

**Public Statement**  
**by Rt Hon Sir Mekere Morauta**  
**Former Prime Minister and Member for Moresby North-West**  
**Port Moresby, 11 March 2018**

---

**Years of living dangerously**



The Member for Moresby North-West, Sir Mekere Morauta, said today that for the last three years Papua New Guinea had been living dangerously, thanks to the actions of Prime Minister Peter O'Neill.

"Now those dangers are engulfing the nation," he said. "The Prime Minister's tardy response to the earthquake is an example. The corruption, waste and mismanagement he has presided over in recent years has crippled Papua New Guinea's finances and all but destroyed the economy."

Severe cash flow problems are getting worse by the day – last fortnight the Government had to scabble round looking for sufficient funds to pay public servants.

The foreign exchange crisis has not abated despite Mr O'Neill's sweet-talk promises. More than 70 percent of company executives in a recent business survey cited the lack of forex as the major constraint to business. Businesses continue to lay off staff; many are facing bankruptcy, especially small PNG-owned enterprises.

Businesses are owed tens of millions of kina by the Government, exacerbating the cash flow problems and starving the businesses of working capital. Last week a helicopter company flying relief missions in the earthquake zone reported it had been refused fuel because the Government had not paid its bills.

There is enormous waste and mismanagement of expensive boomerang borrowings from China. Most of this money is being spent on inflated self-glorifying projects in Port Moresby rather than on productive infrastructure and investment in health and education. Thousands of Chinese laborers are being brought in to work on these projects rather than Papua New Guineans being employed, and many stay to take even more jobs away from Papua New Guineans.

All this has resulted in a deep recession in the non-resource sector, on which over 80 percent of people rely and to make a living.

"These problems are real, and they have real effects, as we are now seeing," former Prime Minister Morauta said. "All have been inflicted on the nation by Mr O'Neill. All existed before the earthquake, and now we have severe earthquake problems to deal with.

"The Prime Minister's so-called solutions to his financial and economic disaster are in fact likely to make matters worse."

The more the Prime Minister borrows, including the K14 billion he is currently negotiating with China, the heavier the already unsustainable debt burden will become, and even more spending cuts will have to be made in critical areas such as health, education, transport, rural infrastructure and law and order. Debt service is about 20 percent of internal revenue – far too high already.

His plan to borrow budget support from the Asian Development Bank and the World Bank will only add to our financial and economic woes. It is extraordinary that these multilateral institutions will entertain such loans given the existing levels of debt and no guarantee that the money will be used productively. These loans are simply signals to Mr O'Neill that his Government's endemic corruption, waste and mismanagement can continue indefinitely.

And of course the Bank of Papua New Guinea is continuing to print money to feed Mr O'Neill's profligacy and extravagance.

Sir Mekere also expressed deep fears about further asset sales. "Mr O'Neill sold Oil Search shares at a loss of about K1 billion," he said. "Now we hear he is also looking at further sales, including the State shareholding in PNG LNG, Ok Tedi, and Air Niugini. If this is not the case then the Prime Minister should say so.

"All this is to fund recurrent expenditure and APEC. There is no attempt to restructure the economy and government finances; no repayment or restructure of debt.

"Soon we will run out of assets to sell, and we will become a nation of beggars, with our sovereignty as a nation sold down the river."

Sir Mekere questioned where the supposed K450 million earthquake fund has come from, and what measures are in place to ensure that it is not diverted into the wrong pockets, as has happened with other emergency funding measures.

"The public has a right to know that the money is actually there, and that it will be spent on helping the families of those who have died in this tragedy, and the many thousands of terrified people who are going hungry and who have no homes and no services," he said.

"Mr O'Neill owes many of these people millions of kina in PNG LNG royalties and other benefits, which appear to have disappeared into thin air."

Sir Mekere said the earthquake was a national disaster, and that Parliament needed to be recalled immediately so a national conversation on the emergency and the recovery could take place. "The Budget needs to be recast immediately, so that sufficient and continuing assistance can be given to the victims and to reconstruction," he said.