

**Public Statement by Rt Hon Sir Mekere Morauta
Former Prime Minister and Member for Moresby North-West
Port Moresby, 11 September 2019**

More questions about MRDC scandals, says Sir Mekere



New information about the scandal-plagued Mineral Resources Development Corporation has become available, reinforcing the urgent need for an inquiry into its operations and the status of the hundreds of millions of kina it manages on behalf of landowner companies.

“There is now a mountain of allegations about MRDC and its landowner subsidiaries,” former Prime Minister Sir Mekere Morauta said today. “I expect that in the coming weeks more will be revealed about their dubious activities and the real value of the investments they have made, purportedly in the interest of landowners.

“The latest revelations affirm Prime Minister James Marape’s decision to hold an inquiry into MRDC, and add substance to existing allegations of possible fraud, misappropriation, abuse of office and breaches of various laws including the Public Finances (Management) Act, the Companies Act and the Auditor-General’s Act.”

“It is in the public interest that these allegations are fully tested in a formal inquiry.”

Sir Mekere said the new allegations came within a matter of hours of public comments by Gulf Governor Chris Haiveta, interim chairman of MRDC landowner company Petroleum Resources Gobe, and John Natto, chairman of MRDC’s Petroleum Resources Kutubu, in defence of MRDC and their own operations.

They cover a wide range of activities by MRDC and its subsidiaries, and include the expenditure of landowner trust funds identified by Sir Mekere in Parliament on 4 September.

One example is K30 million that was allegedly withdrawn from an MRDC subsidiary’s account in November last year. Landowners have an absolute right to know the details of the processes involved in its use, the people responsible, the purpose of the expenditure, and the ultimate destination of the funds.

Questions that the Prime Minister’s inquiry should consider in this specific instance:

Where did the K30 million come from – was the ultimate source an account held by Petroleum Resources Gobe?

Was the K30 million drawn down in November 2018, and was approval granted by the PRG board at that time? Was a board meeting, not attended by landowner directors Philip Kende (chairman at the time) and George Kisi, held in January this year to retrospectively ratify the draw-down?

Is it true that the K30 million was then split between Petroleum Resources Kutubu and Mineral Resources Star Mountains, then shifted out purportedly to pay for a shortfall in finances for the construction of the Hilton Hotel/Star Mountains Plaza? On what authority did PRK and MRSM accept the transfer of funds to their accounts and is there any documentation to support the transfer?

Can the MRDC, PRK and MRSM boards demonstrate with documentation that the money was actually used on the Hilton, and not for some other purpose?

“These are just some of the concerns about MRDC and its landowner subsidiaries raised by credible sources,” Sir Mekere said. “Other allegations have been made about MRDC’s involvement in HeviLift, Dirio Gas and Power, resorts in Samoa and Fiji, the Four-Mile Casino, Ela Beach land and Moran Haus in Lae.

“It is clear from the reaction of MRDC that it is terrified of being exposed to the disinfectant of sunlight – it would much rather its activities remain hidden from scrutiny.

“I have been reliably informed that extraordinary measures have been taken by board and management to cover up their activities, including IT measures and video surveillance of staff members.

“In the face of this MRDC campaign against transparency and accountability, I encourage members of the public with information about MRDC and its activities to contact the Police Fraud Squad

“The decision by the MRDC group not to publish all its audited accounts means that public suspicions and questions will not go away. So I urge Governor Haiveta and Mr Natto to use their influence and involvement to ensure that MRDC publishes all the group’s outstanding audited financial statements.

“It is the lack of verified information, and the refusal of auditors and the Auditor-General to sign off on many financial statements, that give credence to the public’s fear that all is not well within the MRDC group.”