Lest We Forget

A review of 20 unresolved issues of national concern 2007 – 2017
EXECUTIVE SUMMARY .......................................................... 3
INTRODUCTION ........................................................................... 5
TIMELINE OF EVENTS ............................................................. 6
  1.1 Central City Project ......................................................... 6
  1.2 Pacific Maritime Industrial Zone ................................. 7
  1.3 5-star Boroko Casino Hotel ......................................... 7
  1.4 Sir Hubert Murray Stadium ....................................... 8
2.0 STATE-SANCTIONED LAND GRABS .................................. 9
  2.1 Special Agriculture & Business Lease ............................ 9
  2.2 Konebada Petroleum Park ........................................... 9
  2.3 Manumanu Land Deal .................................................. 10
3.0 STATE AGENCIES LACKING ACCOUNTABILITY ............ 10
  3.1 National Identification Card ....................................... 10
  3.2 Border Development Authority .................................. 11
  3.3 Borneo Pacific Pharmaceuticals .................................... 11
4.0 STATE ABUSE OF ASSETS AND FUNDS .......................... 11
  4.1 Rehabilitation of Education Sector Infrastructure ........ 12
  4.2 Boram Hospital ........................................................... 12
  4.3 National Housing Corporation .................................... 12
5.0 STATE LAXNESS TO CRITICAL BILLS ............................. 13
  5.1 Independent Commission Against Corruption ............. 13
  5.2 Whistle-Blower Legislation ......................................... 13
  5.3 Sovereign Wealth Fund .............................................. 14
6.0 STATE TRAVESTY OF JUSTICE ........................................... 14
  6.1 Department of Finance Commission of Inquiry .......... 14
  6.2 Djoko Tjandra .............................................................. 15
  6.3 UPNG Police Shooting Inquiry .................................... 15
RECOMMENDATIONS ............................................................... 16
BIBLIOGRAPHY ........................................................................ 17
ANNEX ....................................................................................... 19
  1.0 The case clusters ....................................................... 19
  2.0 The cases as per the evaluation template and unclustered 20

COVER IMAGE:
Entry from 2013 ‘Bring Corruption to Light’ Photo Exhibition organised by Transparency International PNG. On 21st May 2013, the Department of Health confiscated a batch of out-dated medicines from a private hospital in Port Moresby. This particular product with its instruction written in a foreign language did not meet the requirements of the Pharmaceutical Board of PNG. The product was still on the shelf despite its June 2011 expiry date and was confiscated and removed in May 2013
EXECUTIVE SUMMARY

This report is a systemic review of selected corruption and poor governance cases in Papua New Guinea over a 10-year period (2007-2017). It is mainly based on publicly-available information including newspaper articles, online reports, and telephone interviews and email correspondence with individuals familiar with the issues. There have been instances where the source of the information requested anonymity.

The report ends with a list of recommendations to Transparency International (TIPNG), state agencies and non-state entities. It should be noted that while some of the names of individuals who have been accused of corruption have been mentioned, they remain innocent until proven guilty by a competent court of law. The 20 selected corruption cases have been organised into six clusters (see table below). See the Annex for the case clusters (page 19) and the cases evaluation template (page 20).

### The case clusters

<table>
<thead>
<tr>
<th></th>
<th>Case Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Risky State investments</td>
</tr>
<tr>
<td>2</td>
<td>State-sanctioned land grabs</td>
</tr>
<tr>
<td>3</td>
<td>State agencies lacking accountability</td>
</tr>
<tr>
<td>4</td>
<td>State abuse of assets and funds</td>
</tr>
<tr>
<td>5</td>
<td>State laxness to critical bills</td>
</tr>
<tr>
<td>6</td>
<td>State travesty of justice</td>
</tr>
</tbody>
</table>
INTRODUCTION

Papua New Guinea has become a land of lost opportunity with poor governance preventing the nation from reaching its full potential to enable growth, peace and prosperity for its 8 million people. The improper use of public funding and resources by individuals and state agencies and the lack of accountability and transparency in major government-funded projects have created an air of uncertainty and enabled a conducive environment for improper conduct.

The drafters of the Papua New Guinea Constitution in the pre-independence period called for the equitable distribution of the nation’s wealth among all citizens. But that appeal has over the years been skewed by individuals in positions of power in their favour, marginalising thousands of people and communities and ensuring that the wealth of the nation remained in the hands of an elite few. The country’s weak institutional structures continue to make the different arms of government and agencies vulnerable to poor governance.

The 20 cases have been grouped under 6 different clusters and were put under those different categories based on their thematic relationships. For example, under Cluster 1 (Risky State Investments) are Central City Project, Pacific Maritime Industrial Zone, 5-Star Boroko Casino Hotel and Sir Hubert Murray Stadium. These projects share the commonality of being projects where the State made a direct investment in the form of public funds (including concessional loans), the leasing of State land or tax holidays to the project developer or manager. Refer to the Annex for the different case clusters and their colour coding – the colour coding should be used to read the Timeline of Events. The different colour coding used in the Timeline of Events show the relationship of the different events with the 6 Clusters.
1.0 RISKY STATE INVESTMENTS

Successive PNG governments have in the last decade invested public funding in ventures that lacked clear guidelines on their ownership, had no guarantees of returns on investment, lack critical financial information and did not promote public engagement. Ultimately the lack of transparency and accountability in State-funded business ventures has often led to the premature closure of the projects and the loss of millions of Kina in public funds.

1.1 Central City Project

The Central City Project at Bautama, a 30-minute drive from Port Moresby, headlines the list of risky State investment projects in the last decade. The project was commissioned by the Central Provincial Government with the support of the National Government on October 9, 2007 (Government, 2007).

To date, in 2017, no identifiable infrastructure has been built at the site next to the Magi Highway except for three houses occupied by policemen and their families. There is no paper-trail on the project and it is not known how much public funding was allocated – either by the Central Provincial Government or the National Government – to the project since its commissioning.

In March 2013 the business community in the National Capital District backed the development of the new township as the capital for Central Province, saying they were ready to give their support (Wapar, 2013). However, successive governments have not published information showing details of firms that submitted bids, provided the description of the services provided, contract value and terms and conditions.

1.2 Pacific Maritime Industrial Zone

The Pacific Marine Industrial Zone (PMIZ) was approved by the National Executive Council (NEC) as a concept in 2004 but was not officially commissioned until November 2015 when Prime Minister Peter O’Neill travelled to Madang and declared it open (Albaniel, 2016). A concessional loan was obtained from the Chinese government’s Exim Bank to fund what later became known as the Pacific Maritime Industrial Zone (PMIZ).

The Chinese state company China Shenyang International Economics and Technical Cooperation Corporation was appointed project manager. Information from Madang indicates that the first tranche of the concessional loan was used to clear and build the fence around the site at Vidal, north coast Madang for a township to be established (Journalist, 2017). Just like Bautama, the project proponents did not publish information showing the terms and condition of the concessional loan, the expenses list, and the repayment schedule. According to China Aid Data, an online platform that provides information on Chinese development finance earmarked for Africa, the China Exim Bank gave $US74 million to PNG in January 2011 for the project. The total cost of the project was $US95 million with the other $US21 million to come from the PNG government (AidData, 2016).

The project was to be completed on November 24, 2015 but to date there is little to show on the ground, raising questions as to whether the first tranche of the concessional loan was accessed and disbursed. In March 2017 Trade and Commerce Minister Richard Maru revealed that the PNG government is negotiating a new $US150 million loan from the Exim Bank of China for the same project (National, The National, 2017).

1.3 5-star Boroko Casino Hotel

In September 2011 the media broke the story on a dispute between landowner companies Petroleum Resources Gobe Ltd (PRG) and Petroleum Resources Moran Ltd, the PNG Government and Korean company CMSS (PNG) Ltd. CMSS signed a contract with the government and the two landowner companies to finance, build and complete the Port Moresby Casino Hotel at Four Mile.

But three years later the project stopped due to the lack of funding, triggering condemnation from the landowner companies and the then commerce and industry minister Charles Abel (Robby, 2011). The developer was to contribute K164 million for a 90 percent stake in the project. The State had provided the land and a 10-year tax holiday as a partner in the project.

The Mineral Resources Development Company (MRDC), as the custodian of landowner funds held in trust on behalf of PRG and PRM, engaged an architectural firm to check the integrity of the under-construction building to ascertain how much
more should be done to get it completed. There has been no progress at the project site since the government intervened in 2011. The failure of the project now translates to a loss of K22 million belonging to landowners in the Southern Highlands Province.

The loss of a return on investment raises questions as to whether the MRDC subjected the project (including the developer) to an exhaustive due diligence process before committing the landowners. Now that the project has come to a halt will the Department of Trade and Industry and the MRDC take legal action to ensure the landowners are compensated for breach of contract and loss of income?

1.4 Sir Hubert Murray Stadium
Work on the Sir Hubert Murray Stadium to prepare it to host sporting events connected to the 2015 Pacific Games began in September 2013 under a public-private-partnership (PPP) between the PNG government and local firm Curtain Brothers. The redeveloped stadium was to cater for 15,000 people, host rugby and soccer matches and be the home for the PNG weightlifting squad (EMTV, EMTV, 2013).

The incomplete state of the stadium forced the authorities to move all the Pacific Games track and field events including the opening and closing ceremonies to the Sir John Guise Stadium at Waigani.

In January 2016 the Sports Minister Justine Tkatchenko assured the public that work on the historic stadium would be completed by October 2016, in time to host the FIFA U-20 Women’s World Cup (Yagi, 2016). In January 2017 the stadium remained incomplete with the media revealing it will cost K40 million to complete and that the government is seeking corporate sponsorship to get it done (Lavett, 2017). In June 2017 Mr Tkatchenko told an election-focused television show that the National Capital District Commission (NCDC) will provide funding to get the stadium completed (TVWAN, 2017).

There is no doubt that the PPP between the State and Curtain Brothers failed, leaving a multimillion Kina project incomplete which ultimately impacted on the organisation of the 2015 Pacific Games. For a PPP to be successful both parties should agree on an appropriate legal and regulatory framework to govern their partnership.

Were there flaws in the legal and regulatory frameworks that led to the abandoning of the project? International experience suggest that the principles of equity, transparency and mutual benefit should be at the core of any successful partnership. The Sir Hubert Murray Stadium saga should compel the PNG government to review its current frameworks to ensure that any partnership should be done transparently and results in the most effective use of resources committed by both parties.

1.5 Star Mountain Plaza Hotel
Port Moresby is currently experiencing a building boom as investors in partnership with the National Government begin preparations for the PNG capital to host APEC 2018. Accommodation will be in high demand when the year-long event, which culminates with a leaders’ summit in November 2018, gets underway.

The MRDC announced in September 2015 that it signed an agreement with Hilton Worldwide to construct a 5-star hotel to be known as the Hilton Port Moresby (National, 2015). The hotel will be part of the Star Mountain Plaza, which the project proponents have hailed as PNG’s first integrated commercial development.

The Star Mountain Plaza, according to the project’s page on a website belonging to Australian firm Ignite Architects, is a joint venture company owned by landowner companies Mineral Resources Star Mountain (MRSM), Mineral Resources Ok Tedi (MROT), and Petroleum Resources Kutubu (PRK). The three entities come under the trusteeship of the MRDC. The project comprises three stages with a combined total investment of K1.5 billion and will support the National Government to host the APEC 2018 (Architects, 2017).

In March 2017 Prime Minister Peter O’Neill announced that the National Government will invest K316 million in the project and become a shareholder, taking a 20 percent stake to leave the landowners with 80 percent (Kero, 2017). But the participation of the landowners through the MRSM, MROT and PRK should cause alarm and compel landowners to ask whether the custodian of their funds (MRDC) undertook a consultative process before committing them to the project.
Also what is the track record of the MRDC in similar hotel projects using landowner funds? Have there been good returns on investment for landowners in projects such as the Pearl Resort in Fiji where the MRDC reportedly invested K107 million (Kero, The National, 2015)?

The announcement by the PM of the K316 million investment compels one to ask whether Papua New Guineans are now shareholders in the project and when can the people expect a return on their investment? The lack of transparency relating to the acquisition of the land that now hosts the project also raises questions about who its legitimate owners are and whether they were rightfully compensated.

2.0 STATE-SANCTIONED LAND GRABS

The lives of Papua New Guineans residing in rural communities revolve around land. It provides their daily sustenance, gives them their identities and guarantees the future of their children. Its significance to PNG compelled the drafters of the PNG Constitution to ensure land rights of the indigenous population is a critical feature of the law. But the Somare and the O’Neill governments have in the last decade formulated controversial policies that created land leases that impinged on the rights of traditional landowners and legitimised land grabbing.

2.1 Special Agriculture & Business Lease

On July 21, 2011 the then Acting Prime Minister Sam Abal announced the establishment of a Commission of Inquiry to investigate 77 land leases which were issued under the Somare government’s Special Agriculture & Business Leases (SABL). The inquiry, which was later extended by Prime Minister Peter O’Neill in October 2011 for a further five months, discovered that over 90 percent of the leases totalling over 5 million hectares were illegally obtained from traditional landowners (Zealand, 2015).

The inquiry recommended that the leases be cancelled and the land returned to the landowners. But to date the National Government is yet to make progress on this policy decision. In September 2016 National Research Institute (NRI) director Dr. Charles Yala described the SABL as a system that promoted land grabbing (Mou, 2016). In March 2017 the Lands and Physical Planning Minister Benny Allen was criticized in an NRI blog, which accused him of releasing misleading statements on the findings and recommendations of the commission of inquiry (Yapumi, 2017).

In March 2017 Mr O’Neill confirmed that all SABL licenses were cancelled in a 2014 National Executive Council (NEC) decision, and asked the querying journalist to check with the Department of Lands and Physical Planning, to ascertain why investors still had their licenses (Orere, 2017). In April 2017 Mr Allen announced in a ministerial statement that the National Government has revoked all SABL titles and will now work with customary landowners to transfer them under a new voluntary customary land registration system (Patjole, 2017).

Two years after the NEC decided to revoke and cancel all SABL licenses in 2014 there is still no progress on this particular issue. There also appears to be a disconnect between the Office of the PM and the minister, in the face of public concern and criticism. If the PM had publicly assured the public of the cancellation of all SABL licenses then it is time to deal with the cabinet minister who continues to defy prime ministerial directives.

2.2 Konebada Petroleum Park

The Konebada Petroleum Park Authority (KPPA) was established in 2008 by an Act of National Parliament. But it has seen little development since its creation as the overseer of a free trade zone connected to the PNG gas export sector. In August 2015 the Petroleum and Energy Minister Nixon Duban announced the appointment of a board to oversee the development of the Konebada Petroleum Park (KPP).

However, the NRI in April 2017 released a report describing the KPPA as a ‘scam’ and called for its immediate abolition. The report said the Lands and Physical Planning Minister – by putting over 23,000 hectares of land under the administration of the KPPA – failed in his ministerial responsibilities by not consulting the affected traditional villages and businesses within the area (Naime, 2017).

The NRI report authored by Logea Nao, Belden Endekra and Lucy Hamago raised three important issues: the mandate of the Konebada Petroleum Park Authority (KPPA); the impact of the rezoning of the land on the coastal villages of Roku,
Kouderika, Porebada, Boera, Papa and Lealea and their communities; and the impact on businesses that have moved within the vicinity of the PNG LNG site. The report’s authors warned that the KPP opened the door to land grabbing and made reference to Taurama valley and Manumanu (see below), where traditional landowners have been forcefully removed and sidelined by both State and non-State actors.

2.3 Manumanu Land Deal
On January 31, 2017 Opposition MP Ben Micah revealed details of a K46.6 million land deal involving the PNG Defence Force and a cabinet minister in the O’Neill-Dion government (Yapumi, PNG Loop, 2017). The revelations on the floor of the National Parliament triggered a series of events over a two month period, headlined by the National Executive Council’s suspension of the Ministers for Defence and State Enterprises, Dr Fabian Pok and William Duma respectively, and the start of an official investigation by the police and the Ombudsman Commission (EMTV, 2017).

Others who were suspended included the Department of Defence Secretary Vali Asi, Lands and Physical Planning Secretary Luther Sipison, Central Supplies and Tenders Board chair Philip Eludeme, Kumul Consolidated Holdings (KCH) managing director Gary Hersey, Motor Vehicle Insurance Limited (MVIL) managing director Joe Wemin, Lands Title Commissioner Kutt Paonga, Valuer-General Gabriel Michael and the State Solicitor Daniel Rolpagarea. The investigations were to focus on a portion of land at Manumanu which was allegedly sold for K46 million and the decision by the Department of Defence to purchase three portions of land for K15.4 million, K7.2 million and K9.2 million.

The revelation triggered an outcry by traditional landowners in the Central Province who demanded that a commission of inquiry be set up to investigate the land acquisitions (Naime, PNG Loop, 2017). Close to four months after the announcement of the investigations by the PM and the public is yet to be given a progress report.

The involvement of the Department of Lands and Physical Planning in yet another controversial land acquisition transaction should compel Mr O’Neill (or the incoming government) to consider sacking the current minister and reviewing all decisions made under his tenure in the past five years.

3.0 STATE AGENCIES LACKING ACCOUNTABILITY
The lack of accountability and transparency by State agencies in the implementation of government policies can have dire consequences on development indicators and the wellbeing of the society. Bureaucrats should ensure that their actions and decisions in the various capacities that they serve in the government benefit the public and the wider community. The lack of accountability and transparency can undermine good governance and result in poor development indicators.

3.1 National Identification Card
The PNG National Identification (NID) card project was launched in November 2014 and slated to become a universal ID card for all Papua New Guinean citizens. The card would contain information on births, marriages, and deaths and become ID registers. It was a joint project with the Electoral Commission, Civil Registry and the National Statistical Office (NSO) (Yama, 2014).

Minister for National Planning and Monitoring, Charles Abel, said K55 million had been allocated in the 2015 National Budget to fund the project. The new ID cards would enable its holders to open bank accounts and access small business loans, subsidized health care and school fees. In February 2016 Mr Abel announced that over 150,000 people registered with the NID with the office rolling out offices in various provinces including Morobe, Eastern Highlands and East New Britain (Post-Courier, 2016).

However in January 2016 it became clear that it was not possible to get all the NID cards issued before the start of the 2017 General Election. National Capital District governor Powes Parkop led the criticism, saying the project should have started immediately following the 2012 general election as this would have given it enough time to register all eligible voters (Yapumi, PNG Loop, 2016).

It is not clear how the K55 million in public funding was expanded in the 2015 financial year and if the failure of the project to register all eligible voters before the start of the 2017 General Election warrants further examination by oversight
institutions. To date the project partners Electoral Commission, Civil Registry and the NSO are yet to release public documents showing how the K55 million was expanded.

3.2 Border Development Authority

The Border Development Authority (BDA) Act was passed by the National Parliament in 2008. It was created by the Somare government to coordinate development activities in all border provinces and primarily focused on Sandaun, Western, Manus, New Ireland, Milne Bay and the autonomous region of Bougainville (AROB).

Treasury Minister Patrick Pruaitch announced in October 2009 that there is K2.2 billion funding for the development of six border provinces over a 10-year period. Sandaun, Western, Manus, New Ireland, Milne Bay and the AROB were to benefit from that budgetary support, which was factored into the authority’s corporate plan 2009-2012 and 10-year development plan (Nicholas, The National, 2009).

However in July 2010 former minister and Vanimo-Green MP Belden Namah alleged in the National Parliament that the BDA purchased six vessels at inflated prices, paying K2 million for each boat when the actual price was K600,000 (Nicholas, The National, 2010). Other allegations include a company contracted to set up a satellite communication facility lacking the technical capacity and a contractor’s failure to implement a K15 million town plan for Aitape.

It is not known if the authority accessed and used portions of the K2.2 billion funding for the six provinces in the last seven years. Again, just like the K55 million funding allocated to the NID project in 2014, there appears to be no publicly-available documents showing how the funding was used and if it was used for its intended purposes.

3.3 Borneo Pacific Pharmaceuticals

Borneo Pacific Pharmaceuticals Ltd (BPP) was established in 1996 by naturalised citizen Martin Poh. The company was an agent and distributor of pharmaceutical and health-care products in PNG. According to the company’s website it is a wholesaler supplier to markets in the Solomon Islands, Vanuatu, Fiji, Tonga and Samoa.

In December 2013 the company was thrown into the spotlight when the Australian government withdrew from a $38 million drug supplies program, after the PNG Government’s Central Supply and Tenders Board (CSTB) awarded a contract to supply medical kits to BPP (Cochrane, 2013). The PNG National Doctors Association (NDA) expressed concerns at the CSTB decision in January 2014 after it was revealed that the ISO 9001 accreditation requirements was removed (The National, 2014). In April 2014 the Community Coalition Against Corruption – led by Transparency International PNG and the Media Council of PNG (MCPNG) – condemned the contract and asked that the company’s manufacturing facilities is visited by authorities (National, The National, 2014).

The public outcry compelled the PNG Government to send a delegation to Malaysia in April 2014 to inspect the packaging factory where the medical kits are assembled (EMTV, EMTV, 2014). In May 2014 the Parliamentary Public Accounts Committee (PAC) held an inquiry to ascertain how the contract was awarded (EMTV, EMTV, 2014). In March 2017 the acting CSTB chair and Department of Finance Secretary, Dr Ken Ngangan, revealed that the BPP contract expired in March this year. The Office of the State Solicitors advice against the extension of the firm’s contract after it expired in November last year (Kuku, 2017).

The BPP medical supplies controversy raises questions about the procurement system used by the CSTB and whether the process was competitive enough to enable the purchase of quality drugs at the lowest possible cost. There have been calls in the health sector in the past for a commission of inquiry to investigate the CSTB and how it conducted its business.

4.0 STATE ABUSE OF ASSETS AND FUNDS

Public confidence in the ability of government ministers and civil servants to protect State assets and financial resources and to use them for their intended purposes is at an all-time low. Institutions charged with oversight of State assets and financial resources are overwhelmed by the increasing number of cases that they have to deal with on an annual basis, their tasks further challenged by the lack of capacity and resources.
4.1 Rehabilitation of Education Sector Infrastructure
In March 2009 the Ombudsman Commission directed that access to funds in the Rehabilitation of Education Sector Infrastructure (RESI) trust account is stopped to enable it to investigate alleged impropriety relating to the fund’s use (Arek, 2009). The commission’s own investigations revealed that K37 million which was withdrawn from the same trust account a month earlier was not used for its intended purposes.

In November 2009 a cheque for K3 million from the RESI programme was presented to the Bugandi Secondary School in Lae, Morobe Province (National, The National, 2009). A year later an Aiyura National High School contractor was arrested and charged for misusing K4 million meant for the rehabilitation of the school’s classrooms (National, The National, 2010).

Other members of the public in far-flung provinces like Southern Highlands complained at the failure by their provincial governor to give K800,000 to the North Mendi primary school in July 2010 (National, The National, 2010). This case follows that of the New Erima primary school incident in March 2010 when the school board chair Simon Eyork sought the assistance of the PNG Chapter of Transparency International (TIPNG, 2009). In April 2017 the NCD education secretary Sam Lora said approximately K300 million allocated under the RESI programme was allegedly misused (National, The National, 2017).

While the Ombudsman Commission undertook its own investigations in 2009, it is not known if anyone else was prosecuted over the theft of millions of Kina in public money parked under the RESI trust account. The impact of the misappropriation on public schools over the long-term period is enormous and the signatories to the trust account should be held to account.

4.2 Boram Hospital
In March 2015 the local media broke the story on the awarding of a K1.2 million contract to an East Sepik Province contractor to fix a toilet at the Wewak General Hospital (National, 2015). The value of the contract and how it escaped scrutiny of the relevant officials – who were charged with the responsibility to monitor the disbursement of public funds – infuriated the public. The case confirmed and pointed to security lapses at commercial banks when clearing cheques valued between K50,000 and over K1 million.

In July 2015 the East Sepik provincial administrator and two other persons appeared before the Wewak District Court for misappropriating K1.1 million belonging to the Wewak General Hospital in a separate case (National, The National, 2016). The ability of the contractor to bypass the procurement requirements when cashing the cheque points to the absence of an effective checks and balance system.

The loss of K1.1 million and K1.2 million in public funds belonging to the hospital does not augur well for a health institution striving to deliver life-saving services in the face of dwindling government and private sector support. The biggest challenge for the hospital’s current management is winning back the trust and confidence of the public after a tumultuous 5 years.

Publicly-funded hospitals – which are likely to get the bulk of a province’s sick population at any one time – should not become training grounds for over-ambitious and inexperienced chief executive officers. After 42 years of independence as a nation, the recruitment of hospital administrators should be a joint exercise between the provincial government and the National Department of Health and is transparent and merit-based.

4.3 National Housing Corporation
The eviction of long-term residents of National Housing Corporation (NHC) properties within and outside the National Capital District has been ongoing in the last decade. Some families – without financial support and resources – end up at a news organisation’s front desk, hoping that press coverage will stop the eviction and enable a peaceful resolution. Sometimes it worked but most times it did not.

It was the eviction of residents in NHC-owned properties in Goroka, Eastern Highlands Province last year that compelled the Prime Minister Peter O’Neill to act. Local MP Bire Kimisopa criticised the eviction exercise, which he claimed targeted tenants who lived in the properties for 20 to 30 years – he vowed to lead a class action against the NHC and the State and sue for violation of human rights (Alphonse, 2016).
Mr O’Neill, in response to the Goroka MP, assured the House in August 2016 that the NHC eviction exercise will be investigated and a report tabled in the National Parliament for its consideration. In January 2017 Mr Kimisopa followed up and asked the PM for an update with Mr O’Neill indicating that he had yet to receive a copy of the report from the NHC (Yapumi, PNG Loop, 2016).

It has been 10 months since the PM assured the nation that the NHC will be investigated and the findings tabled for the MPs and the public. The promise comes on the back of announcing separate inquiries into the June 6, 2016 University of PNG shooting and the PNG Defence Force Manumanu land deal. With Papua New Guineans preparing to go to the polls June 2017 it is highly unlikely that there will be resolution to these matters, despite the assurance of the PM. Failure to hold civil servants and leaders accountable for their conduct will lead to the further deterioration of public confidence in and respect for PNG institutions.

5.0 State Laxness to Critical Bills

These bills are considered essential to the progress and future prosperity of Papua New Guinea. The Independent Commission Against Corruption (ICAC) and whistle blower legislation lay at the centre in PNG’s fight against corruption, while the Sovereign Wealth Fund will ensure the nation’s riches are protected for the future generation. Failure to give these bills priority and move them in the National Parliament could have long-term ramifications for PNG citizens.

5.1 Independent Commission Against Corruption

In February 2014 the O’Neill government made the first step to set up the ICAC when it introduced and passed constitutional amendments to put in place the basic framework for the legislation (Allens, 2014). The organic law bill is still in the National Parliament for final reading and was supposed to be tabled before the last parliament rose for the 2017 General Election.

The failure by the last parliament to table the organic law bill for the final reading now leaves that responsibility to the new National Parliament and the incoming government. But all is not lost on the technocrats’ front with a National Anti-Corruption Technical Committee – comprising officials from various departments including the Department of Prime Minister and NEC, Department of Justice and Attorney General and the Ombudsman Commission – meeting and working behind-the-scenes to progress the ICAC agenda.

In April 2017 Sam Koim, the leader of anti-corruption body Taskforce Sweep, withdraw his Supreme Court appeal against a National Court judicial review which upheld the decision of the National Executive Council (NEC) to abolish Taskforce Sweep (Pokiton, 2017). Mr Koim’s decision means Taskforce Sweep no longer exist as an entity.

But the issue of the 2014 arrest warrant against Prime Minister Peter O’Neill, relating to his alleged role in authorising the payment of legal fees to Paul Paraka Lawyers, continues to cast a shadow over the current government’s ICAC agenda and create doubt in the minds of the people. The disbanding of Taskforce Sweep and the attempt by the Police Commissioner Gari Baki to shut down the police’s National Fraud and Anti-Corruption Directorate will compel the public to question the viability of an ICAC in PNG, especially when current leaders are implicated.

5.2 Whistle-Blower Legislation

The 2009 Commission of Inquiry into the Department of Finance has, among its recommendations, called for the introduction and enactment of whistle-blower legislation to boost the fight against corruption in PNG.

There have been cases in the PNG bureaucracy over the years where whistle-blower civil servants were terminated from their employment (Tokunai, 2011). In February 2017 the Department of Defence sacked 9 staff for revealing details of the controversial Manumanu land deal (Yapumi, PNG Loop, 2017). TIPNG defended the terminated officers and urged bureaucrats who are witness to corrupt activities to speak out (Wiseman, 2017).

The draft of the 2015 Organic Law on the Independent Commission Against Corruption has a section dedicated to protecting whistle blowers. It states that a person is not liable to any civil or criminal action, including disciplinary proceedings, if the person in good faith gives or provides information to assist the commission.
It is not known if that section (108) was retained in the bill that is now before the National Parliament for the third reading and final vote. However, it is understood discussions highlighting the need for separate legislation for Whistle-Blowers and Freedom of Information has already been raised at the National Anti-Corruption Technical Committee meeting.

5.3 Sovereign Wealth Fund

A lot has been said and reported on PNG’s Sovereign Wealth Fund (SWF) and its establishment since the arrival of the Exxon-led PNG LNG Project. In 2010 an interdepartmental team comprising officers drawn from the Department of Treasury and Bank of Papua New Guinea (BPNG) held public consultations in Port Moresby.

In 2011 the members of the Technical Working Committee consulted peers from Mongolia and Chile on how to establish an SWF. Regional forums were held in Kokopo, Alotau, Lae and Mt Hagen to alert the public to the SWF Bill.

When PNG began exporting LNG in 2014 the SWF had yet to be established, despite the passing of the Organic Law for the establishment of Sovereign Wealth Fund in early 2012 (Australian National University Development Policy Blog, 2014). In September 2016 the Bank of Papua New Guinea (BPNG) stated in its monetary statement that it is seeking technical assistance to set up the Sovereign Wealth Fund administrative secretariat (Yapumi, PNG Loop, 2016).

In November 2016 the Government announced that it engaged an independent firm to recruit suitable candidates to sit on the Sovereign Wealth Fund board, which will begin its work in early 2017 (Mou, PNG Loop, 2016). But the recruitment drive to get the new SWF board membership is now delayed due to challenges facing the accounting firm KPMG, says the BPNG governor Loi Bakani (Albaniel, Post-Courier, 2017).

The absence of accountability and transparency in the SWF board recruitment process and the failure by the Department of Treasury and the Bank of Papua New Guinea (BPNG) to continue to give the public updates is a cause for concern. The SWF bill is one of PNG’s most important legislations after 42 years of independence as it will literally guarantee the future of the next generation through the collection and savings of windfall revenue from gas and mineral exports.

6.0 STATE TRAVESTY OF JUSTICE

They are three cases of many in Papua New Guinea that show a blatant disregard for the rule of law. A commission of inquiry chaired by three competent judges that recommended the immediate prosecution of 35 people; an international fugitive on the run from Indonesian authorities over his illegal receipt of $A57 million; and the policemen who fired their automatic weapons at harmless protesting members of the public and University of Papua New Guinea (UPNG) students. Their ability to escape prosecution defies the odds and points to the impact that political patronage continues to have on democracy and the rule of law in PNG.

6.1 Department of Finance Commission of Inquiry

Reports of widespread corruption and mismanagement of millions of Kina at the Department of Finance warranted the establishment of a Commission of Inquiry in August 2006. But it began its work in May 2008 and handed over its final report to Prime Minister Grand Chief Sir Michael Somare in October 2009 (Inquiry, 2013).

However, in March 2010 a court injunction obtained by lawyer Paul Paraka and former solicitor general Zachary Gelu prevented the publication and implementation of the inquiry’s findings until November 29, 2013 when the injunction was lifted. The inquiry implicated lawyers, senior bureaucrats and businessmen and recommended their criminal prosecution. Despite the lifting of the injunction on November 29, 2013 there were no attempts by the Government to implement the recommendations of the Commission of Inquiry.

But on June 18, 2016 Prime Minister Peter O’Neill assured the public that the recommendations of the inquiry will be fully implemented in the New Year 2017 (EMTV, 2016). At the time of writing, close to 5 months into the New Year and the Government is yet to update the public on the progress it is making to implement the recommendations.
6.2 Djoko Tjandra
In June 2009 Indonesian businessman Djoko Tjandra was sentenced in absentia to 2 years imprisonment and ordered by the Indonesian Supreme Court to pay back $57 million he allegedly received from the sale of now bankrupt Bank Bali (Callick, 2012).

Tjandra fled to Port Moresby in 2009 and was given refuge by the PNG Government 3 years later with local media reporting him getting PNG citizenship. His PNG citizenship came under criticism in April 2016 with the Opposition criticising the O’Neill Government for giving refuge to the Indonesian fugitive in breach of international law (Hakalits, 2016).

However Tjandra’s questionable background did not stop the O’Neill Government from signing an agreement with him to repair and refurbish the State-owned Central Government Building in a K145 million deal (Waeda, 2016). Senior government ministers supported moves by a Djoko Tjandra-subsidiary Naima Agroindustry to be given a monopoly in rice production in the Central Province (Callick, The Australian, 2013). He has surrounded himself with the country’s political elite and was even defended by Prime Minister Peter O’Neill, despite his criminal background (National, The National, 2016).

PNG’s continued association with the Indonesian fugitive raises ethical questions on how our leaders want Papua New Guineans to be seen on the global stage. Are we global citizens promoting world values such as human rights, religious pluralism, gender equality, the rule of law, environmental protection and poverty alleviation? Or do we create our own definitions of world values and apply them at our convenience disregarding what other citizens and nationalities aspire for to create a peaceful, just and inclusive society?

6.3 UPNG Police Shooting Inquiry
On June 8, 2016 members of the Royal PNG Constabulary opened fire at protesting University of Papua New Guinea (UPNG) students in Port Moresby, resulting in injuries to people (Tlozek, 2016). The protesters wanted Prime Minister Peter O’Neill to step down from office and present himself for an interview in relation to alleged corruption.

Mr O’Neill subsequently announced a Commission of Inquiry into the UPNG shooting a week after the incident (Kil, 2016). The Royal PNG Constabulary and the Ombudsman Commission announced separate independent investigations. The police shootings drew widespread local and international condemnation.

But the commission of inquiry promised by the PM did not eventuate nor did the RPNGC management or the Ombudsman Commission publicise details of their findings. The policemen behind the June 8 shooting at the UPNG gate remain free and are yet to be held accountable for their actions, which resulted in scores of students and members of the public receiving gunshot wounds (Editor, 2016).

Sadly another commission of inquiry promised by Mr O’Neill which did not eventuate in the last term of government. It joins the other inquiries that he announced into the National Housing Corporation and the PNG Defence Force Manumanu land deal, which has hardly made traction despite the impact on the lives of ordinary citizens. Papua New Guineans continue to cry out for justice but where are those whom they gave the mandate to protect them?
RECOMMENDATIONS

1. A government’s investment proposal should consider formulating clear guidelines setting out public shareholding in a project, what the public can expect in terms of returns for their investment, and the promotion of public engagement to enable transparency and accountability to all the shareholders. TIPNG and its partners can become part of the public engagement exercise which will be done in consultation with the affected communities.

2. Due to the significance of land in Papua New Guinea and its strong cultural bond to rural communities, the Department of Lands and Physical Planning should create a communication policy targeting rural communities that will be affected by any new land use plans initiated by the Government. The communication policy – which will become part of the checklist used by the department – will identify the different members of the community, the key messages to send out (during awareness) and the expected outcomes in terms of having an informed and educated population. The communication policy will ultimately enable citizens to become aware of their own rights as individuals and landowners.

3. All new public servants and staff of State-owned entities should undergo ethics training as part of their induction in a new government department or SOE. The training will give them a firm grounding in their roles and responsibilities to the public as civil servants and give them case studies on how poor accountability and transparency can impact on their organisation and ultimately result in poor development indicators within their services-targeted population. It would be appropriate for TIPNG and its partners to rollout that induction program and target SOE or government departments with a poor record in ensuring accountability.

4. The prospect of a new government and a new batch of national parliamentarians provide TIPNG and its partners the opportunity to strike partnerships with MPs who feel passionate about giving State institutions charged with oversight responsibilities a new lease of life. Leaders who are keen on increasing funding and building the capacity of the Ombudsman Commission, Office of the Auditor General and the RPNGC Fraud and Anti-Corruption Directorate should be identified and PNG’s poor governance track record brought to their attention, while alerting them to the opportunity to collaborate and go into partnerships to support oversight institutions.

5. The 2017 General Election and the election of a new National Parliament gives TIPNG and its partners another opportunity to reset the compass and sell the agenda (critical bills) to a new batch of national parliamentarians. A new communication strategy which will factor in awareness and induction training for the country’s new leaders should be drawn up soon, it (communication strategy) will highlight the significance of entering into partnerships with new parliamentarians and sell the idea of them claiming ownership for their electorates and people by pushing for the enacting of the ICAC, Whistle Blower and Sovereign Wealth Fund bills.

6. An induction program run by TIPNG and its partners should be arranged for first-timer politicians, where the different cases of the travesty of justice will be brought to their attention and the impact of political patronage on PNG society will be laid bare for them to see. Running the induction program in partnership with the Ombudsman Commission will make a good impression on the new MPs, as they will be eager to learn more about their new roles and responsibilities and would welcome the opportunity to find out more about the programs run by TIPNG.


## ANNEX

### 1.0 The case clusters

<table>
<thead>
<tr>
<th>Risky State Investments</th>
<th>State-sanctioned land grabbing</th>
<th>State agencies lacking accountability</th>
<th>State abuse of assets and funding</th>
<th>State laxness to enact critical bills</th>
<th>State’s travesty of justice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Star Mountain Plaza Hotel</td>
<td>Special Agriculture Business Lease (SABL)</td>
<td>National Identity Project (NID)</td>
<td>Rehabilitation of Education Sector Infrastructure (RESI)</td>
<td>Whistle blowers legislation for PNG</td>
<td>Findings of the Department of Finance Commission of Inquiry</td>
</tr>
<tr>
<td>Pacific Maritime Industrial Zone (PMIZ)</td>
<td>The PNGDF Manumanu Land Deal</td>
<td>Border Development Authority (BDA)</td>
<td>K1 million Boram Hospital fraud</td>
<td>Independent Commission Against Corruption (ICAC) Bill</td>
<td>PNG refuge for Indonesian fugitive Djoko Tjandra</td>
</tr>
<tr>
<td>5-star Boroko Casino Hotel</td>
<td>Konebada Petroleum Park (KPP)</td>
<td>Borneo Pharmaceuticals &amp; CSTB</td>
<td>Sale of National Housing Corporation (NHC) properties</td>
<td>Sovereign Wealth Fund</td>
<td>Police use of assault weapons on UPNG students</td>
</tr>
<tr>
<td>Central City Bautama, Central Province</td>
<td></td>
<td></td>
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<tr>
<td>Sir Hubert Murray Stadium</td>
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</tr>
</tbody>
</table>
### 2.0 The cases as per the evaluation template and unclustered

<table>
<thead>
<tr>
<th>CASE</th>
<th>BACKGROUND &amp; RELEVANCE</th>
<th>TIPNG’S PRIOR POSITION ON ISSUE (STRONG/WEAK)</th>
<th>STATUS QUO &amp; ACTORS</th>
<th>COURSE OF ACTION (TIPNG STRATEGY)</th>
<th>OUTCOMES</th>
</tr>
</thead>
</table>
| National Identity Project (NID) | ● The PNG National Identification card (NID) was launched in November 2014 to become a universal ID card for all PNG citizens (Pambuai, 2016)  
● It would contain information on births, marriages, deaths and were ID registers. The O’Neill government allocated K55 million in the 2015 budget to fund the exercise, but the project failed to take off despite the budgetary support.  
● Citizens and leaders have raised their concerns at the lack of progress and are demanding accountability (Yapumi, News, 2016) | Weak | ● The Department of National Planning and Monitoring, the National Statistical Office and the PNG Civil and Identity Registry are key partners.  
● Despite the State’s funding assistance, there has been little to no traction. Media reported that only 25,000 people out of 8 million have been registered.  
● The key actors in this project include: National Planning Minister and Alotau MP Charles Abel, National Planning Secretary Hakaua Harry, and PNG Civil and Identity general registrar Dickson Kiragi. | ● Meet with the Department for National Planning and Monitoring to discuss and determine the paper trail on how the K55 million funding support was disbursed, as a functioning NID project would have assisted the Electoral Commission in the common roll update prior to the polls. | ● Identify partner-MPs in the incoming government who can work with the TIPNG and other stakeholders to demand accountability in the NID Project;  
Push for the investigation of the key actors in the Department of National Planning and Monitoring, National Statistical Office and the PNG Civil and Identity registry. |
| Special Agriculture Business Lease (SABL) | ● The Special Agriculture Business Lease (SABL) issue continues to haunt the O’Neill government.  
● Despite the findings of a 2012 Commission of Inquiry, which recommended the revoking of all SABL licenses, the government has to date failed to act on its recommendations (Mou, 2017)  
● Therefore approximately 5.2 million hectares of customary land remains in the hands of foreign businesses, overlooking the appeal of the affected landowners (Namorong, 2012) | Strong | ● The National Research Institute (NRI) released a report in March 2017 accusing the Lands Minister Benny Allan of misleading the public on the implementation of the Commission of Inquiry’s finding (Yapumi, 2017)  
● But Allan, in response, said his department acted on the recommendations of the inquiry and even converted some of the SABLs into customary land leases (Radio New Zealand, 2017)  
● The key actors in the matter are the Prime Minister Peter O’Neill, Minister for National Planning, and Minister for Lands and Natural Resources Benny Allan. | ● Effective partnerships and collaboration to ensure the SABL issue will continue to remain the spotlight and the recommendations of the Commission of Inquiry acted upon;  
● Identify partner-MPs in the incoming government that can work with the TIPNG and other stakeholders to fully implement the findings of the inquiry and ensure justice for affected traditional landowners. | ● Full implementation of the findings of the Commission of Inquiry into the SABL;  
● The decision to convert the SABL permits into customary land leases should be left to the traditional landowners and not promulgated by the Department of Lands and Physical Planning, as suggested by Mr Allan. |
Public Investment in Star Mountain Plaza Hotel

- Low global commodity prices, a shrinking economy and failure to secure loans from international multilateral institutions triggered a cash flow crisis in the government in late 2015 and 2016. Vital government services such as health and education grinded to a halt (Yapumi, 2016)
- The Government in March committed K300 million in public funding to the development of the Star Mountain Plaza Hotel in Port Moresby (Kero, 2017)

Strong

- Media reports indicate that the decision to commit K300 million to the development of the new hotel was made by the National Executive Council (NEC).
- But the NEC is yet to indicate where that funding will specifically come from. The lack of transparency surrounding the government’s 2018 APEC Summit budget is raising a lot of concerns.
- The key actors in this saga are the Prime Minister Peter O’Neill, APEC Authority CEO Christopher Hawkins and the Mineral Resource Development Company CEO Augustine Maino.

Allan and the SABL landowners.

- The public should demand more accountability in the disbursement of all public funding expenses connected to the 2018 APEC Summit.
- This will ensure individuals in positions of trust do not abuse their positions. It would make sense going down that path as People and Partnerships are strategic priorities for TIPNG.

The government should create and make public guidelines governing all APEC 2018 expenses to ensure individuals and companies are not placed in compromising positions, which would make them vulnerable to corruption;

- The government should also come out clear on how the K300 million investment of public money into the hotel’s construction will benefit ordinary Papua New Guineans.

Pacific Maritime Industrial Zone (PMIZ)

- The Madang Marine Park (the forerunner of the PMIZ) concept paper was approved by the National Executive Council in 2004 to make Madang Province the “tuna capital” of the world (The National, 2015)
- The project was to be funded by the Chinese government’s Exim Bank through a $US235 million concessional loan to the PNG government.
- Information from Madang indicates that the first tranche of the loan was used to clear and build the fence around the site at Vidal, Madang north coast for a township to be established (Journalist, 2017)
- Chinese state company China Shenyang International Economics and Technical Cooperation Corporation is the project manager tasked to build the township which will cater for 30,000 employees with PNG

Weak

- Prime Minister Peter O’Neill in November last year recommitted his government to ensuring the completion of the project in the first quarter of this year 2017. Information from Madang indicates that the first tranche of the loan was used to clear and build the fence around the site at Vidal, Madang north coast for a township to be established. No further work has been done to date.
- The key actors in this matter are the Prime Minister, the Fisheries Minister Mao Zeming, the Madang provincial government and the landowners.

- But how much has the PNG government invested in the Madang Marine Industrial Park since the approval of the concept paper in 2004?
- Very little to no information is available on how much of the $US235 million concessional loan has been accessed after agreeing to terms with the Chinese government.
- There is a lack of transparency in government budgetary support for this particular project since work began on site in 2006. TIPNG and its partners need to push for transparency and accountability from the government on how much public funding has been invested in this project thus far and the terms and conditions of its $US235 million concessional loan from China’s

- TIPNG and its partners should pressure the government for a full disclosure on the terms and conditions of the $US235 million concessional loan from China’s Exim Bank and state separately how much in government of PNG funding has been spent on the same project.
<table>
<thead>
<tr>
<th>Re: SOE Kumul Consolidated Holdings Limited in charge of managing the project (PNG, 2016)</th>
<th>Exim Bank to be made public.</th>
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</thead>
</table>
| **The PNGDF Manumanu Land Deal**  
**[5]**  
● January 31, 2017 Opposition MP Ben Micah revealed details of a K46.6 million land deal involving a cabinet minister in the National Parliament (Yapumi, PNG Loop, 2017)  
● The Manumanu land deal raises questions about the government’s procurement system and the role that the Central Supply & Tenders Board (CSTB) played in the awarding of contracts for the provision of goods and services in PNG.  
● On March 7, 2017 Prime Minister Peter O’Neill announced a Commission of Inquiry into the matter following revelations in the National Parliament (Nalu, 2017)  
● But inquiry was downgraded to an administrative inquiry due to court proceedings (not connected to the matter) currently on foot in the PNG Supreme Court.  
● It has been 3 months since the announcement of the administrative inquiry and the public is yet to be given an update by the government.  
● The key actors in this saga are the cabinet ministers William Duma (Public Enterprise), Dr Fabian Pok (Defence) and Benny Allan (Lands) plus their respective departmental heads.  
● Failure by the government to ensure justice is delivered and the perpetrators brought to justice does not augur well for the O’Neill government.  
● Enforcement and Justice is a Strategic Priority for TIPNG and its partners and it would be logical for the anti-corruption organisation to continue to call for the speedy conclusion of the inquiry and the prosecution of the leaders and bureaucrats allegedly behind this deal.  
● Consultation between TIPNG and its partners on how they can maintain vigil on this particular case.  
● Public pressure will ensure the administrative inquiry will be concluded, its findings made public and its recommendations accepted and implemented by the government and relevant authorities;  
● TIPNG and its partners should also follow-up with other state agencies conducting their own independent inquiries. |
| **Rehabilitation of Education Sector Infrastructure (RESI)**  
**[6]**  
● In 2009 the Somare government allocated a total of K230 million under its Rehabilitation of Education Sector Infrastructure (RESI) fund to fix and maintain various educational institutions including primary schools around the country (USA, 2011)  
● But concerns began to emerge in 2009 at the lack of transparency within the Departments of Finance and Education after reports emerged of the alleged misappropriation of RESI funding.  
● The Ombudsman Commission stopped access and froze the RESI trust account on March 26, 2009 after its own investigations revealed none of the K37 million withdrawn from the account in February of that year was used for its intended purposes (Arek, 2009)  
● It is not known if further action was taken following the conclusion of the Ombudsman Commission investigation.  
● The key actors were the Finance Minister James Marape and Education Minister  
● The independence of the Ombudsman Commission is guaranteed by the PNG Constitution. All its investigations are conducted in private.  
● Therefore the PNG public will not know the outcome of the 2010 investigation or any other inquiry into the matter.  
● Meet with the Ombudsman Commission to discuss the issue and agree on a way forward wherein the public will be given a brief on their findings to ensure public funds earmarked for similar programs are not abused. |
Police use of assault weapons on UPNG students

- On June 6, 2016 members of the Royal PNG Constabulary opened fire at protesting University of Papua New Guinea (UPNG) students in Port Moresby, resulting in injuries to people (Tlozek, 2016)
- Prime Minister Peter O’Neill subsequently announced a Commission of Inquiry into the UPNG shooting (Kil, 2016)
- The Royal PNG Constabulary and the Ombudsman Commission announced separate independent investigations.
- The police shootings drew widespread local and international condemnation (Mou, PNG Loop, 2016)

Strong

- The commission of inquiry promised by the Prime Minister did not eventuate nor did the RPNGC management or the Ombudsman Commission publicise details of their findings.
- The policemen behind the June 8, 2016 UPNG shooting remain free and have escaped the scrutiny of the RPNG internal affairs division.
- The key actors are the Prime Minister Peter O’Neill and Police Commissioner Gari Baki.

Hold consultations with TIPNG partners to create a strategy on how to pressure authorities to ensure policemen at the centre of the shooting are held accountable for their actions. The consultations should note other inquiries which were announced by the Government in its 5-year term but ended prematurely or did not reach a satisfactory outcome for the public.

- The promotion of the prosecution of over 50 individuals implicated in the final report of the Commission of Inquiry should be the ultimate goal for TIPNG and its partners.

Findings of the Department of Finance Commission of Inquiry

- Reports of widespread corruption and mismanagement of millions of Kina at the Department of Finance warranted the establishment of a Commission of Inquiry in August 2006.
- It began its work in May 2008 and handed over its final report to Prime Minister Grand Chief Sir Michael Somare in October 2009.
- However, in March 2010 a court injunction obtained by lawyer Paul Paraka and former solicitor general Zachary Gelu prevented the publication and implementation of the inquiry’s findings until November 29, 2013 when the injunction was lifted.
- The inquiry implicated lawyers, senior bureaucrats and businessmen and recommended their criminal prosecution.

Strong

- Despite the lifting of the injunction on November 29, 2013 there were no attempts by the Government to implement the recommendations of the Commission of Inquiry.
- But on June 18, 2016 Prime Minister Peter O’Neill assured the public recommendations of the inquiry will be fully implemented in the New Year 2017 (EMTV, 2016)
- Close to 5 months into the New Year and the Government is yet to update the public on the progress it is making to implement the recommendations.
- The key actor is Prime Minister Peter O’Neill.

Hold consultations with TIPNG partners to draw up a strategy that would be used to approach new MPs and members of the incoming government that would commit itself to implementing the recommendations of the Commission of Inquiry.

Meet the Media Council of PNG and get it to liaise with individual media organisations to discuss how they could publish the findings without worrying about legal threats from various parties.

The new national parliamentarians and government should be reminded of their responsibilities to the rule of law and how the continued presence of Tjandra in the country

PNG refugee for Indonesian fugitive

- In June 2009 Indonesian banker Djoko Tjandra was sentenced in absentia to 2 years imprisonment and ordered by the Indonesian Supreme Court to pay back $57 million he

Strong

- Tjandra’s questionable background did not stop the O’Neill Government from signing an agreement with him to repair and refurbish the State-owned Central

Hold consultations with TIPNG partners to create a strategy on how to pressure authorities to cancel his PNG citizenship and get him extradited to Indonesia.
| **Djoko Tjandra** | allegedly received from the sale of now bankrupt Bank Bali (Callick, 2012)  
- Tjandra fled to Port Moresby in 2009 and was given refuge by the PNG Government 3 years later with local media reporting he was given PNG citizenship together with other new naturalised citizens.  
- Tjandra’s PNG citizenship came under criticism in the National Parliament in April last year with the Opposition criticising the O’Neill Government for giving refuge to the Indonesian fugitive in breach of international law (Hakalits, 2016) | Government Building in a K145 million deal (Waeda, 2016)  
- Senior ministers in the O'Neill Government, Sir Puka Temu and Ano Pala, have supported moves by a Tjandra-subsidiary Naima Agroindustry to be given a monopoly in rice production in the Central Province (Callick, The Australian, 2013)  
- The PNG National Parliament is yet to ratify an extradition treaty between PNG and Indonesia. The Indonesian House of Representatives ratified the extradition treaty in February 2015 with PNG yet to reciprocate (Post, 2015)  
- The key actor is Prime Minister Peter O'Neill. | Indonesia.  
- Any progress on this particular matter will be wholly dependent on the new MPs that get elected after the 2017 General Election and the new government that gets formed thereafter.  
- The extradition treaty with Indonesia should be revisited and taken on as a priority by the new government. |
| **Whistle blowers legislation for PNG** | The 2009 Commission of Inquiry into the Department of Finance has, among its recommendations, called for the introduction and enactment of whistle blower legislation in PNG to boost the fight against corruption.  
- There have been cases in the PNG bureaucracy over the years where whistle-blower civil servants were terminated from their employment (Tokunai, 2011) | In February this year the Department of Defence sacked 9 staff for revealing details of the controversial Manumanu land deal (Yapumi, PNG Loop, 2017)  
- TIPNG defended the terminated officers and urged bureaucrats who are witness to corrupt activities to speak out (Wiseman, 2017)  
- The key actors are the Prime Minister Peter O’Neill and the Minister for Justice Ano Pala. | Hold consultations with TIPNG partners to create a strategy to sell the concept to the incoming national parliamentarians and the government.  
- The marketing strategy should enable the new (and returning) politicians to make a strong connection between the proposed legislation and creating a long-term solution to address corruption.  
- Identify partner-MPs in the incoming national parliament and new government who can work with the TIPNG and other stakeholders to champion the push for the enactment of whistle-blower legislation to compliment the work of the ICAC and be a long-term solution to address corruption. |
| **Independent Commission Against Corruption (ICAC) Bill** | February 2014 the O’Neill government made the first step to set up the Independent Commission Against Corruption (ICAC) in February 2014 when it introduced and passed constitutional amendments to establish the basic framework (Allens, 2014)  
- The next phase was the drafting of an | The final piece of legislation to set up the ICAC is one of a set of important bills that are yet to be passed by the National Parliament despite the appeals of the Opposition to give it priority.  
- The task of bringing ICAC to fruition will now be left to the next National | Hold consultations with TIPNG partners to create a strategy to sell the concept to the incoming national parliamentarians and the government.  
- The marketing strategy should enable the new (and returning) politicians to make a strong connection between the proposed legislation and creating a long-term solution to address corruption.  
- Identify partner-MPs in the incoming national parliament and new government who can work with the TIPNG and other stakeholders to champion the push for the enactment of whistle-blower legislation to compliment the work of the ICAC and be a long-term solution to address corruption. |
<p>| <strong>[11]</strong> | organic law to govern the operation of the ICAC in PNG. In November 2015 the O'Neill government tabled the final piece of legislation to set up the ICAC. ● It is the first major attempt by any government to tackle corruption in PNG through the introduction of anti-corruption specific legislation. | Parliament and the incoming government following the 2017 General Election. ● Key actors are the Prime Minister Peter O'Neill, minister for justice and attorney general. | proposed legislation and creating a long-term solution to address corruption. |<br />
| <strong>Border Development Authority (BDA)</strong> | ● The Border Development Authority bill was passed by the National Parliament in 2008 and was created by the Somare government to coordinate development activities in all border provinces. ● The authority was to primarily focus on the provinces of Sandaun, Western, Manus, New Ireland, Milne Bay and the autonomous region of Bougainville (AROB). ● However concerns began to emerge in 2010 when politicians alleged that the BDA purchased 6 vessels at inflated prices for a total cost of K12 million and did not follow procurement processes when awarding contracts (Nicholas, 2010) | Weak | ● Communities living in the border provinces of Sandaun, Western, Manus, New Ireland, Milne Bay and the AROB are yet to see the benefits of the authority’s programs. ● It is not known if the vessels that were purchased are still in use in their respective maritime provinces. ● In August 2016 the BDA signed an MOU with the Bank of PNG to roll out financial literacy programs in border communities (Tulo, 2016) ● The key actors are the Prime Minister Peter O’Neill and the Treasury Minister. | ● Meet with the incoming Treasury Minister – who has ministerial responsibility over the BDA – to ask for an audit of all BDA-owned assets. This is to respond to public concerns at allegations of misapplication of public funds. ● Push for a review of the roles and functions of the BDA to determine whether they are a duplication of border-focused interventions currently being implemented by the Department of Foreign Affairs and Trade, PNG Immigration Authority and the Department of Trade and Industry. ● Commissioning a ministerial review of the roles and responsibilities of the BDA as well as its success (and failures) over the past 8 years is a step in the right direction. ● The review should include visits to country’s 7 border provinces to verify and confirm the existence of assets purchased using public funds and them being used for their intended purposes. |<br />
| <strong>K1 million Boram Hospital fraud</strong> | ● In March 2015 the local media broke the story on the awarding of a K1.2 million contract to an East Sepik contractor to fix a toilet at the Wewak General Hospital (National, 2015) ● The case confirmed the lack of urgency and consistency at commercial banks to clear cheques valued at K50,000 versus K1.2 million ● The ability of the contractor to bypass the procurement processes when cashing the cheque points to the absence of an effective | Strong | ● In July 2015 the East Sepik provincial administrator and two other persons appeared before the Wewak District Court for misappropriating K1.1 million belonging to Wewak General Hospital (National, The National, 2016) ● The K1.2 million toilet contract is not connected to the K1.1 maternity wing project (at the same hospital) but it nonetheless shows the lack of governance at the health institution. ● The key actors are the Wewak Hospital | ● How effective are hospital boards in zealously guarding public funds and what is the working relationship between provincial administrations and hospital boards? These are pertinent questions that will need to be raised with the relevant health agency heads. ● The O'Neill government has been slowly promoting the roll out of the Provincial Health Authority concept in Milne Bay, Western Highlands and Eastern Highlands. The process is being monitored. ● Will provincial health authorities enable more effective delivery of health intervention programs and protection against the misapplication of public funding? |</p>
<table>
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<tr>
<th>Konebada Petroleum Park, Central Province [14]</th>
<th>Weak</th>
<th>Board members and the Health Minister.</th>
<th>Strong</th>
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<tbody>
<tr>
<td>On April 6, 2017 the Lands and Physical Planning Minister Benny Allan said the Konebada Petroleum Park (KPP) was established to attract investors, is a free trade zone and set up by an Act of the National Parliament (Tarawa, 2017)</td>
<td>While Allan has defended the decision of the Government to create the KPP, he did not indicate whether the free trade zones created in Vanimo, Madang and Sepik have had much success since their establishment.</td>
<td>The declaration of 23,000 hectares of land – starting at the Fairfax Harbour and ending at the PNG LNG Site – on the eve of a general election is suspicious.</td>
<td>The shelving of the Konebada Petroleum Park (KPP) initiative until a full consultation is done with all relevant stakeholders.</td>
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<td>Allen said this to respond to a report by the National Research Institute calling for the abolishing of the KPP. The NRI report argues that the boundary of the free trade zone would impact on traditional landowners and lead to land grabbing (Naime, 2017)</td>
<td>A previous government’s Bautama City Project outside the NCD is a case in point of public funds being allocated to create a township, which is yet to materialise after 25 years.</td>
<td>The findings of the NRI report raises questions about the Government’s – in this instance the Department of Lands and Physical Planning and Kumul Holdings Group (Public Enterprise) – community consultation process. Did the State undertake this process before declaring the area a free trade zone?</td>
<td>The government should be clear on the intent and purposes of the initiative, the investors to be targeted and the flow-on benefits to the affected communities.</td>
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<td><strong>Borneo Pharmaceuticals &amp; CSTB</strong> [15]</td>
<td>Strong</td>
<td>The tender process is yet to be concluded by the Central Supply and Tenders Board.</td>
<td>The health of all Papua New Guineans should be paramount when the Central Supply and Tenders Board process the bids from the different companies.</td>
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<td>The Central Supply and Tenders Board chairman Dr Ken Ngangan announced that the contract of firm Borneo Pharmaceuticals to supply medicines to PNG health institutions expired in March 2017 (Kuku, 2017)</td>
<td>While Borneo Pharmaceutical’s contract expired in November last year, Dr Ken Ngangan has advised that they have been directed by the State Solicitor’s Office to put out a new tender for PNG’s supply of drugs.</td>
<td>TIPNG and its partners should continue to maintain vigil and monitor the drugs procurement system to ensure it is not hijacked and the process is transparent.</td>
<td>The controversies that the previous Central Supply and Tenders Board members have been engulfed in calls for a review of its membership by the incoming government and the promotion of an open and corruption-free tendering process.</td>
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<td>The Office of the State Solicitors advised against the extension of the firm’s contract after it expired in November last year.</td>
<td>The drugs procurement system overseen by the new Central Supply and Tenders Board chairman Dr Ken Ngangan should see the return of a rigorous tendering process that will put the health of Papua New Guineans as a priority.</td>
<td>Key actors are the CSTB chairman Dr</td>
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<td>Borneo Pharmaceuticals came under scrutiny and criticism in 2014 when it emerged that its K71 million contract awarded by the Central Supply and Tenders</td>
<td>Key actors are the Minister for Lands and Physical Planning and the Minister for Public Enterprise, William Duma (suspended)</td>
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<td>Incomplete 5-star Casino Hotel, Boroko [16]</td>
<td>In early 2008 landowner companies Petroleum Resources Gobe Ltd (PRG) and Petroleum Resources Moran Ltd (PRM) invested K11 million each in the Moresby Hotel &amp; Casino Project undertaken by Korean firm CMSS (PNG) Limited. It was reportedly a K220 million project. CMSS (PNG) Ltd was expected to inject $US72.8 million under a joint venture agreement with PRG expected to take up to 90% interest. To date there has been no cash injection by CMSS Korea, the parent company of CMSS (PNG) Ltd despite numerous assurances to its partners.</td>
<td>Strong</td>
<td>In November 2016 NCD police advised that they had begun a fraud investigation into the project to determine the legitimate owners of the Korean company CMSS (PNG) Ltd and who invested in the hotel project (Tarawa, The National, 2016) Key actors are the Korean businessman Choi Sang Su, Mineral Resources Development Company on behalf of PRG and PRM.</td>
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<td>Sale of National Housing Corporation (NHC) properties [17]</td>
<td>Families and long-time occupants of National Housing Corporation (NHC) properties have in recent years been victims of fraud perpetrated by corrupt NHC officers, resulting in their eviction and illegal sale of their houses. Corrupt officers often capitalised on inconsistencies in the implementation of successive government’s housing policies, illegally selling properties without the knowledge of the tenants.</td>
<td>Weak</td>
<td>Nine months after the Prime Minister Peter O’Neill ordered an investigation into the affairs of the NHC, the Government is yet to update the public on progress and the findings of its inquiry. The findings of the investigation announced by the Prime Minister last August were to be tabled in the last sitting of the National Parliament before it rose for the 2017 General Election but that did not happen.</td>
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<td>Sovereign Wealth Fund</td>
<td>A lot has been said and reported on PNG’s Sovereign Wealth Fund and its establishment since the arrival of the Exxon-led PNG LNG Project.</td>
<td>Weak</td>
<td>In September 2016 the Bank of Papua New Guinea advised in its monetary statement that it is seeking technical assistance to set up the Sovereign Wealth Fund administrative secretariat (Yapumi, PNG Loop, 2016)</td>
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<td>Central City Bautama, Central Province</td>
<td>In October 2007 the Central provincial government announced plans to build its new provincial capital at Bautama, outside Port Moresby (Government, 2007)</td>
<td>Weak</td>
<td>It has been 10 years since the Central Provincial Government announced its intention to build its provincial capital at Bautama with only 3 police-owned houses in the area a testimony to the significance of the site.</td>
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<td>Support the development of the new township (Wapar, 2013)</td>
<td>The allocation of public funding to this particular project remains a mystery despite reports in recent years on the engagement of consultants and companies to progress the project.</td>
<td>completion.</td>
<td>TIPNG and partners should push for more transparency and accountability of public funds spent on the project in the last 10 years plus evidence of the deliverables to date.</td>
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<td>Recently Prime Minister Peter O’Neill officially commissioned a redeveloped Six Mile to Bautama section of the Magi Highway (Sii, 2017)</td>
<td>It is not known if the recently launched K167 million road from Six Mile to Bautama is part of the government’s efforts to revisit and restore the project.</td>
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<td>Key actors are the Central Provincial Government, Central Governor, Prime Minister Peter O’Neill</td>
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<td>Sir Hubert Murray Stadium [20]</td>
<td>The Sir Hubert Murray Stadium in Konedobu in the National Capital District lies in a state of incompleteness, a testimony to the failure of a Public Private Partnership between the National Government and contractor Curtain Brothers.</td>
<td>Weak</td>
<td>Media reports in January this year suggest an outstanding bill of K40 million to complete the stadium. But what is the total cost of the stadium upgrade and how much is the government and Curtain Brothers supposed to contribute to the overall cost? What are the finer details of the Public Private Partnership agreement?</td>
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<td>In January last year the Sports Minister Justine Tkatchenko assured the public that work on the historic stadium will be completed in October 2016, in time to host the FIFA U-20 Women’s World Cup (Yagi, 2016)</td>
<td>It has been five months since the appeal by the government for corporate support to complete the stadium.</td>
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<td>In January this year the stadium remained incomplete with the media revealing it will cost K40 million to complete with the government seeking corporate sponsors to complete the job (Lavett, 2017).</td>
<td>There are no signs of any work being done at the stadium to complete the sporting infrastructure.</td>
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The Global Movement

Transparency International is the global civil society organization leading the fight against corruption. Through more than 100 chapters worldwide and an international secretariat in Berlin, TI raises awareness of the damaging effects of corruption and works with partners in government, business and civil society to develop and implement measures to tackle it.

The Movement in Papua New Guinea

Transparency International Papua New Guinea (TIPNG) was formed in 1997 with the aim of combatting corruption in Papua New Guinea and promoting openness, honesty and accountability in public and private dealings. TIPNG is a membership based association guided by a voluntary Board of Directors and registered financial members.

Review of Cases

This report is a systemic review of 20 selected corruption and poor governance cases in Papua New Guinea over a 10-year period (2007-2017). It is mainly based on publicly-available information including newspaper articles, online reports, and telephone interviews and email correspondence with individuals familiar with the issues.

TIPNG’s intention in doing this review is to remind the public, our elected leaders and the media, that the cases need to be resolved through our concerted efforts – for the good of our country.