

**Public statement
by Rt Hon Sir Mekere Morauta
Port Moresby, 6 June 2017**

BPNG printing money and fuelling corruption



The latest data released by the Bank of Papua New Guinea shows that the central bank has been printing money for the government, fuelling its wasteful spending.

“The central bank has irresponsibly financed the Budget deficit, covered up and facilitated Prime Minister Peter O’Neill’s waste and mismanagement,” former Prime Minister Sir Mekere Morauta said today.

“It has contributed to the growing mountain of public debt created by Mr O’Neill – in other words the central bank has colluded in the imprudent financial activities of the O’Neill Government.”

In 2016, according to data in the BPNG’s Quarterly Economic Bulletin, the bank lent almost K2 billion to the Government. Net lending to the government was K800 million in December alone.

The Central Bank has lent that money to the Government because there is no appetite in the private sector – commercial banks, superannuation funds and other investors - to buy its debt instruments such as T-Bills.

“The new data from the Bank of Papua New Guinea demonstrates clearly how the Prime Minister and his economic advisers, in particular Dr Jacob Weiss, have controlled and manipulated the central bank to the point where it has become an inanimate puppet,” Sir Mekere said.

“I call on the Board of the central bank to review and investigate the Governor’s decisions and actions and, if warranted, recommend his dismissal. The position of Governor is subject to the Leadership Code, so the Ombudsman Commission should also investigate the Governor’s compliance with the law and the bank’s objectives.

“One of the first things a new Government should do is to institute an audit of the bank to restore its independence and take measures to protect it from future political interference, increase the oversight powers of the Board and review the powers of the Governor.”

Sir Mekere said that the bank has four main objectives:

- To formulate and implement monetary policy with a view to achieving and maintaining price stability
- To formulate financial regulation and prudential standards to ensure stability of the financial system in Papua New Guinea
- To promote an efficient national and international payments system
- Subject to the above, to promote macro-economic stability and economic growth in Papua New Guinea

“The bank has failed to carry out each and every one of these objectives. This is simply not acceptable. It has been at the centre of scandal after scandal – the UBS loan, the improper purchase of mobile generators from Israel and the Weiss family role in that, and now the hijacking of old banknotes and their use in election corruption,” Sir Mekere said.

“I don’t understand the Governor’s silence on the hijacked banknotes. In my time as Governor, all obsolete notes were burnt in a furnace in the bank. Why were these notes shipped around the place? Was it designed for them to be hijacked? The Police should investigate this serious matter.

“The nation cannot afford a rogue central bank, with a wobbly head, blindly backing a rogue government.”