



MINISTRY OF PUBLIC ENTERPRISES

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TELIKOM CEO SUSPENDED

February 14 2012

The Minister for Public Enterprises, Sir Mekere Morauta, said today the chief executive of Telikom, Mr Peter Loko, had been suspended pending investigations into large-scale unauthorised contracts and commitments by the corporation.

“Evidence obtained by IPBC during audits of all Public Enterprises indicates that Telikom illegally entered into numerous contracts involving the payment or receipt of more than K1 billion,” Sir Mekere said.

“Telikom was required by law to seek approval from the Treasurer in accordance with section 46B of the IPBC Act. It did not do so.

“It is the CEO’s responsibility to ensure approvals are sought, which is why he is suspended.

“The investigation will also seek to establish whether the Telikom Board was aware that the requirement for ministerial approvals appeared to have been routinely ignored.

“These are very serious matters and require thorough investigation.

“People are entitled to know what happened to their money, and I will provide details of the results of the investigation to Parliament.”

Sir Mekere said the failure by Telikom to seek approvals and to fully inform the Treasurer of its financial dealings had placed Telikom in financial difficulty.

It now requires very substantial public funding to save it from insolvency.

“Let us be very clear – the operation of the national telecommunication system and thousands of jobs have been put at risk,” Sir Mekere said.

He said the worst example of financial illegality was the unauthorised borrowing of K340 million from two banks, of which K200 million has been drawn down.

Telikom is unable to repay the capital (it is repaying on the basis of interest-only) and is asking the Government to bail it out. The banks are also asking the Government to guarantee the loan.

Even worse, a Telikom document from some time ago states that the K200 million “...has not yielded enhanced revenues because the capex programs have not been taken to their logical conclusion”. In other words, K200 million of borrowed money has been spent, without the required approval, and without yet producing any revenue for Telikom.

“Too many Public Enterprises are flouting the law, with disastrous consequences for the nation,” Sir Mekere said.

“The law is there to protect taxpayers’ funds and the national interest, and I will not hesitate to pursue public officials and others who do not comply with the law.”

Mekere Morauta, Kt MP

Minister for Public Enterprises.