



**ROYAL COMMISSION OF INQUIRY INTO PROCESSES AND PROCEDURES
FOLLOWED BY THE GOVERNMENT OF PAPUA NEW GUINEA INTO
OBTAINING THE OFF-SHORE LOAN FROM THE UNION BANK OF
SWITZERLAND AND RELATED TRANSACTIONS**

CHAIRMAN'S OPENING STATEMENT

1. Good morning to you all. The Commission is pleased to commence the public hearing phase of the inquiry with the compliment of its full staff, consisting of two Commissioners, Senior Counsel assisted by two other counsel, and Technical Officers.
2. Today's session and that of tomorrow are dedicated to the Opening speeches of the Commissioners and Counsel assisting the Commission, to be followed by evidence received from a number of witnesses on the introduction phase of the inquiry. For the information of the interested public who wish to observe these proceedings, the opening speeches are being televised live on www.facebook.com/coiubsl and published on the Commission's website on www.coiubsl.com.
3. We will begin by introducing the CoI team. I will introduce the PNG contingent of the team and Dr James Renwick SC will introduce the Australian contingent:
 1. Chief Commissioner Sir Salamo Injia (PNG)
 2. Commissioner Hon Margaret White AO (Brisbane)
 3. Dr James Renwick CSC SC (Senior Counsel/Sydney)
 4. Dr Dominic Katter (Counsel / Sydney)
 5. Mr Levente Jurth (Counsel / Brisbane)
 6. Kathryn Finlayson (MinterEllison,/Brisbane)
 7. Mike Hales (MinterEllison, /Brisbane)
 8. Mihali Palassis (MinterEllison/ Perth)
 9. Nicholas Thomas (MinterEllison /Brisbane)
 10. James Barrett (MnterEllison /Perth)
 11. Sam Taylor (MinterEllison/Brisbane)
 12. Roshan Kumara Gamage (MinterEllison /Brisbane)
 13. Mathew Yuangu (Secretary, CoI /PNG)
 14. Tyson Yapao (Lawyer assisting Mr Yuangu / PNG)

4. The timely conduct of the inquiry has been adversely affected by many factors including those owing to the Commission's efforts to comply with statutory requirements to engage overseas personnel, as well as the disruptions to business caused by the Covid 19 pandemic. By this time, the Commission has conducted a good portion of the preliminary work required to be done to set the stage for the substantive hearing to proceed today.
5. For instance, of total 90 witnesses expected to be called to give evidence, 58 witnesses appeared before the Commission and 43 witnesses delivered to the Commission a synopsis of their proposed evidence and relevant documents.
6. Myself and former Commissioner Hon John Gilmour QC, until his untimely death in last month, conducted those preliminary hearings. His Honour passed away after a short illness, for which the Commission has expressed our condolences. Once again, on behalf of the Commission, I express the Commission's gratitude for his valuable contribution.
7. On behalf of the Commission, I welcome and thank our overseas personnel for their willingness to make themselves available to serve the Commission in their respective capacities. They include fellow Commissioner Hon Margaret White AO, Senior Counsel Dr James Renwick CSC SC, Counsel Dr Dominic Katter, Counsel Mr Levente Jurth; and; the technical team from the firm of Minter Ellison Solicitors led by Kevin Stewart.
8. With regard to the subject matters of the inquiry, the Commission's terms of reference will be read into the record by Dr James Renwick SC. He will also present an overview of the matters and questions to be investigated. For my part, I wish to speak briefly on those things.
9. The terms of reference mainly relate to the government's decision made in 2014 to obtain the UBS Loan in the sum of Aus\$1.239 billion. The terms of reference also include questions relating to a loan that was obtained by the government in 2009 from the International Petroleum Investment Company (or "IPIC" for short) in the sum of Aus\$1.681 billion to fund its participation in the PNG LNG Project through share placing in Oil Search (PNG) Limited (or "Oil Search" for short).

10. Both loans involve the government's decisions to make direct investments in private a private company. With regard to the IPIC Loan, the government obtained the loan to purchase shares in the PNG LNG Project, using the issuance of Exchangeable Bonds in respect of the State's 196.6 million shares in Oil Search to secure the loan. With regard to the UBS Loan, the purpose of the loan was to purchase 149,390,244 shares or a 10.01% stake in Oil Search and to meet the associated expenses. A common theme that runs through these two loans is the government's involvement in private business ventures and an investor. It is this common theme that prompts the Commission to first understand the government's policies and strategies to invest in private business enterprises.
11. There are three parts to this inquiry. In Part 1, the Commission will consider the government's policies and strategies on its involvement in private business enterprises since Independence. In this regard it will be necessary to trace the source of the government's existing shares in Oil Search that were the subject of the exchangeable bonds used to secure the IPIC Loan; and the source of the government's shares in Oil Search in 2014. From information that is available, it appears the existing Oil Search shares came from the merger in 2002 of Oil Search and another company by the name of Orogen Minerals Ltd, a wholly State-owned company, that was formed as a vehicle company to drive the government's investments in the mineral and oil industry.
12. The Commission expects to receive information or evidence from some of the key players in the government and some experts including some founding fathers during the formative years of PNG's political independence.
13. Part 2 involves an examination of the IPIC Loan. Questions to be addressed include: What, if any, went wrong with the IPIC Loan? Did the government incur a loss of its shares in Oil Search?
14. Part 3 deals with the main subject of this inquiry. The questions set out in the terms of reference adequately cover an investigation into all aspects of the loan transactions and matters related to or incidental to those questions. The transactions conducted within and outside PNG are all covered. Whether the government made a gain or loss from those transactions and whether remedial measures may be available to address any loss or damage arising from those losses are also matters that may fall within the scope of those questions.

15. That much said of the substantive inquiry, let me conclude with a word on the roadmap of the inquiry from hereon. The Commission is mindful of its duty to commence and complete the inquiry within the parameters set by the government, which include the inquiry's duration. However, experiences of the past 18 months is a reminder that the orderly, timely and cheap conduct of the inquiry cannot be guaranteed by the Commission. On that note, we thank the government for its patience and commitment to support the Commission's work to see through to its logical conclusion. On the Commission's part, the Commission assures the government and the public that the investigations will be conducted and completed within reasonable time as permitted by the prevailing circumstances and conditions of the time.

16. With regard to the form of the public hearings, a good part of the hearings will be conducted remotely or virtually. The Commission's personnel will be based out of several locations including Port Moresby, Brisbane, Sydney and Perth. In order to adhere to the statutory requirements for public hearings, the Commission has in place video conferencing facilities in the main inquiry room in Port Moresby which is open to the public and the media. The proceedings before the Commission in Port Moresby will be conducted by myself and assisted by counsel Mr Levente Jurth whose arrival in the country has been delayed by the latest setbacks caused by Covid 19 developments in Australia and is expected to be in the country within the coming week or so.

17. Speaking of Covid 19, the Commission's Secretariat is ensuring that Covid 19 protocols are observed throughout these proceedings. Witnesses and their counsel who wish to participate virtually may contact the Secretariat or Counsel assisting the Commission and arrangements can be made for them to give evidence from selected locations in Australia and PNG by remote means.

18. With those remarks, I now invite Hon Margaret White AO, to be followed by Senior Counsel Dr James Renwick SC, to make their opening statements.

Chief Sir Salamo Injia Kt GCL
Chairman, Port Moresby
30th March 2021