

**Public Statement by Rt Hon Sir Mekere Morauta
Former Prime Minister and Member for Moresby North-West
Port Moresby, 08 October 2018**

Is Oil Search the Government's cash cow?



The Member for Moresby North-West, Sir Mekere Morauta, said today that very serious stories were circulating involving Oil Search paying Moran landowners K35 million owed to them by the Government to stop the landowners from shutting down the oil wells during the APEC summit, as they had threatened.

"I hope these stories are not true," he said. "But if they are, they confirm that:

1. The Government is bankrupt; and
2. Oil Search has become the cash cow for the O'Neill Government."

Sir Mekere said that not only had Oil Search allegedly offered to pay the landowners the K35 million owed by the Government under the PNG LNG Benefit Sharing Agreement, the Oil Search board had reportedly approved payment of K150 million for the Government - K35 million for the Moran landowners, a further K70 million owed to Kutubu PDL2 landowners and the balance of K45 million for unknown purposes.

The former Prime Minister said that, allegedly, Oil Search officials led by a very senior executive met with Moran landowners during the weekend at the Crowne Plaza where they are camped – hopefully at the expense of Government, not deducted from their promised K35 million – and asked landowners to sign a document agreeing to accept the cash in return for agreement to not close the oil field before or during APEC.

"The executive allegedly told the landowners that NEC would be asked to approve the payment this week and that payment would be made by Oil Search before 10 November," he said.

"If these stories are true, I wonder what Oil Search shareholders will think about the actions of the board and the senior management? Do they realise that Oil Search has become a cash cow for a bankrupt government and is being treated like a state-owned enterprise," Sir Mekere asked.

If the stories are true, Oil Search needs to answer the following questions:

1. Is this K150 million a gift, or a loan?
2. What is the balance of the money (K45 million) to be used for and to whom will it be paid?
3. Is the K150 million payment to be deducted from future company tax?
4. Has it been disguised as a payment under the Tax Credit Scheme?
5. If the latter, why is Oil Search actively and directly compromising the Government's fiscal regime, with tax credits for approved infrastructure projects in project areas now becoming cash advances and being spent outside the project areas?
6. Can Oil Search confirm the exact cost of APEC House – was it K70 million as originally budgeted, or more?
7. Can Oil Search confirm the total amount of future tax credits already expended in advance at the request of the Government?

"Oil Search and the Government need to tell the nation and Oil Search shareholders the true story," Sir Mekere said.

"Papua New Guineans expect Oil Search to be a good corporate citizen and promote the integrity of Papua New Guinea's governance structures, not be a tool of or cash cow for the Government of the day.

"This is a very bad precedent if it is true. It will create uncertainty and nervousness amongst investors, existing and potential. I also wonder what APEC leaders will think of this 'unique' relationship forged to impress them of stability and strong public support for the Government whilst they visit."

"It should be clear to all now that this Government will in fact stop at nothing to feed its greed and to stay in power."