblemished record, he would have been appointed last time around. He compares favourably with other regional persons heading our regional organisations.

Despite the supposed commitment of USP to research and writing of truthful reports, there will not be any inquiry to get to the bottom of the matter. Like many in Fiji after coups, Vice Chancellors also want to get on with their lives and their work. Especially when they face the wry irony that those senior colleagues who deserted to become bosom friends of the previous Vice Chancellor are now back in the fold. Senior USP staff, like businessmen, also don't have permanent friends, just permanent interests.

Our reluctance to face the truth

Our reluctance to establish the truth is legendary, by now a national plague and a never-ending curse. We never had an inquiry into the National Bank of Fiji disaster which cost the country \$200 millions then; nor into the Commodity Development Fund scam; nor the recent Agricultural Scam, for which a few scapegoats are paying the price.

Then there have been all these coups- in 1987, in 2000 and now in 2006, causing such massive damage to Fiji's economy and people. Information and misinformation dribbles out, according to the vested interests of the propagator, often concocted ex-post.

Governments and the people in power have been constantly changing since 1987. What has not changed, despite numerous public calls, is their total opposition to have a Commission of Truth, Reconciliation and Justice. Too many individuals in positions of power, have too many skeletons in the cupboard.

To conclude I hereby recommend that all the NGOs (including Transparency International) committed to transparency, accountability, and the fight against corruption:

- (a) demand the public release of the Auditor General's Reports.
- (b) call on the corporate bodies in Fiji to establish and publicise codes of conduct for all businessmen, to guide their relationship with government ministers, civil servants and the military, on ethical lines.
- (c) call on the military to state and publicise its code of conduct for military personnel's interaction with corporate and other civil society interests.
- (d) demand the release of the USP Audit Report.
- (e) examine the possibility of establishing a People's Commission for Truth, Reconciliation and Justice which shall receive public submissions, so as to examine the causes and consequences of the coups of 1987, 2000 and 2006.

Our people must learn from our past mistakes, if we are not to repeat them.