

Public Statement
by Rt Hon Sir Mekere Morauta
Former Prime Minister and Member for Moresby North-West
Port Moresby, 21 March 2018

Government debt to Nambawan Super



The Member for Moresby North-West, Sir Mekere Morauta, said today that the Treasurer's statement that the Government would consider issuing a bond for K230 million to settle the amount owed to Nambawan Super for public servants who have already retired was a step forward in resolving the long-standing problem for the retirees.

"It is not an ideal situation but it is much better than nothing," Sir Mekere said. "These former public servants should have received their entitlements in full, including the Government's contribution, when they retired. It is their legal entitlement. It is a disgrace that the Government can give higher priority to expenditure such as APEC rather than paying public servants their legal entitlements."

However, Sir Mekere warned the Nambawan Super board to consider very carefully the future implications of accepting equity in state-owned enterprises as payment for the remainder of the K2 billion debt.

Sir Mekere said: "We all know that these SOEs are suffering from gross political interference, coupled with lack of working and investment capital. The shares in the companies are not tradeable; they are highly illiquid. Most of them have virtually no value, and shareholders – in this case the contributors to Nambawan Super - are unlikely to receive decent dividends on the investments. This will result in a cash flow shortage for Nambawan Super down the road, as more members retire.

"It would be better for Nambawan Super to ask the Government to convert all the money owed by the Government into a term loan with Nambawan Super, with interest and principal repayments made annually through the Budget, as for any other loan.

"If Nambawan Super was to consider any equity as payment in lieu, then the only shares they should consider are those of PNG LNG. At least contributors would have some assurance of dividend flows as well as the shares being tradeable and commanding a market value.

"The fact remains that the Government is bankrupt, and is raiding any possible avenue to meet recurrent costs.

"When will the Prime Minister tackle the problem comprehensively and find a sustainable solution instead of drip-feeding the nation with isolated short-term doses?"