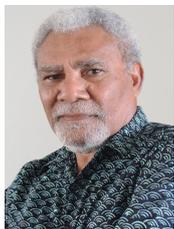


Public Statement on sale of public assets to foreign interests

by Rt Hon Sir Mekere Morauta

Port Moresby, 6 April 2017

Desperate PM looking for cash by selling Ok Tedi, Star Mountains Plaza and Apec Haus to foreigners



Former Prime Minister Sir Mekere Morauta said reported attempts by the Prime Minister to secretly sell valuable public assets to foreign interests, if true, are a sign of his desperation for cash to save his sinking ship.

“Ad hoc decision-making like this, not as part of a comprehensive package of rescue measures, will make the nation’s problems worse and reduce the options for properly considered reconstruction in the future.”

“We are virtually in the caretaker government period, at which point no significant decisions should be made, especially decisions that rob shareholders and landowners of their rights and the general public of their assets.”

Sir Mekere said he had been given reliable information on three asset sales that are allegedly being negotiated behind closed doors – of the State’s 67% share in Ok Tedi Mining Ltd, the State’s 20% share in the Star Mountains Plaza hotel and 100% of APEC Haus.

These sales involve very valuable assets, and the risk of selling them at a time when the Prime Minister is desperate for cash is enormous.

“I know that potential buyers will be licking their lips in anticipation,” Sir Mekere said. “I call on Mr O’Neill to immediately cease his secret negotiations.”

The State’s current share of Ok Tedi was worth approximately K5 billion when Mr O’Neill illegally expropriated the mine from PNG Sustainable Development Program Ltd without paying compensation, as required by the Constitution.

Two foreign enterprises have expressed an interest in buying the State’s share, and they are due to meet Mr O’Neill and certain of his cronies in the coming weeks. The timetable is a deliberate attempt to bypass the conventions of caretaker government, which would prevent the deal going ahead.

“In any case potential buyers should be aware that the OTML shares are not the State’s to sell,” Sir Mekere said. “As Mr O’Neill has not paid the compensation rightfully due to PNGSDP under the Constitution, he has no basis on which to claim ownership.

“As well, there are court cases afoot that will determine the rightful ownership of the shares. No trading in these shares should proceed until all court cases have concluded.”

Sir Mekere, who is also chairman of PNGSDP, said such a sale would leave Western Province shareholders and beneficiaries at the mercy of majority foreign owners, and would call into question all existing compensation and environmental agreements.

The proposed sale to Chinese interests of 20 percent of the Star Mountains Plaza Hotel likewise threatens the Kutubu and Ok Tedi landowners’ funds committed on their behalf by MRDC. Sir Mekere said it was possible that the State and MRDC together could sell 100 percent of the project.

The State recently committed K300 million to the project for a 20 percent stake. “This scandalous deal values the project at K1.5 billion, compared with the official estimate of K1.1 billion,” Sir Mekere said. “There is a K400 million discrepancy that the Prime Minister needs to explain.

“Where is this money going? What has happened to the K200 million of landowner funds that MRDC has already committed to get the project started?

“The information supplied to me indicates that tens of millions of kina have been spent on consultancy fees, so-called ‘expert advice’ and other costs that are usually associated with deals of this nature.

“I am also advised that so much project money has been wasted or misused that the hotel may never be completed under the present arrangements, hence the search for a private foreign partner.”

Sir Mekere said similar questions about project finances arise from information related to APEC Haus, which is also targeted for sale to Chinese interests. He said the K125-million project was to have been fully funded by the State through Oil Search tax credits.

However Sir Mekere said he had been advised that there were now insufficient funds to complete the building. Once again, he said, Mr O’Neill must make public all the details of APEC Haus project finances including acquittals of all spending.

“The Prime Minister should publicly call off these secret and devious sale negotiations at bargain-basement prices. They are in nobody’s interest except his own, and will serve only to worsen the plight we are in as a nation,” Sir Mekere said.

He also noted that if the construction of APEC Haus has stalled, he doubted strongly whether the Government would have the facilities ready in time for APEC.