

All public institutions must be restructured

The Committee on Public Enterprises (COPE) disclosed to Parliament last week that corruption and malpractice had risen to dizzy heights in 26 state institutions including the Bank of Ceylon, the Ceylon Electricity Board, Ceylon Petroleum Corporation and the National Water Supply and Drainage Board. Chairman Wijedasa Rajapaksa speaks to Hard Talk about its findings.

The entire loss suffered by the government due to corruption in these institutions amounts to a staggering Rs 150 billion. These institutions include Telecommunication Regulatory Commission, Sri Jayawardene pura Hospital, Public Enterprise Reform Commission, Urban Development Authority, Milco Ltd. Some private companies are indebted Rs 7000 million to the Central Bank. The Mercantile Ltd has evaded payment of Rs 5780 million to the bank. The Central Bank Governor has agreed to submit a report on the controversial Pyramid scandal. The amount of non-performing loans granted by the bank was Rs. 13 billion, COPE said.

Deputy General Manager of the CEB had been appointed as the head of tender boards though he was facing disciplinary inquiries. The COPE Chief said the Ceylon Petroleum Corporation was another monster devouring public funds.

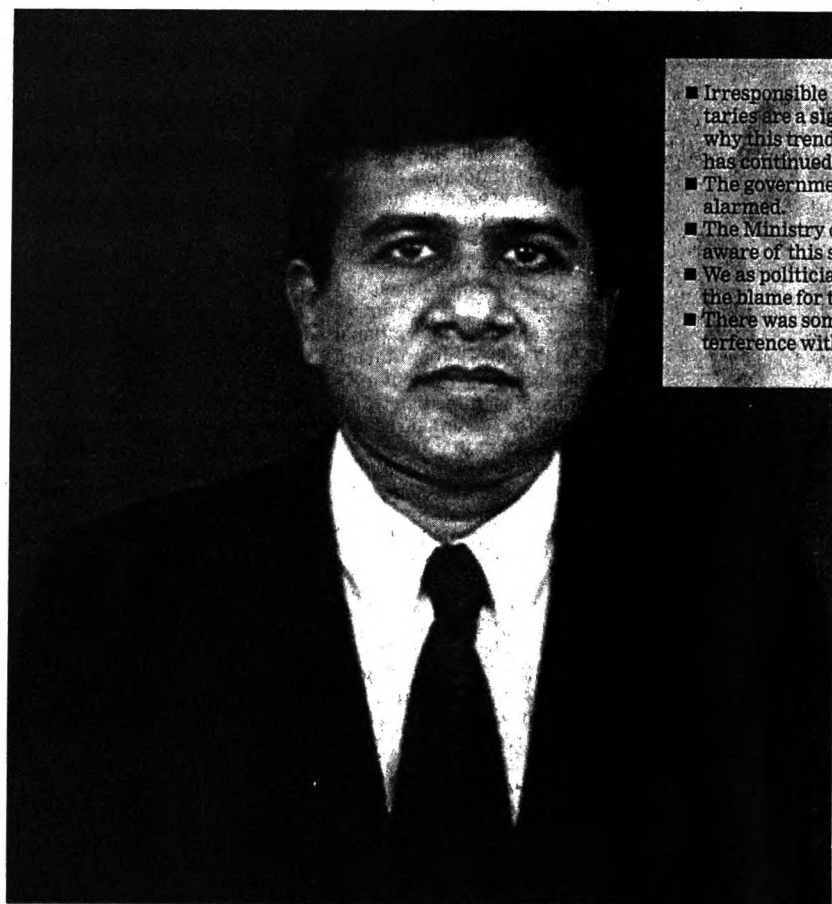
He said the Lanka India Oil Company (LIOC) had acquired 58 filling stations by creeping through loopholes in the agreement with the CPC to lease 100 stations countrywide. Mr. Rajapaksa pointed out that Lanka Marine Service Ltd., a subsidiary company attached to the CPC, had been sold at one billion rupees. The real value of this company is Rs. 2.4 billion," Mr. Rajapaksa said.

Apart from that, a land of 8.2 acres in extent adjoining the harbour had been sold for Rs. 64 million through the PERC with the signature of former President Chandrika Kumaratunga. In this transaction, there is a loss of over Rs. 65 billion. This amount is one-seventh or eighth of our national revenue.

At the National Water Supplies and Drainage Board, there was a wastage of 51 percent of running water. The highest water wastage in the Asian region is reported in Sri Lanka. In Japan, this rate is only seven percent.

Q. You've come out with a very incriminating report. According to the report it's the bureaucracy and not the political structure at fault. Who really is at fault?

This is the bureaucratic system that we have allowed to grow without any monitoring. The politicians have to take responsibility. In the absence of such monitoring the officials have taken full advantage of it and done as they wanted. They have acted without being accountable to



Wijedasa Rajapaksa the Chairman of the Committee on Public Enterprises (COPE)

anyone like it was their private property. We as politicians have to take the blame for this.

Q. Shouldn't politicians take the biggest share of responsibility though when there is a huge involvement of politicians in tender processes etc.?

When there is no monitoring corruption goes under the carpet. There is no way that the situation can be helped unless someone takes a personal interest in that scenario. Then someone follows this and sets a precedence. Yes, in some institutions there has been some political interference, even when our investigations were on but not in all.

Q. According to you top public institutions go without audit controls, finance directors and corporate plans for years. Why do governments tolerate such situations?

The Board of Investment hasn't had a corporate plan for years, and they submitted bogus documents to the COPE when we were investigating. According to our investigations there was a lot of damage done there. But we can't say that the government has been tolerant. There are two over seeing committees in Parliament. I as a Member of this Parliament with the other members of COPE looked at the situation and submitted a report to the government. The government has been alarmed and will follow it up. It's the duty of the government now and the Members of Par-

liament to act on it regardless of the different parties they belong to. Under the Constitution this is not the responsibility of only the government but of every member of Parliament. Parliament and the people are both responsible to change this trend.

Q. Don't your revelations point at a serious breakdown of the state machinery?

It's not necessarily a breakdown but a serious level of corruption. The government has a lot of plans for development and must address this situation before we go in to those plans. This is why the President wanted this situation under control. We need to have a better machinery in place to carry out development plans. Our main concern is that.

Q. Isn't the Ministry of Finance to bear a greater part of the blame?

The Ministry of Finance is not aware of this situation. If they were, they would've taken relevant action. When we find out and bring attention to it as a government then we can take action.

Q. You have summoned the Secretary Finance. If proven at fault what is the due process?

Well, it's a collective responsibility. It's not something that has been happening for two or three years. This is a trend that has been happening for the last three decades at least. So we can't really put the blame on one individual. But the situation has

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- There was some political interference with our work.

continued as if the Secretaries of Ministries have nothing to do with what happens in these institutions. Sometimes they have just allowed the institutions to carry on with no responsibility. But under the Constitution of the country the Secretaries have a greater responsibility. This is one of the significant reasons why this trend of corruption has continued. But I'm not pointing out to a single individual but this has

been the overall trend.

Q. Will anything change or will this become a mere piece of paper?

No the report will get the attention of the government. The President was very keen to see how this situation could be addressed so too was the Bribery and Corruption Commission. Some officials have been called to the CID following our investigations. Ministers were made to dissolve some Boards of institutions as a result of our findings.

Q. The investigations in to Mihin Air includes people very close to the President.

It's not really an investigation but just a query that was made. The government is simply thinking of having a government airline. How the funds are to be handled is a political decision. The BOI was questioned but they can't explain some of our questions with regard to this.

Q. There are accusations against the premier financial institution of neglect, failure and lethargy in recovering Rs. 7 billion. Some of the top most public institutes have been accused of corruption running to billions. How did it come so far?

The accusations against the Central Bank has been there before too and the COPE has addressed this. But nothing has happened. Some private companies are indebted up to Rs 7000 million to the Central Bank. It is the fault of officials in failing to recover these funds. The Central Bank Governor has agreed to submit a report. If they don't do it the government will have to look at the next alternative.

Q. What is the next alternative?

The government will have to discuss it and through the President implement it.

Q. The Chairman at Policy Studies has carried on despite it being that he is of questionable standing. A foreign expert at the Central Bank is paid exorbitant amounts. How could such a situation continue?

Our main duty is to inquire in to the allegations. There has simply been no vigilance. Politicians have been equally lethargic. There is no one reason for this. We have taken some extra ordinary decisions to curb this trend now. We can't generalize on this situation. It wouldn't be right for

me to express my opinion here.

Q. The Ceylon Electricity Board stands accused of corruption and weakening its internal audit division to provide for such a situation. You reveal that disciplinary action against public officials found guilty is low. Isn't this true of most public institutions?

The CEB was controlled by the trade unions. A couple of unions actually controlled the Board. The Board wasn't strong enough to take action. There was a lot of corruption as a result. There were 74 officials who had allegations levelled against. But there was no action.

Q. But isn't it true that more often than not it is also the politicians who come in to these officials rescue when action is recommended? Hasn't the politicization of the PSC contributed to this?

Well this is why we opened the eyes of the relevant authorities. But so far we have not experienced any interference by the politician. I don't think the politicians can play with the situation any more because of the public awareness.

We have not had so much trouble with our investigations with any interference.

Q. Do you feel that there should be some kind of restructuring of these institutions to remedy this situation?

All institutions must be restructured, especially the BOI. The only way to remedy this situation is to instill some discipline in these institutions. And if there is a process where legal action can be taken against people responsible for inefficiency, they can run these institutions efficiently. The only difference in the private sector is the discipline. The same principles can be applied to some of these institutions.

Q. Are you suggesting privatization as a possible remedy?

No. This is a situation that has affected the whole country. Discipline is the main remedy.

Q. You add difficulty conducting investigations in semi-government institutions? Isn't this a grave situation if Parliament can't have access to the financial dealings of these institutions?

Well, institutions like Sri Lankan Telecom felt that they should not be subjected to the scrutiny of Parliament. But I've recommended to Parliament that any institution where government holds more than 25% of issued capital must have such right because these are public funds.

Q. There is the feeling that attempts are made to highlight the last regime as one of the most corrupt.

There is absolutely no political agenda. There are no hidden agendas either to prove any individual or administration at fault. People can be divided at elections but now we must work to develop the country.

HARD TALK



Shakuntala Perera