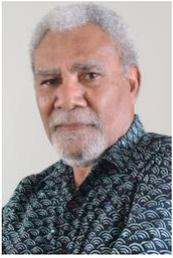


**Public Statement by Rt Hon Sir Mekere Morauta
Former Prime Minister and Member for Moresby North-West
Port Moresby 19 September 2019**

What is MRDC hiding, and what will the cost be to landowners?



Moresby North-West MP Sir Mekere Morauta said today the lack of transparency and accountability of the Mineral Resources Development Corporation and its subsidiaries may be hiding a multitude of sins.

“Ultimately, what has been hidden from the group’s auditors and the Auditor-General, incorrectly reported in annual financial statements, or simply not reported at all, may be a ticking time bomb for landowners and their funds they have entrusted to MRDC group,” he said.

“MRDC and its subsidiaries Petroleum Resources Kutubu and Petroleum Resources Gobe have an abysmal track record with the Auditor-General, company auditors and the IPA.

“They are years late in filing their annual returns and financial statements to the Investment Promotion Authority and to the Auditor-General.

“In many instances, the company’s own auditors and the Auditor-General have refused to sign off on their financial statements, or have recorded qualified audits and adverse opinions.”

According to the IPA web site, MRDC’s latest annual return filing is for 2014, submitted in November 2017. Returns for 2015, 2016, 2017 and 2018 are not available on the web site.

Section 215 of the Companies Act requires annual returns to be filed in the first instance each year within 14 days of the annual general meeting, and failure to comply can be a criminal offence by each director.

Likewise, PRK and PRG are years late with their IPA annual return filings, according to the IPA web site. PRK’s latest filing was in November 2017, for the 2015 year – annual returns for 2016, 2017 and 2018 are not available on the web site. PRG’s last annual return filing was in August 2017, for the 2013 financial year – annual returns for 2014, 2015, 2016, 2017 and 2018 are not available on the web site.

Criminal sanctions can apply to directors of subsidiary companies that fail to file their returns.

According to the latest information on the Auditor-General’s web site, MRDC’s financial statements for 2017 had not been submitted for audit, as required. Financial Statements for 2015 and 2016 were in the process of being audited, but it is not known if they were filed on time.

The web site states that the financial statements for 2014 were made available in April 2017. The Auditor-General states: “The directors did not meet the deadline set by Section 63 of the Public Finances (Management) Act 1995 for audited financial statements of public bodies to be furnished to the Minister before 30 June of the subsequent year.”

The Auditor-General refused to sign off on MRDC’s financial statements for 2012, 2013 and 2014, citing a lack of information on a range of matters including the Opening Balances, Short-Term Deposits, Investments, Receivables, Related Party Balances, Income Tax and Financial Statements Disclosures.

Breaches of the Audit Act can be criminal offences.

Both PRK and PRG company auditors have recorded adverse opinions – against PRK for its financial statements in 2012, 2013, 2014 and 2015, and against PRG in 2012 and 2013.

Sir Mekere said: “The information available on the IPA and Auditor-General web sites is very disturbing. It appears to show a blatant disregard for the law and for the transparency and accountability required of public bodies.

“Landowners have a right to know all the details of how their funds such as royalties and development levies are being applied by MRDC.

“The MRDC group is not providing information in full and on time, and when it does the information is often insufficient or faulty. Why? Is MRDC group’s lack of transparency and accountability hiding waste, abuse and mismanagement?

“I will refer all these matters to the Prime Minister’s promised inquiry into MRDC. It is time this important institution is held accountable for its use of the hundreds of millions of kina it receives and manages on behalf of landowners.”