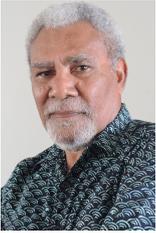


**Public Statement by Rt Hon Sir Mekere Morauta
Former Prime Minister and Member for Moresby North-West
Port Moresby, 15 April 2019**

Sir Mekere questions ‘highly unusual’ Manus contracts



The Member for Moresby North-West, Sir Mekere Morauta, says an official Australian inquiry into the granting of Government contracts relating to the Manus Detention Centre should consider the possibility of official corruption involving senior PNG politicians and bureaucrats.

The inquiry, being conducted by the Auditor-General, Mr Grant Hehir, will cover all aspects of contracts for Manus and Nauru and will report in 2020.

Sir Mekere said anecdotal evidence suggests that Australian taxpayers' funds may have been secretly used as slush funds to prop up the Prime Ministership of Mr Peter O'Neill.

"It seems clear that the PNG Government put pressure on the Australian Government and the Department of Home Affairs to appoint Paladin as the garrison services and security contractor for Manus," Sir Mekere said.

"This raises very serious questions – why Paladin, a tin-shed company with almost no paid-up capital? And who from PNG was applying the pressure?"

"Since the contract was awarded it has been revealed that companies associated with Mr O'Neill's PNC party are beneficiaries. Mr Hehir should investigate whether Mr O'Neill or staff from the PM's Office and Public Service cronies were involved in putting pressure on Australia and whether they benefitted in any way from the contracts."

For example, Sir Mekere asked, were either the Chief Secretary, Mr Isaac Lupari, or the PM's media spokesman Mr Christopher Hawkins involved in any way? It has been reported that Mr Lupari asked Paladin for a "donation" (reportedly for K20 million) soon after it won the contract, and that when it did not comply, staff and executive visas were refused and other action was taken against the company.

He said it was also notable that there were similarities in background between the principals and executives of Paladin and Mr Hawkins – extensive experience in the Australian Defence Force and Reserves and periods of employment in Singapore and Timor. Paladin is based in Singapore and has operations in Timor, and its executive and staff include Australian and foreign ex-military personnel, including director Craig Thrupp and CEO David Saul.

"Mr O'Neill should come clean on any dealing with Paladin by himself, Mr Lupari and Mr Hawkins," Sir Mekere said.

"It should be of interest to the Australian Auditor General if the tender process was perverted in PNG to the detriment of Australian taxpayers.

"Another 'coincidence' that needs to be investigated is Paladin's recent purchase of the Black Swan security company, which has many government security contracts and has long been publicly associated with Mr O'Neill. The details of the purchase and the associated financial transactions might prove fruitful avenues of inquiry. The purchase may have been a convenient way of transferring money to other parties."

"There is also the question of timing. Why the rush – did it have anything to do with the fact that Mr O'Neill had just been re-elected Prime Minister?"

"And why Paladin, which by the time the contract was awarded had developed very close ties to PNC and the Government?"

"We know claims by the Home Affairs Minister Mr Dutton and his department that no-one was interested in bidding for the contract are not true. This was the reason Mr Dutton gave for using "special measures" to ensure Paladin was the only possible candidate.

"But we know that Toll, Serco and a local company, Loda Security, all of which had Manus experience, were preparing to bid. But suddenly Paladin was hand-picked by Mr Dutton and his department."

Sir Mekere also drew attention to the \$423 million (K1 billion) value of the contract, and Australian Financial Review estimates that Paladin's monthly costs were \$3 million (K7 million), from total monthly contract payments of \$20 million (K34 million).

He said Auditor General Hehir should follow the money trails to ensure that every cent of Australian taxpayers' funds has been spent and acquitted appropriately, especially in PNG, which under Mr O'Neill is one of the most corrupt regimes in the world, according to Transparency International.

"Specifically, the inquiry must establish whether any PNG laws have been broken under these Australian contracts, not just Australian laws," Sir Mekere said.