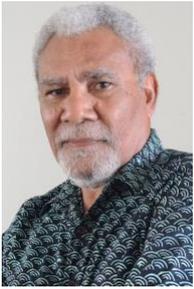


**Public Statement by Rt Hon Sir Mekere Morauta
Former Prime Minister and Member for Moresby North-West
Port Moresby 24 September 2019**

MRDC should come clean on use of PNG LNG revenue – Sir Mekere



Moresby North-West MP Sir Mekere Morauta today challenged the Mineral Resources Development Corporation to publish up-to-date audited details of its group finances since PNG LNG gas production began in mid-2014.

“It is estimated that almost K1 billion in landowner royalties has flowed into its coffers since then, but virtually none of that money has reached its rightful owners,” he said.

“And, contrary to claims by MRDC last week, I am advised that the company has not paid any dividends on the investments it has made on behalf of landowners from their royalty payments. Hundreds of millions of kina have been invested, but are these profitable, sound investments?”

Sir Mekere said MRDC can make as many flowery statements, empty promises and false and irrelevant denials as it likes, but the fact of the matter is that without publishing its accounts it cannot prove what it says is true. It cannot demonstrate that it is operating according to the law, or that landowners are receiving a fair return on their funds.

MRDC’s independent auditors have refused to sign off on financial statements. The Auditor-General has refused to sign off on financial statements. MRDC has not supplied financial statements to the Auditor-General or the Investment Promotion Authority as required.

This is why it is so important that the public inquiry into MRDC proposed by Prime Minister James Marape goes ahead as soon as possible. In the meantime MRDC should immediately come clean on the state of its finances.

“It is in the landowners’ interest that current information verified by independent auditors and the Auditor-General is made available,” Sir Mekere said. “Failure to supply that information will only heighten public suspicions that all is not well at MRDC. Has there been waste, abuse and mismanagement? The public, as owners of this state corporation, have a right to know.

“The information required includes details of trust accounts and other accounts holding landowner funds, the cost and current value of MRDC’s investments, any returns on those investments to landowners, any withdrawals of landowner funds and details of board approvals for them, payments and entitlements to all directors and management, fees charged by MRDC to subsidiary companies, and payments to suppliers.”

Sir Mekere said last week’s media release by MRDC consisted of spin and misinformation. The dividends the company claimed to have been paid are not dividends from MRDC’s investment of landowner funds. They are dividends paid from underlying resource projects as a result of equity participation negotiated by the State.

Nor can MRDC legitimately claim any increase in asset values because its financial statements have been called into question by its independent auditors and the Auditor-General. The value of MRDC’s investments using landowner funds is singled out for criticism by its auditors and the Auditor-General. There are other question marks over Short Term Deposits, Receivables, Related Party Balances, Income Tax and Financial Statement Disclosures.

Other comments made by MRDC have an equally unsound basis – none of the documents or processes it refers to in its media release are open to public scrutiny, Sir Mekere said. MRDC, unlike most other State-Owned Enterprises, does not even have a web site.

“Everything MRDC does is shrouded in secrecy,” Sir Mekere said. “It has not provided up-to-date information, or full information, or even correct information for years.

“Now is the time to provide it.”