

Public Statement
by Rt Hon Sir Mekere Morauta
Port Moresby, 4 June 2017

Rewards for Drug Suppliers



Former Prime Minister Sir Mekere Morauta said today he was shocked to read in The National of 2 June that Mr Martin Poh of Borneo Pacific Pharmaceuticals had publicly celebrated an apparent knighthood before the award had been announced by Buckingham Palace or the Office of the Papua New Guinea Governor-General. The article was headlined: 'Kidney Foundation Star to be Knighted'.

Sir Mekere said: "Every rule of Palace and Government protocol has been broken here. It just goes to show that knighthoods in Papua New Guinea have become very cheap commodities."

Sir Mekere said that although he welcomed the report and the work of the Kidney Foundation, and recognised the urgent need for affordable dialysis treatment, people should not forget the history of the contract for the supply of drugs that was awarded to Borneo Pacific in 2013.

"Borneo Pacific did not meet the requirements set for the tender, so their political friends in power instructed that the terms of the tender be changed mid-stream," he said. "Borneo Pacific was awarded the tender, although it was far more expensive than other tenderers, including another major local pharmaceutical supplier and retailer."

As a result of the specially concocted tender, and of evidence showing that in the past Borneo Pacific had supplied sub-standard drugs, Australia cancelled its grant for the national distribution of drugs.

The Government had to pay for the distribution and, from all reports, there are huge problems, delays and costs associated with the contractor which now distributes drugs and medical supplies.

"Another suspect contract, and certainly a badly performing one," Sir Mekere said.

The cost of drugs being bought by the Government and the costly and inefficient distribution of drugs and medical supplies are causing the current crisis in drug supply.

"No wonder Health Department has no money and Treasury is scratching for money every fortnight," Sir Mekere said.

"I have been told by honest and concerned public servants that the prices of drugs being bought by the O'Neill Government are far higher than international prices, after allowing for freight. The Government is choosing to be ripped off.

"Nearly all drugs being supplied by the contractor are at least double what the Government would pay if the contract had been awarded properly, and some even far more. Morphine, for example, regularly costs the Government – the taxpayers - three times the international price; adrenaline can be four times more costly. Insulin, the drug essential for people suffering from diabetes, is up to 25 times the price charged by a reputable international supplier.

"This is outrageous. It is clear that Borneo Pacific has been profiting to the tune of tens of millions of kina during the last four years, while people are dying from lack of medicine and medical care."

Sir Mekere challenged Michael Malabag, the Health Minister and Member for Moresby North-West, to tell the public what is happening with the recent tender for the supply of drugs for medical centre kits.

The contract with Borneo Pacific expired in 2016. Minister Malabag and his Department forgot to put out a new tender, and requested an extension of the contract for Borneo Pacific. But, as reported by the media, the Supply and Tenders Board knocked back this request, and told the Department it must put out a tender.

Sir Mekere said he was concerned about the secrecy surrounding the tender, its terms, length of contract, the information provided to potential bidders, the time given to the Tenders Board for evaluation and what NEC decision, if any, had been made.

"It is clear that Papua New Guinea is not getting value for money through the current arrangements for drug and medical supply procurement. The Ombudsman Commission and Auditor General should urgently step in to investigate the procurement practices of the Health Department, and examine the status and terms of the current tender," Sir Mekere said.

"Minister Malabag has to explain why people throughout the country are suffering from drug shortages. He must also make public the outcome of the drug tender, so Papua New Guineans can be assured that in the future we will be getting drugs and medical supplies at competitive prices, not the current highly inflated prices that the Government is paying."

"Drug shortages and profiteering are signs of corruption, waste and mismanagement. Such behaviour should be stopped, rather than rewarded. It is very clear we need to find a better and more affordable way to procure good quality drugs and medical supplies."