

**Public Statement  
by Rt Hon Sir Mekere Morauta  
Port Moresby, 14 June 2017**

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**Ok Tedi Mining Ltd damaged by O'Neill**



At a rally in Kiunga today, the former Prime Minister and current chairman of PNG Sustainable Development Program Ltd, Sir Mekere Morauta, told Western Province people the sad story of the Ok Tedi mine since Prime Minister Peter O'Neill took it in 2013.

He told them that the latest annual financial results are a disgrace, and confirm his worst fears about Mr O'Neill's expropriation without compensation in 2013.

"They show that a well-managed and very profitable company under PNGSDP's majority ownership has been turned into a corporate disaster under Mr O'Neill, as I predicted," Sir Mekere said.

"OTML made a loss of K350 million in 2015, by far the largest in its history and far outstripping the K15 million loss caused by the very severe drought in 1997. The company never made a loss under PNGSDP majority ownership.

"This is Mr O'Neill's dirty little secret. He and the OTML Board micro-managed by Dr Jacob Weiss have tried to hide the loss by not publishing OTML's 2015 Annual Review, or its 2015 and 2016 quarterly financial results. There is no explanation anywhere in the latest 2016 Annual Review to account for a loss of this magnitude.

"The only explanation can be the waste and mismanagement we have come to expect of the O'Neill Government."

Mr O'Neill has **decimated OTML profits**. Under PNGSDP, average annual profits were almost K1.2 billion a year; under Mr O'Neill they are just K100m.

OTML used to be the biggest taxpayer in PNG, which helped the national Government pay for education, health and infrastructure maintenance.

Under PNGSDP average annual taxes were K640 million; under Mr O'Neill they are just K100 million. **OTML paid practically NO company tax at all in 2015 and 2016.**

PNGSDP's profitable and well run mine delivered large dividends: K288 million a year was paid on average to the State and the people of Western Province. A further K426 million a year went to PNGSDP. After administration costs (which are capped), two-thirds was saved in the Long Term Fund and one-third went to the Development Fund to support programs for the people of Western Province and PNG.

Under Mr O'Neill total dividends have fallen to just K68 million a year on average, and **no dividends at all were paid in 2013 and 2015**. Only K150 million was paid in 2016 compared to K723 million in 2012, PNGSDP's last full year of ownership.

**PNGSDP received K5.5 billion in dividends** from OTML between 2002 and 2012. Two-thirds of these dividends were invested in the Long Term Fund to be used after the mine closes. The balance of the LTF at the end of March 2017 had grown to K4.3 billion (\$US1.36 billion). Moreover, the LTF remains safe and well protected from the tentacles of the octopus.

One-third of these dividends (about K1.8 billion) were used for development programs in PNG and especially Western Province.

In total Western Province received more than **K4.7 billion in direct benefits** from OTML and PNGSDP: K2.0 billion in royalties, CMCA and other payments, K1.7 billion in dividends from OTML, K400 million for Kiunga-Tabubil road maintenance and more than K600 million in development projects from PNGSDP.

In October 2013, shortly after the expropriation of PNGSDP's shares in OTML, Sir Mekere warned that OTML faced the same fate as the Tolukuma gold mine under state ownership:

*State ownership "would spell disaster for Ok Tedi. Tolukuma has been ruined since it was turned into a State-Owned Enterprise, and instead of an asset it has become a huge liability. Ok Tedi will suffer the same fate. It will die a long and painful death. There will be risks to jobs and wages. There will be a lower standard of operations, including in workplace health and safety. The quality of environmental management will fall. Transparency and accountability will be compromised, especially in the area of contracts."*

Sir Mekere said his predictions had come true. "Mr O'Neill has killed Western Province's Golden Goose."

**Mekere Morauta KCMG**