

**Press review:
Mining in the South Pacific**

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Compilation:

Dr. Roland Seib, Hobrechtstr. 28, 64285 Darmstadt, Germany
<http://www.roland-seib.de/mining.html>

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

Pacific Islands Report: <http://pidp.eastwestcenter.org/pireport/graphics.shtml>

PNG Post-Courier: <http://www.postcourier.com.pg>

PNG The National. <http://www.thenational.com.pg>

Scientists call for tougher treaty to protect the deep ocean

Oleg Klimov, Panos, Sci Dev Net, 28 February 2014

Speed read:


- A new treaty could be used to police the expected rise in deep-sea mining
- It could also ensure that gains from marine genetic resources are fairly shared
- Capacity building is needed to help developing nations exploit their resources

A new international agreement is needed to police the exploitation of the deep ocean because of the rising threats of deep-sea mining and bottom trawling for fish, say scientists. Speakers at a symposium this month (16 February) urged the UN to negotiate a new treaty for the deep ocean to supplement the UN Convention on the Law of the Sea. The symposium took place at the annual meeting of the AAAS (American Association for the Advancement of Science) in Chicago, United States. “This is an opportunity for scientists to voice their concerns about mounting human impacts on the once-remote deep ocean to those who have the power in their hands to make the changes,” says Kristina Gjerde, high seas policy advisor for the International Union for Conservation of Nature.

The deep sea makes up about two-thirds of the world's oceans. It begins at a depth of around 200 metres, both within and beyond zones of national jurisdiction.

But deep-sea environments are threatened by “imminent” mining and bottom trawling for fish, said the scientists at the meeting. “We’re calling for a new treaty to sew the gaps in international law that don’t currently include [biodiversity](#), [conservation](#), marine genetic resources, capacity development and [technology](#) transfer for areas beyond national jurisdiction,” says Gjerde. The UN-sanctioned International Seabed Authority (ISA) was established in 1994 to regulate mineral extraction from the deep seabed outside national zones of jurisdiction. The ISA, based in Jamaica, has so far approved 19 mineral prospecting licences in the deep ocean around the world for companies and government bodies, including China and India, as well as those sponsored by the Pacific island nations of Kiribati, Nauru and Tonga [See map]. The Cook Islands have also applied to explore [deep-sea mining opportunities](#).



The map shows prospecting licences approved so far by the International Seabed Authority. The colour-coded arrows show the approximate location of licences held by larger countries. Several smaller nations, circled in orange, have permission to prospect in the Pacific ocean. Credit: SciDev.Net; 

But the ISA does not regulate marine genetic resources, which could be valuable to the medical and pharmaceutical sectors, or biodiversity conservation, says Lisa Levin, director of the Center for Marine Biodiversity & Conservation at the Scripps Institution of Oceanography, United States. “The problem is that the ISA’s mandate is to facilitate the extraction of minerals. They don’t have a mandate to identify which parts of the sea floor are most critical to ecosystem health in the ocean,” says Linwood Pendleton, senior scholar in the Ocean and Coastal Policy Program at Duke University, United States. The new treaty would ensure that financial gains made from marine genetic resources are shared between all nations, and that new mechanisms are developed to transfer marine technology and develop capacity in this field, says Gjerde.

Significant deep sea resources are often found within the deep seas of the developing world, often within the nations’ exclusive economic zones [that stretch up to 200 nautical miles from their shore] of those countries, says Levin. “Yet those countries often don’t have the necessary expertise or technology to explore the deep seabed. So they often rely on countries that do have the technology and expertise,” she says. “It’s very important that we do a lot of capacity building, information sharing and transfer of expertise so that those countries are able to manage their own deep ocean resources.” The scientists at the meeting also warned that extracting minerals and precious metals

from the deep sea could cause catastrophic long-term damage to marine ecology unless managed carefully.

New technology, dwindling land-based resources and high commodity prices mean that deep-sea mining is not only feasible, but imminent, says Pendleton. “Precaution is essential,” says Gjerde. “This means rules should be in place before mining begins, including measures such as environmental impact assessments, comprehensive systems of marine protected areas and the mechanisms for monitoring and controlling impacts.” She adds: “It is important to set and maintain common standards so that a few unscrupulous operators can’t take advantage of countries with weak legal systems, causing irreparable harm in return for very short-term gain.” New mining ventures are underway off various Pacific islands and off the African coast, as well as on the international seabed area that lies outside nations’ jurisdiction, says Gjerde.

Canadian company Nautilus Minerals had planned to [mine hydrothermal vents in Papua New Guinea](#), but this has been delayed, says Levin. And the Namibian government is considering leasing the deep sea bottom in its national waters for phosphate mining, although last September it placed an 18-month moratorium on all mining decisions, while it gathers new information, she adds. “Because no mining has happened yet [anywhere in the deep sea], there’s time to put some major [environmental](#) management in place,” she tells SciDev.Net. The key is to identify places where mineral wealth is high and ecological impacts are low and target mining there, says Pendleton. Deep-sea trawling for fish has already had terrible long-lasting impacts on the deep sea, says Gjerde. The deep sea fish populations are quickly depleted because the fish aggregate, which makes them easy to catch, and they are slow growing, living over one hundred years, says Levin. One-fifth of the world’s continental margins, an area the size of the United States and Canada combined, have already been trawled, she adds.

Namibia seeks advice as seabed mining harms fisheries industry

Undercurrentnews, February 28, 2014

A conflict of interest between the sustainability of the marine ecosystem and international mining companies seeking to mine the seabed has resulted in Namibian authorities approaching Norwegian researchers for advice. In the 1980s, pre-independence, Namibian fish stocks were at a low point. Today fisheries are sustainable, but mining the seabed could threaten the vital fisheries resource. “This is largely a conflict that can be compared with the debate for and against oil and gas exploration in Lofoten and Vesteraalen in Norway”, said project manager and biologist Roar Solbakken of Sintef Fisheries and Aquaculture Research. Sintef was contacted by the fisheries ministry of Namibia in 2012, as it sought a research partner with no commercial ties to the region. Sintef has submitted proposals for an environmental study that will cover the consequences for the entire Namibian coast, were it to be opened for phosphate recovery from the sea.

Sintef Fisheries and Aquaculture is leading the project while the Institute of Marine Research partners. IMR has a long marine operating experience in projects in Namibia and the Southern Africa region. In the 1980s the fish stocks in the West African country were on the verge of collapse due to overfishing, but because its waters are nutritious, cold, and unpolluted, the authorities have managed to restore fish stocks with the help of good management. But it’s not just fish that make the sea an important natural resource for the country. The sea bed contains large deposits of both diamonds and phosphates. The latter is coveted for production of fertilizers. Deputy fisheries minister Hon. Ankama will address the NASF conference on the topic of Namibian marine phosphate mining research on March 6.

Groups Win Compensation Over New Caledonia Acid Spill

Vale Nickel to pay \$500,000 to environmental groups

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 26, 2014) – Five New Caledonian environmental groups have won nearly half a million US dollars in compensation from the Vale nickel company over a major acid spill at its plant five years ago. The court of appeal in Noumea determined the sum after the groups last year demanded Vale pay 7.8 million US dollars for the damage. The groups took the action after considering the original fine was too insignificant and insisting the company needed to be hit in the pocket. They calculated the demanded sum as being the equivalent of one Pacific franc for every square centimetre affected by the spill. Vale is yet to react to the court ruling. Over the years, there have been several incidents at the Vale plant, the latest dating back to November when a burst effluent pipe through a World Heritage lagoon closed the plant for several weeks.

Deep Sea Mining; Digging a Hole We Can't Get Out Of

By Dr. Gerry Goeden, The Epoch Times, February 26, 2014



This weird deep sea angler fish lives at abyssal depths that exert pressures of 11,000 pounds per square inch.

In May, 2013 the United Nations published its first plan for deep sea mining saying companies could apply for mining licenses as soon as 2016. To date the UN's International Seabed Authority has issued 17 exploration permits with 7 more pending. "We are at the threshold of a new era of deep sea mining" said Michael Lodge, legal counsel for the ISA. An assessment of the Pacific Ocean has estimated more than 27 billion tonnes of rocks could be lying on its floor, including 290 million tonnes of copper and 340 million tonnes of nickel. The extraction of the rock 'nodules' – small mineral-rich rocks from the seabed, has been around as a concept for decades but deep sea mining for them has only recently become viable with advancements in technology.

Deep sea mining sites are usually around active hydrothermal vents at about 1,400 – 3,700 m below the ocean's surface. The vents pour scalding mineral rich water from deep within the Earth and create sulphide deposits. These deposits contain valuable metals such as silver, gold, copper, manganese, cobalt, and zinc. The deposits are mined using either hydraulic pumps or bucket systems that take ore to the surface to be separated from millions of tons of sediments and marine life. Nodules occur in an environment called the abyssal plane. It is part of the ocean floor between about 3,000 and 6,000 metres depth existing in perpetual darkness. Incredibly, this almost unknown and strange place covers more than 50% of the Earth's surface and would be the way an outside observer would describe our planet.

Recent oceanographic expeditions conducted by an international group of scientists from the Census of Diversity of Abyssal Marine Life (CeDAMar) have found an extremely high level of biodiversity and the abyss may be a major reservoir of animal life in the oceans. The abyss also exerts significant influence upon ocean carbon cycling, dissolution of calcium carbonate and atmospheric CO₂ concentrations over timescales of 100–1000 years. Its permanent inhabitants are able to withstand the immense pressures of the ocean depths, up to 76 megapascals (11,000 psi). These regions are also characterized by continuous cold and lack of nutrients. The abyssal zone has temperatures around 2 °C to 3 °C (35 °F to 37 °F). In August, 2012, the Papua New Guinea Government gave the go-ahead to Nautilus Minerals to start the world's first deep sea mining. Japan and China have also expressed interest. Canadian firm Diamond Fields International and its joint venture partner Manafa International Trade Company of Saudi Arabia the go ahead for the Atlantis II Deeps. They plan to mine what DFI calls "one of the largest hydrothermal poly-metallic deposits in the world". Sudan's mining minister Kamal Abdel Latif said it had already started and "We are expecting starting production maybe 2014," added, according to Lebanon Today. The Atlantis II Deeps is believed to contain around 1.83 million tonnes of zinc, 402,000 tonnes of copper, and 3,432 tonnes of silver. Companies including Trans-Tasman Resources (TTR) have plans to mine the seabed off the coast of NZ's North Island. TTR has cited surveys estimating that possibly 481 million tonnes of iron ore exist up to nine metres beneath the seabed. This will effectively turn the seabed into a giant open-cut mine.



Spider crabs are as much as 4 metres across and a metre high.

But all that glitters is not gold! From 2009 to 2012, Aker Wirth, in cooperation with the BGR (German Federal Institute for Geosciences and Natural Resources), developed a concept for the deep sea mining of manganese nodules combined with a profitability analysis. The study was undertaken for the German Federal Ministry of Economics and Technology. The newly-developed concept has been designed for the mining of manganese nodules from water depths of up to 6000 m. Their system consists of two manganese nodule collectors, a transport system for conveying the material, and a specially-designed production vessel. Steffen Knodt, Vice President of Technology & Innovation at Aker Wirth, explained: “To ensure efficient mining, a continuous transportation of raw material from the collectors via risers that are several kilometres in length is required. At such water depths, this places considerable demands on the robustness of the single components.”

The huge mineral collectors will cut through the ocean floor, lift the ore to the surface, and pump millions of tons of fine muddy sediments back into the water. The first environmental concern focuses on the destruction of abyssal marine life that is incredibly slow growing in the near freezing (2°C) waters. The huge mineral collectors will destroy most of the life they pass over leaving a barren track across the abyssal plane. Data acquired from the abyssal North Pacific and North Atlantic led Adrian Glover and Craig Smith (2003) to suggest that deep-sea ecosystems will be affected by deep sea mining operations on decadal time scales. In 1978, a dredge aboard the Hughes Glomar Explorer, operated by the American mining consortium Ocean Minerals Company, made a mining track at a depth of 5000 meters in the nodule fields of the CCFZ. In 2004, the French Research Institute for Exploitation of the Sea found that the mining track was still visible on the seabed. Samples taken of the superficial sediment revealed that its physical and chemical properties had not shown any recovery since the disturbance made 26 years earlier.

The second environmental issue deals with the discarded waste sediments. Sediment plumes could have the greatest impact. Plumes are caused when the tailings from mining are dumped back into the ocean, creating a cloud of fine mud floating in the water. Near bottom plumes occur when the tailings are pumped back to the mining site. The floating particles increase the cloudiness of the water, clogging filter-feeding of organisms. Surface plumes cause a more serious problem. Depending on the size of the particles and water currents the plumes will spread over enormous areas. According to Ahnert and Borowski in *Environment and Deep-Sea Mining: A Perspective*, the plumes will impact on the tiny plankton by reducing light penetration and in turn alter the mid-ocean food web. Because we know almost nothing of this strange environment that covers more than half of the planet, environmental advocacy groups such as Greenpeace argue that much of the abyss should not be mined and we must proceed with caution. Deep sea mining is a contentious issue causing inevitable environmental damage.

Conservation experts have long warned that mining the seabed will be highly destructive and will have disastrous long-term impacts for marine life. The ISA study itself recognizes that mining will cause “inevitable environmental damage”. A key factor in the ISA’s report is the need for environmental safeguards. The document calls for monitoring of the seabed during deep sea mining operation however critics are sceptical if activity in the ocean depths can be monitored much less policed. Aker Wirth Company claim that “the increasing scarcity of resources coupled with the continuous rise in resource prices drive the search for new raw material deposits”. These include “precious and high-tech metals, such as manganese, cobalt, nickel, copper and gold, along with rare earths (which are important for the high-tech industry)”. They would have us believe that they have no choice and are mining for the general good. One of the 20th Century’s greatest leaders remarked, “Earth provides enough to satisfy every man’s needs, but not every man’s greed.” He was Mahatma Gandhi. I wonder how he would have seen the destruction of the World’s last great wilderness in exchange for the wealth of a few.

Where has foreign policy gone wrong? The Asianisation of Madang

Samuel Roth, PNG Attitude, 26 February 2014

TO ALL those who have never visited Madang, here are some facts to add onto your knowledge about people and places.... The biggest Chinese investment in PNG, Ramu Nickel Mining, is found in this province. All the stores in Madang are owned by Asians except for two: Christian Books Melanesia (owner unknown) and Yoko Trading (a very small store owned by a Chimbu fellow). The most (seemingly) expensive building in Madang, they call it “glass house”, is owned by the Chinese state-owned MCC (China Metallurgical Group Corporation). The biggest fishing cannery and the largest number of fishing vessels in Papua New Guinea are owned by Asians. The vast Trans-Gogol Valley and Ramu Valley, home to virgin rainforest and tropical hardwood, is logged by Asians started by Japan New Guinea Timber (JANT) decades ago and now continued by other logging giants.

I have no intention of being racist but the list (and I could go on) is phenomenal. One wonders if there are any politicians in Madang who realise these facts and might be responsive to the plight of the vulnerable. Foreign policy pursuits these days do not necessarily reward but offer costs that are detrimental. Only in Madang have I seen headlines about politicians winning elections while in prison, driving on to runways to stop moving planes, driving bulldozers into settlements, and arriving in prison for failing to control violent supporters. In a few months’ time, Madang’s long-awaited and much-anticipated Pacific Marine Industrial Zone will commence – built by Chinese using Chinese loans for Filipino companies and their PNG cohorts to excel whatever they do best in. What’s left of Madang? And what’s left for it? Ironically, for the first time in history, the flying foxes have deserted the tourist town for destinies and reasons known only to Mother Nature. With good manners, they have paved way for new migrants to conquer the town under the watchful eyes of all the Matus and Kukurais, the so-called chiefs. Only God will save Madang from Asianization but in the meantime, let us ponder on where exactly has our foreign policy gone wrong.

Samuel Roth is a Lecturer of International Relations & Politics at Divine Word University in Madang

Singapore Company Wants To Conduct Oil Exploration In Palau

Government considers proposed \$15 million investment in Kayangel

KOROR, Palau (Island Times, Feb. 25, 2014) – Cepu Sakti Energy (CSE) PTE Ltd., a Singapore-based company, is in preliminary talks with Palau government officials regarding a plan for off-shore exploratory drilling at the Velasco Bank in Kayangel State. Kayangel Governor Jeffrey Titiml said that talks between the Palau government and CSE representatives regarding the project are ongoing. He said that they are awaiting a final agreement to be made. If a final agreement is made, according to the governor, a state-of-the-art drillship will come to Palau sometime in August 2014. The drillship is currently conducting oil exploration in Brunei. The plan is for the drilling of one hole to determine if there are sufficient reserves for commercial drilling. According to another source, the company is willing to invest \$15 million for the project. "They are willing to risk such a big amount for the project. Palau should not miss such opportunity that could have wide implications on its development," the source said.

Representatives of CSE met with officials of the Palau national government and Kayangel State in Manila, Philippines in November last year for preliminary discussions and agreements on the project. Palau was represented in the meeting by Minister of Finance Umiich Sengebau, Minister Elbuchel Sadang of the Ministry of Natural Resources Environment and Tourism (MNRET), Senate President Camsek Chin, Kayangel Governor Jeffrey Titiml, Ngarchelong Governor Brownly Salvador, Kayangel legislators and traditional chiefs. The Palau group met with CSE representatives led

by Kok Wah Lee, the company's executive director. Cepu Sakti Energy Pte Ltd. owns the rights to operate and produce oil from various oilfields in the Central Java region of Indonesia. It specializes in the enhancement of production of existing wells. The company was incorporated in 2002 and is based in Singapore. Early this year, two members of the House of Delegates (HOD) who sponsored 'The National Petroleum Act' - RPPL No. 8-37 – have written Minister Charles Obichang of the Public Infrastructure, Industries and Commerce (MPIIC), urging the full implementation of the act without undue delay.

The lawmakers said it is in anticipation of the likelihood that exploratory drilling will commence sometime this year. "Last December, we were advised that there is now a great likelihood that an exploratory oil-well drilling may take place sometime this year," said Delegates Marhence Madrangchar and Noah Ke mesong in their January 24, 2014 letter to Min. Obichang. If the project pushes through, it could be historic considering that in more than 30 years CSE is the only company that will do actual exploratory drilling. An independent report by H.J. Gruy and Associates released in 2008 and prior studies showed that the Velasco Bank holds large world-class giant oil field reserve potential. The report estimated that, in shallower zone, there is 1.044 billion barrels of oil in place with recoverable estimate of 35 percent or 366 million recoverable barrels. In deeper zone, there is an estimated 1.880 billion barrels of oil in place with recoverable estimate of 35 percent or 658 million recoverable barrels.

The plan for exploratory drilling has widespread support in this island nation. Senate President Chin was quoted as saying that oil exploration is necessary to determine once and for all if there is commercially viable amount of oil or natural gas in the area. Then Del. Secilil Eldebechel, who is now the Presidential Chief of Staff stated, "I support exploration if it is done right and will not affect the environment. Palau lacks the expertise to monitor such activity, so Palau needs to hire a professional expert from outside to advise it." Delegate Jonathan Isechal of Peleliu said, "Oil exploration should be done in order to ascertain the presence of oil in that place." Opposition to the plan comes from those who fear that the exploratory drilling could have adverse effect on the environment. If drilling will be successful, oil and gas production will allow Palau to generate more revenues and wean itself from foreign funding dependence. The concept of the possibility of the presence of oil and gas in Palau dates back to the German occupation of Palau when low-grade coal (lignite) deposits were noticed on Babeldaub Island. After World War II the United States geological Service (USGS) conducted surveys of Palau's mineral potential and part of the report concluded that Palau could possess hydrocarbons (oil & gas) particularly in the North at Velasco Reef.

The first attempts to explore for oil & gas in Micronesia started in 1975 when a geologist from the United States named Bill West teamed up with two palauan partners Polycarp Basilius and Carlos Salii. With funding from Yates Petroleum out of New Mexico U.S.A they formed a company called Micronesia Resources, Inc. (MRI). In 1975 during the US Pacific Trust Territory days MRI applied for oil & gas exploration rights with the US Department of Interior (DOI) covering vast areas of the Pacific from the Marshall Islands to Palau. The DOI ultimately rejected MRI's applications as being too large an area so MRI decided to focus their attention on Palau. MRI filed applications with the governing authorities of Palau seeking three exploration licenses – one in Kayangel and northern Babeldaob – one in Angaur and one covering the Southwest Islands. MRI was granted a permit and was given the rights to explore for oil & gas in Palau.

In 1982 with the funding from the Yates Group a seismic exploration company out of Singapore was contracted. Geophysical Services, Inc. (GSI) was contracted to acquire seismic data in the three licensed areas. A seismic ship (M/V Tasman Seal) came to Palau and conducted 2D seismic tests at Velasco, Angaur and Southwest Islands. Of the three locations Velasco Bank in Kayangel State showed the most prospectivity. \$1.8 million was spent acquiring the seismic data. During this period MRI contacted 220 companies worldwide to invest in the drilling of three wells in exchange for a

ownership interest in the project. In the oil industry this is known as a "farm-out" program. Of the 220 companies contacted only 17 responded but none took up the farm-out offer. By July of 1994 MRI was unable to continue and no test wells were ever drilled. The Yates group decided to withdraw its financial support to the project and Micronesia Resources Inc. (MRI) folded and went out of business all of the licenses agreements expired.

In 1995 (within days of the demise of MRI) a company called TMBR/Sharp Drilling arrived on the scene represented by a consultant named Bob Hijacek. TMBR/Sharp was owned by a well-known oilman from Texas named Tom Brown (Tom=TM, Brown=BR thus "TMBR"/ Sharp Drilling). Tom Brown (TMBR/Sharp) due to financial reasons withdrew from the project the new partners decided to carry on with the project and added several more (new) partners and finally they formed Palau Pacific Energy Inc. (PPEI). During this transformation new seismic data was gathered on Velasco Bank by PPEI as well as geochemical testing for minute traces of oil on the surface of the ocean from natural seepage. (\$3.5 million was spent on new the data). Thereafter, the Palau Pacific Energy (PPE) entered the picture and was granted an exploration permit to look for oil in the area. For some reasons, the company was not able to proceed with the actual exploration before CSE came along.

MASSIVE CORRUPTION IN WESTERN PROVINCE. WILL THE PM INTERVENE?

By TUGIRI REIDA, PNG Blogs, 25 February 2014

The government of PNG has demonstrated that it is incapable of safeguarding the funds of Non CMCA villages' (South Fly affected villages who didn't sign the CMCA Agreement) being part of the compensation moneys paid by BHP/Oktedi, as a direct result of the Court case in Melbourne by Fly River Landowners. Certain funds being dividends from Oktedi were parked as part of the compensation package for the Environmental destruction in two trust accounts (totalling several hundred Million Kina) under the principal care of the Governor of Western Province Hon. Ati Wobiro and the Secretary for Department of Mines and Geo-hazards, Mr. Shadrach Himata. Ati Wobiro, a man with double Masters in Economics, a former Provincial Planner of Western Province in the 1990s, former Acting Administrator of Department of Western, former country Manager of World Vision, former Church Elder of the Evangelical Church of Papua, former employee of PNGSDPL, and former 2 time loser for the Western Regional Seat, finally made it into the hot seat, unseating another son of the Church from Gogodala, Dr Danaya.

Ati Wobiro was elected because we (the people) found Dr Danaya unreliable, untrustworthy, egotistical, and did not do much. Wobiro was elected instead because the people felt he was close to the ground and trustworthy. But, is Wobiro really close to the people, and is he truly worthy of their trust? Upon being elected, he sacked William Goinau the Provincial Administrator and appointed a fellow "bushman", fellow devoutly religious, and fellow economist Dr Modowa Gumoi, to be the Provincial Administrator. No other Province in PNG has such highly qualified persons as Governor and Administrator- the Dream Team. But how are they perceived on the ground? What practical things have the Dream Team achieved so far? Some of their achievements have been aired in the media this last week by Mr William Goinau, playing the role of whistle blower. Admittedly there is an element of sour grapes in Goinau's revelations. But his revelations are so serious, they cannot be dismissed offhandedly. So far no party named, including the Governor, has objected. Everyone has gone into hiding.

Goinau alleged that:

1. Wobiro & Gumoi circumvented normal tender processes and corruptly misused K36 Million Kina of the people's moneys held in trust.

2. There was no tender by the Western Province Supply & Tenders Board to award K36 Million worth contracts. All normal tender processes for transparency were not followed. This is against the Public Finances Management Act.
3. K3 Million Kina was paid into KBB Oceania Ltd, owned by associates of Wobiro & Gumoi from whom they may have had a kick back.
4. K2.6 Million to May Fuels Distributors Ltd, (May brothers) for Daru Beautification Project.

May brothers are like family to Wobiro. They supported him during last election in kind, cash and logistics. Wobiro's family connection with the Mays go right back to when (the brothers were toddlers then) their old man RON May as official signatory to the giant Wawi Guavi Timber project siphoned off Millions of Kina of landowner royalty and premium payments, and Wobiro as Provincial Planner and a short time as Administrator covered for him. Wobiro has since been a close family friend, and business advisor at various times to the Mays. Very little, in fact, nothing has been done on the ground by way of beautification of Daru town by the Mays. Instead the Mays have been busy buying up properties in Australia, Port Moresby and strengthening their strong grip over Daru township.

5. K2.287 Million to May Fuels Distributors Ltd for Daru Sanitation & Garbage.

Very little actual garbage or sanitation work has been done by the Mays. The council does its bit but not always effective. The Mays boast about the new properties they bought in Australia and Port Moresby, and appear in the bars of Port Moresby as the nouveau riche of Western Province, while the people whose money they siphoned wallow in utter poverty.

6. K5.5 Million Kina paid to Niugini Aviation Services Ltd for aviation services to Western Province.

Niugini Aviation Services Ltd is owned by Mr Roxon Undi and his wife Mrs Ruth Undi, of Southern Highlands Province. Mr Roxon Undi and Mrs Ruth Undi met Governor Wobiro in Port Moresby in isolated hotel rooms and restaurants where the Undi's grand plan was slowly and carefully revealed and blessed. Prior to their meeting the Governor, their company had one small plane that they leased. The Undis are financial backers of Governor Agiru of Hela. They benefited to the tune of Millions of Kina from Governor Agiru's road contracts in the Southern Highlands. Even though the roads were not completed, the Undis company Kana Constructions always got paid the full tender price anyway, thanks to a very flexible former CSTB Chairman, and happy Works Department staff.

It was Governor Agiru who urged Wobiro to meet with Mr Undi and his wife Ruth Undi, whose other company Kana Group is also a contractor to Oktedi Mine and to Southern Highlands Province during Agiru's time. Agiru and Wobiro are also both first born sons of the Evangelical Church of Papua, and currently working together on the new Nomad gas project. After agreement in principal, a bold proposal was cooked up whereby K5.5 million was to be paid by Wobiro from the trust. Roxon and Ruth Undi will then look after Governor and cover the Provincial Administrator (whom the Undis met separately). As planned the Undis sent the proposal up through the Administrator. The Governor pretended ignorance, went along and approved it. The payment was made without any tendering. The papers were signed off and witnessed between the Governor and the Administrator. Everyone involved to draw the funds was looked after.

The Undis with just one small leased aircraft at that time, proposed in writing to supply Aviation services to 53 rural Airstrips in Western Province. There is a bound submission at the Governor's office that looks and sounds like a con job. The numbers proposed showed flying hours between these 53 airstrips. This was impossible for one small aircraft to achieve. There is also another prob-

lem- there is only less than 10 strips open currently, and of these only half are serviceable. Everybody including the Undis (being contractors in Western Province) know which airstrips are open. They knowingly made false proposal and the Governor too should have known. As time revealed, Roxon & Ruth Undi used the K5.5 Million to buy themselves new airplanes. They had no intention of flying to airstrips that don't exist. It is obvious they didn't care. They were looking for free money to benefit themselves.

Clearly this is a "CON" job on the people by Governor Wobiro and Dr Gumoi, and by Mr Roxon Undi and Mrs Ruth Undi. It is clearly an illegal and corrupt payment because the proposal is not genuine and the money does not belong to the Governor and Dr Gumoi. Responsible authorities should investigate and criminally prosecute such people. The Accounts of Niugini Aviation, Roxon Undi, Ruth Undi and all their companies should be examined to see what happened to the K5.5 Million that was fraudulently and improperly obtained, and how much of it has been laundered off shore, and how much, if any, paid as kick backs. The Undis, have also been transferring funds to Australia and New Zealand just like the Mays. This situation is no different from what Mr Eremas Wartoto and Paul Tiensten have been accused of. Only the names are different, but everything else is the same.

7. K2.996 MILLION PAID TO SOUTHERN CROSS ASSURANCE LIMITED AS INSURANCE PREMIUM.

This is another company owned by Mr Roxon Undi and his wife Ruth Undi. It is yet another bogus proposal prepared by Mr Lohia Samuel the GM of Southern Cross Assurance Ltd, a newly set up insurance company. The proposal says that this company would provide individual life, health and other insurance cover for 65,000 people of Western Province. There is something wrong here because Western Province population is not 65,000. It is less than that. The people don't know they have health or life insurance cover. Nobody has told them. No individual has seen a medical or life policy from the company. No person of Western Province has consented to be covered. No one has signed any policy. There are no procedures to claims. There are no names of the individuals covered. The money has been paid out but the people are dying every day from curable deceases.

This bogus insurance proposal was prepared by Mr Lohia Samuel. The company has not covered anyone in truth. This is yet another fraudulent, deceptive and corrupt payout of the people's funds. It is believed Mr Roxon Undi and Mrs Ruth Undi put this proposal to the Governor at the same time as they put the Aviation proposal to him. Together they have benefitted illegally to the tune of K8.5 Million Kina from the people's trust so far. An investigation by a Police Task Force or the Fraud squad, would reveal the whole truth.

8. K 4.0 MILLION PAID TO POSMAN KUA AISI LAWYERS.

Posman Kua Aisi Lawyers were paid K4 million which is a lot of money! What big work did these guys do to deserve to be paid so much money! At a time when we are seeing and hearing so many law firms in this country being branded as corrupt and ripping the government and small people off, with the Attorney General in the forefront of the counter action, we need to hear how this money was earned by the Attorney General's law company. Mr Goinau says this firm did not do any work for Western Province during his time in office. He says that this law company in fact acted for the Governor during his recent election petition.

Mr Goinau also believes a previous payment in the Millions was also paid to this firm out of the same fund. The Governors legal fee payment, if true, would also be an illegal payment from the people's Trust funds. The Governor's election petition is a private matter and a private expense. It is not an expense of the Provincial Government, or that of the affected Non CMCA Villages. For this

payment(s) the law company needs to be fully investigated, and funds recovered and those involved prosecuted, and jailed. The Police and the courts must be allowed to do their jobs properly, without interference from the Attorney General or any other Politician.

9. PRIME MINISTER'S RESPONSIBILITY.

Mr Kerenga Kua is the Attorney General fighting the case of the State retaining control of landowner funds. It is his law company that is implicated as possibly taken over K4 Million of the Western People's moneys from the Trust fund for defending the Governor Wobiro's election petition. Will he move to protect his colleagues and his name that is still on the company? Kua has a serious conflict. While these revelations in the press have caught the Prime Minister off-guard, what is he going to do about it?

Will the PM move to cover up for Mr Roxon Undi and Mrs Ruth Undi, his relatives and voters of his electorate, thereby cover up obvious corruption, or will he set up a Task Force specifically to look into these allegations in the interest of the nation? PNG will now know if the PM is serious about fighting corruption or not. All eyes are on him. Ideally, the Western Provincial Government should be suspended, and investigations should commence into these allegations. Will the Prime Minister move to suspend Western Province?

Again it is up to the Prime Minister to ultimately protect the small people of Western Province and their funds. A police fraud squad task force, is the ideal way to go to investigate, interview, and if necessary, prosecute:

1. The May brothers.
2. May Fuel Distributors Ltd
3. Roxon Undi.
4. Ruth Undi.
5. Niugini Aviation Services.
6. Southern Cross Assurance Ltd.
7. Mr Lohia Samuel.
8. Posman Kua Aisi Law Company.
9. Governor Wobiro.
10. Dr Gumoi.
11. Shadrach Himata.

It is the wish of Western people for the Police to investigate and prosecute them, just like Tiensten and Wartoto, and let them tell the court what they did with the funds and who else benefitted. The Police should ask the Australian and Zealand authorities if they could help us bring back funds sent overseas by the May brothers, Roxon Undi, Ruth Undi, Lohia Samuel, and their companies. All funds should be fully recovered and the trust funds should be repaid. If the PM fails to suspend Western Province and institute a task force and prosecute these people, then he will have failed the long suffering people of Western Province. What hope is there for the rest of the country if this Prime Minister cannot help the people of Western Province at this time? And what hope is there for PNG if this PM is not serious about corruption that is so obvious?

In the meantime, the trust funds should be released to the people's own management. They are compensation funds for environmental damage. The people have suffered long enough. They are entitled to the funds. The people's needs in health and education must be addressed now with these funds. They must decide what they should do with these funds without government interference. The State cannot be trusted with the funds anymore. Kerenga Kua as Attorney General cannot fight the case pending because he is tainted by K4 Million. The State (and the Prime Minister) must let

the funds go to the people who deserve and need the money most, than to drag the people through the courts.

Gas export to boost PNG economy

The National, February 24th, 2014

THE start of the LNG export this year will signal the biggest shift in the country's economic landscape in more than two decades, PNG Chamber of Mines and Petroleum executive director Greg Anderson (pictured) said. "When LNG exports commence on the second-half of this year, this will be the start of the most ambitious project ever undertaken in PNG, as highlighted by our recent conference theme 'transforming the economy – the gas era', Anderson said in a newsletter. "As a single, integrated resource project, LNG directly encompasses more than 70,000 landowners, five provincial governments and 10 local level governments – all of whom will be direct financial beneficiaries of royalties and a development levy," Anderson said mining and oil companies had represented the second largest contributor to the nation's gross domestic product after agriculture. "When LNG exports start, the resource sector will overtake agriculture's contribution to PNG's total economic output."

Anderson said the resource's sector's share of PNG exports was forecast to rise from around 80% this year to 90% next year. "Although this is a single project involving several shareholders, including PNG government, the LNG impact will be comparable to the structural change in the early 1990s with the launch of Hides gas to electricity project, Kutubu oil production and Porgera gold mine." By-product condensate from PNG LNG project would boost the country's oil exports to 15.6 million barrels next year, its highest level since 2001 when 21.4 million barrels was exported, according to PNG Treasury projections. Built at a cost of US\$19 billion (K46 billion), the PNG LNG project was nearing mechanical completion of all key components – the Hides gas condensation plant, the gas pipelines and the LNG plant outside Port Moresby. "Commissioning activities are underway at LNG plant and at Hides Gas commissioning plant (HGCP)." "The onshore gas pipeline to HGCP has been welded to offshore section to complete the gas transmission line as well as a fibre optic cable alongside the pipeline, which will greatly enhance the nation's information technology capacity".

PNG PM: Lack Of Highlands Development "Shameful"

O'Neill says funded projects have not been implemented

PORT MORESBY, Papua New Guinea (The National, Feb 24, 2014) – Prime Minister Peter O'Neill has described the lack of development in the resource rich provinces of Hela and Southern Highlands as shameful. "Over 20 years or so since the first export of oil in the Southern Highlands, there have been some payments made under MOA commitments in the past and some of them were related to projects," he said. "Although the money has been spent, none of the projects have ever been implemented. Even after 25 years of hosting the project, you'll see that there is not much change. If you go to Bimaka hospital in Lake Kutubu, you'll see that mothers are delivering babies on the floor." "This is just a great shame so I don't want us to repeat the same mistake." O'Neill told Parliament last Friday that a meeting would be held on Thursday between officials from relevant departments to discuss what the Government has paid so far to the landowners. Koroba-Lake Kopiago MP Philip Undialu had asked O'Neill about the outstanding petitions from landowners in the impacted area where the Liquefied Natural Gas project production was taking place.

Say nothing, Chan warns

The National, February 24th, 2014

NEW Ireland Governor Sir Julius Chan has advised provincial and administration officials to refrain from commenting on allegations made by the Lihir Mine Area Landowner Association. He told a recent provincial executive council meeting that there were many misleading statements and petitions from the association. Sir Julius advised council members and provincial administration officers not to pursue any allegations coming from landowners, Dennis Gati and Peter Suar. Sir Julius said the elected government of New Ireland and the Nimamar LLG were the signatories to the Memorandum of Understanding in 1995 and therefore any review of that agreement would comprise the two governments. He said the association representing some of the landowners entered into the Integrated Benefit Package with the company and the provincial government had nothing to do with it.

Poverty Rises Amidst Gold

Catherine Wilson, IPS, via PNG Mine Watch 23 February 2014



Villagers in Papua New Guinea point to their village destroyed in a landslide from a quarry being excavated for a liquefied natural gas project. Credit: Catherine Wilson/IPS

Natural reserves such as gold, copper, nickel, gas and timber are being extracted in the western Pacific island states of Papua New Guinea and Solomon Islands to feed the soaring economies of East and South East Asia. But despite these Pacific nations recording economic growth rates of 6-11 per cent over the past seven years, opportunities for human development have not been grasped. "There is very little confidence amongst communities in resource extraction projects that governments are operating," Maureen Penjueli, co-ordinator of the civil society organisation, the Pacific Network on Globalisation in Fiji, told IPS. "Customary landowners and civil society groups have not been adequately consulted on the type of development that is appropriate for the Pacific." "There is a perception that governments are pro-big business, pro-foreign investment and have paid very little attention to the plight of their own people. Customary landowners and civil society groups have not been adequately consulted on the type of development that is appropriate for the Pacific."

In Papua New Guinea (PNG) there are at least six mines extracting gold and copper. The nation's largest resource project, PNG LNG (Liquefied Natural Gas), centred in the highlands is expected to

begin supply this year, while generating up to 1.5 billion dollars of annual government revenue for the next 30 years. The Solomon Islands, an archipelago to the northeast of Australia, has a 50-year history of timber exploitation. Logging currently contributes to 15 percent of state and 60 percent of export revenues. Natural resource management has brought the interests of corporate developers determined by short-term profit competing with local Melanesian perspectives that prioritise culture, identity and the well-being of future generations. The PNG government claims a state right to mineral resources, while in the Solomon Islands traditional landowners determine timber extraction. Either way ordinary citizens have experienced no benefits.

Two million in a population of more than seven million in PNG live in poverty, while the under-five mortality rate is a high 75 per 1,000 births. In the Solomon Islands 23 percent of people live below the poverty line, and literacy is 17 percent. Pacific island governments with shortfalls in capacity and expertise can be disadvantaged in negotiating resource agreements with international investors. An unhealthy alliance between the political elite and foreign companies has served the interests of a few, while negatively impacting the rural majority who suffer inadequate public services and human rights protection. In the Solomon Islands an influx of Southeast Asian logging companies in the 1980s paralleled escalating corruption and declining regulatory compliance. “The links between politicians and foreign logging companies are complex and well-entrenched,” a Transparency International spokesperson told IPS in the Solomon Islands capital, Honiara. “We regularly hear of politicians using their power to protect loggers, influence police and give tax exemptions to foreign businesses; in return loggers fund politicians.”

Solomon Islands landowner Lily Duri Dani said that corruption had resulted in women resource owners being “pushed aside” in decisions about land use. “Women would make decisions that are honest, open and fair to everybody. We would use the [resource] money to help people at the grass-roots,” she declared. According to Human Rights Watch (HRW), “poor governance and corruption [in PNG] prevent ordinary citizens from benefitting from resource wealth...large-scale extractive projects have generated environmental and human rights concerns that the government has failed to address.” The PNG LNG project is set to deliver a windfall to foreign investors that hold 80 percent ownership, including Exxon Mobil and its subsidiary, Esso Highlands. Social impacts documented by the New Zealand-based Otago University include increased inequality, alcohol consumption, domestic violence and prostitution. Local communities have also faced a 38 percent food price increase and deteriorating education and health services as staff seek more lucrative LNG-related jobs.

In 2012, a devastating landslide from a quarry being excavated by a project sub-contractor buried two villages, Tumbi and Tumbiango, killing an estimated 60 people and destroying 42 homes. Safety concerns about quarry operations had been identified by an independent environmental consultant, D’Appolonia, the previous year. The PNG Government has failed to commission an independent investigation into the disaster, leaving victims deprived of justice. Tumbi village chief Jokoya Piwako, who lost his entire family in the tragedy, claimed that the government and the companies “are concerned about their income and revenue, but they are not concerned about lives in the communities.” Non-governmental organisation Jubilee Australia reported last year that “there are serious risks that the revenues generated by the [PNG LNG] project will not mitigate the negative economic and social impacts.” The Porgera gold mine, located in Enga Province and majority owned by the Canadian company Barrick Gold, has produced 20 billion dollars worth of gold in the past 20 years. Communities in the area live in severe poverty while HRW has reported gang rapes committed at the mine site by private security personnel in 2011.

Last year the United Nations Development Programme (UNDP) organised a Pacific conference in Fiji to tackle the question of how natural resource exploitation could translate into improving the lives of ordinary citizens. But the necessary framework of good transparent governance, strong

extractive industry regulation, environmental and social protection measures and participation by rural communities in decisions about resource use is yet to emerge in the region. Penjueli advocates that “a key role for civil society organisations is to mobilise the public to engage with difficult questions of human rights and social justice” in the extractive sector. Indigenous communities need to be empowered with skills, knowledge about the implications of decisions and alternative livelihoods, and better access to legal support to defend their rights, activists say. “We have to educate all the landowners because they have to make good decisions,” Judy Tabiru, president of the Isabel Provincial Council of Women in the Solomon Islands, told IPS. “We must create rules to protect our resources for the benefit of our people. That is for the betterment of our generation and that of our children’s children.”

Misima mine failed to improve local people’s lives

State Team to Assess Breakdown of Vital Services in Misima

EMTV via PNG Mine Watch 21 February 2014



Misima mine failed to deliver benefits for local people

Prime Minister Peter O’Neill assured the people of Misima that a state team will be appointed and immediately flown to the Island to assess the breakdown of vital services. He was responding to questions raised by Milne Bay Governor Titus Philemon in parliament this morning. Governor Philemon based his queries on a special Tokpiksa Report by EMTV’s Lae News Reporter, Edwin Fidelis this week. Milne Bay Governor Titus Philemon questioned the Prime Minister about a petition presented by locals on Misima Island last year. Mr. Philemon based his queries on a special Tokpiksa Report that was aired on Sunday about the plight of Misima Islanders since the closure of the mine. He also questioned Government’s K5 million commitments, every year, to the people of Misima, for damages, after the gold mine was closed in 2004. The Governor acknowledged the EMTV report and said his people’s standard of living was very poor after the mine closed. The economy on the Island is currently driven by alluvial mining and the people are working hard to rebuild their lives through subsistence farming and fishing. The Governor also expressed grave concern about the Woodlark Project currently under feasibility studies. Prime Minister Peter O’Neill acknowledged receiving the petition. He assured the Governor that a special team will be appointed and flown into Misima Island to investigate the breakdown of services and give the much needed funding to the people.

Cobalt in Cook Islands awaits exploitation

ISLANDS BUSINESS/PACNEWS, 20 Feb 2014

RAROTONGA, Cook Islands --- This year could be a defining year for seabed minerals in Cook Islands. There are plans by its government to move a step closer to exploration of its massive cobalt resource, following the completion of consultation work with the International Monetary Fund (IMF) on how to maximise this potential national wealth. In an interview with ISLANDS BUSINESS last year, Cook Islands' Minister for Finance Mark Brown revealed his government's intention to ensure that critical groundwork is laid before any advancement in this area, given that undersea mineral exploitation is still a new frontier globally. "Our legislations have been in place for a number of years now and they came into force in March (last year), so we've been setting in place a legal framework for the exploitation of our minerals resources," Brown told ISLANDS BUSINESS. "We are also in the process with the IMF of working out a taxation and royalties legislation to determine how we will maximise the returns on those resources. And we also had a study done on the establishment of a sovereign wealth fund so that revenues collected from this particular resource will go into a dedicated sovereign wealth fund," Brown added.

Cook Islands is said to be sitting on a significant field of manganese nodules, which are known to host mineralisation in the seafloor. According to a study done there in the 1990s, its manganese nodules are so rich in cobalt that they're enough to supply global demand for the next 500 years. Known data at the time estimated that even if a small portion of Cook Islands' manganese nodules is mined, it would be enough to supply 10 percent of the world's annual cobalt consumption. Although interest in exploration work there has been expressed and carried out by a number of parties in the past, among them a U.S engineering firm, they have not translated to any progress in actual mining as economic viability was always questioned. Globally, technological advances in undersea mining equipment have been slow while in the country, specific legislations to regulate the relatively unknown industry were also slow to take form.

Recently however, interest in seabed mining especially in the Pacific was rekindled following substantial interest and progress by Canadian-listed mining company Nautilus Inc. to launch the world's first commercial seabed mine in Papua New Guinea waters. It's an interest that has continually been the subject of much criticism because of fears it will severely damage the ocean's ecosystems but this hasn't stopped Pacific Islands countries with seabed mineral prospects—Cook Islands among them—to revisit their opportunities in that area. They are being assisted by the Applied Geoscience and Technology division of SPC (SOPAC), especially in the drafting of relevant national laws.

In PNG, the arrival of Nautilus became the catalyst to the drafting of national policies and legislation on seabed mining but Cook Islands had decided it will not allow exploration or mining until all relevant legal and policy work are in place. Its Seabed Minerals Act was passed in 2009, establishing the Cook Islands Minerals Authority and a regulatory framework for seabed mining in the country. It has also gone a step further to explore the concept of having a sovereign wealth fund for seabed minerals proceeds, a model used by many countries to manage national wealth from their mineral resources, oil predominantly. "It's been estimated that the value of our minerals below the sea is in the billions of dollars, which will make us one of the wealthiest countries in the world if we can get down there and exploit the value of these minerals," said Brown.

"So by the end of (last) year, we would have completed our work on the exploratory licences regime and we will be putting out expressions of interests to companies or countries that wish to take out exploratory licences to determine whether full exploitation is actually feasible," he added. In its initial analysis on Cook Islands' proposed sovereign wealth fund for its undersea minerals resources, the IMF said the Pacific region had produced cases of both successes and failures, which

underscored the importance of having well structured and well managed funds. “Kiribati, Timor-Leste, Papua New Guinea and Nauru have SWFs established for non-renewable resources. Tonga and Tuvalu have funds established from revenue windfalls and Tuvalu, Marshall Islands, Micronesia and Palau from donor contributions. An IMF study on sovereign wealth funds in the Pacific islands provides insights into the successes and failures of these funds. The failures of the funds in Kiribati and PNG provide some lessons on how important the design of the investment strategy can be. The Timor-Leste Petroleum Fund provides a model for effective design,” the IMF said.

Ok Tedi: Court orders transfer of landowner funds

Post Courier via PNG Mine Watch 20 February 2014

A TRANSFER transaction of K214 million has already been made this week from a State account to the National Court Registrar’s trust account as per a court order issued last month. These are funds from the Western Province non-CMCA (community mine continuation agreement) region peoples trust account looked after by Mining Secretary Shadrach Himata as the custodian by law and chairman of the trust deed. Bank South Pacific on Tuesday this week debited the sum of K213,994,409.26 from the Western Province non-CMCA region peoples trust account number 1001310415 and credited that sum to the National Court Registrar’s trust account number 100583618, pursuant to the order made in the proceedings on January 24, 2014, as varied by the order made therein on February 13, 2014. BSP legal officer Michael Henao in his letter to Ian Augerea, the Registrar of the National Court of Justice said: "We are instructed that on February 14, 2014, BSP debited the sum of K213,994,409.26 from the Western Province non-CMCA region peoples trust account number 1001310415 and credited that sum to the National Court Registrar’s trust account number 100583618, pursuant to the order made in the proceedings on January 24, 2014, as varied by the order made therein on February 13, 2014."

This means that the funds are now out of the Government’s hands and is now in the hands of the courts. Early this year Prime Minister Peter O’Neill made an announcement to the people of Western Province, both the CMCA and non-CMCA, that their funds were safe in the hands of the Government. But despite the transfer, State lawyers are pursuing the matter further in the Supreme Court to obtain an order against the decision and for the whole proceedings to be dismissed as misconceived and without course of action. The case to transfer the funds was taken up by Pastor Steven Bagari and others against Bank South Pacific and six others in the National Court. Attorney-General Kerenga Kua had raised serious concerns in the manner in which the matter was handled but assured that the state lawyers have not given up and have taken the matter to the Supreme Court which is expected to be heard this morning.

Fly-in, fly-out slammed

The National, 20th of February, 2014

THE fly-in, fly-out (FIFO) scheme by the extractive industry has been draining the country of its economic, social and infrastructure development benefits, according to the Resource Owners Federation of Papua New Guinea. The federation said this in a statement as they praised Mining Minister Byron Chan for revealing the government’s intention in Parliament last week to abolish the FIFO practice. The federation said that in 1997, a study conducted by National Research Institute (NRI) on the Economic Impact of the FIFO operations of one mining project in PNG said in part:

n The direct loss as a result of the FIFO system was the personal consumption transferred from the local economy to overseas organisations.

This part mainly consisted of that portion of wages and salaries, which would have been consumed

locally, but had now been transferred elsewhere;

n Using the national income accounting equation, it was estimated that, on an average, the annual loss of national income was between about K5.2 million and K13 million. Considering the multiplier effect, (2.2), the annual loss must be about K11 million and K29 million;

n Continuation of the FIFO system for a decade would cost the economy, including the multiplier effect, between K110 million and K300 million.

n The indirect impact on employment lost in the informal sector in PNG, more particularly in the local area, must be about 0.1%, that was about 300 jobs in the informal sector.

The report found that it was economically viable to build a township to accommodate the FIFO workers from this particular mine instead of carrying out the system. However, the national government had not taken any positive action to stop this practice since the NRI findings in 1997.

At that time, using the report's formula, the country must have now lost between K253 million and K690 million over the period of the life of this particular project though the FIFO system of operating the mine. The number would clearly run into many billions if all projects that practice the FIFO in the country were taken into account. The federation has urged the government to immediately legislate against the FIFO operations throughout the country, claiming the impact of such legislation would be significant for PNG.

Gas firms eye Western LNG reserves

The National, 20th of February, 2014

TWO gas and oil companies have agreed to explore and develop oil and gas reserves in Western. Horizon Oil Papua Ltd and Osaka Gas Co Ltd of Japan said they would expand their investment in the country after a dialogue with Prime Minister Peter O'Neill. O'Neill met with Horizon Oil Ltd chief executive Brent Emmett and Osaka Gas senior executive officer Hidetaka Matsuzaka, along with his delegation in Parliament on Tuesday. Osaka Gas is Japan's second largest gas concern and a global leader in liquefied natural gas development, shipping and distribution. "The government has embraced this joint venture between these two companies, given their requisite LNG experience, financial strength and market for the product to help implement PNG's third LNG project," O'Neill said. He welcomed the proposal for the gas to be engaged in the domestic market. "This is good news as it will provide for our energy needs in the country," the Prime Minister said. O'Neill had acknowledged that the Osaka Gas would be a major buyer of gas from the PNG LNG project during its initial export this year. "Osaka Gas has already made a serious commitment to PNG and is expected to grow in the years to come," he said. O'Neill said the national government appreciated these foreign investments and extended invitations to other firms with growing investment interests to have confidence in his government.

Another Possible Bauxite Mining Area Identified In Fiji

Discussions underway between company and Dreketi landowners

By Serafina Silaitoga

SUVA, Fiji (Fiji Times, Feb. 19, 2014) – Another bauxite area has been identified in the province of Macuata and talks have started with landowners. If successful, Aurum Exploration (Fiji) Ltd plans to begin work at the new site this year. Company director Sang Lei said it would cost them about \$20million (\$US10m) to build the site at Dreketi. He confirmed the landowners were consulted together with the Mineral Resources Department. "We have started talking with landowners and we are continuing with discussions, making sure they fully understand and know what bauxite mining is about," Mr Lei said. "We want the landowners to have a lot of time to think about their deci-

sions and come to an agreement. "So far we are happy with discussions and glad that the landowners are agreeing to talk with us."

Mr Lei said the landowners had also visited the mine site at Nawailevu in Bua. "The visit is to help them understand more about bauxite mining and the processes involved. "It is very important for us to show them all the processes involved with bauxite mining. This will also bring benefits to the villagers and landowners. "Employment opportunities are also being created for the villagers and we always make sure they receive some form of assistance." The relationship with the landowners and communities, Mr Lei said, was positive. "The government and the people have been supportive and our work has been made easy with the kind of co-operation from the locals." The team from the bauxite company will meet this afternoon with landowners at the Nabiti Village hall.

Local mine workers lowest paid

Malum Nalu, The National via PNG Mine Watch 19 February 2014

PAPUA New Guinea mine workers are among the lowest paid in the world while expatriate mine workers in the country are among the highest paid, an expert says. Concept Group managing director, Brendan Coombs pointed out the shocking wage disparity, which he described as "terrible", at a Port Moresby Chamber of Commerce and Industry breakfast. "In the mining sector, throughout the world, PNG is second to last in average local salaries," he told the breakfast, which was mostly attended by human resources personnel. For expats, PNG is second from top in what it's paying to recruit people. My first reaction to that is that it's terrible. "How can we be lowest-paying our citizens and highest-paying our expats," he asked. "It's not entirely fair. "Just to clarify it, when you're talking average salary, with the citizen employees they go all the way from labourers through to mine managers so their average will obviously be lower than your average expat, who will start at supervisory level and go higher. So you haven't got a completely fair comparison.

"Having said that, the cost difference between getting a Papua New Guinean to do the job and getting an expat to do the job is just the same as it always was. In this case, it's five times more." Coombs said the solution was in PNG developing over time, particularly its education system, as well as improving the country's terrible image problem overseas. "If we can develop Papua New Guineans over time, then hopefully, that (wage disparity) will move back," he said. And PNG is ... not the most attractive place on earth. "And they (employers) feel they have to offer these salaries to get people to come here. The two things I read in here is our education system. "Having been here 30 years,

I can compare people that I've worked with at Grade 10 education up against people who come out as graduates now – not only in terms of English comprehension and maths ability, but just their ability to learn. "Our education system has not improved and I would think that it's probably declined and that has to be improved to fill this gap. "Of course, the other thing is the standard of living we enjoy in Papua New Guinea in terms of how attractive it is in regards to crime, corruption and all those sorts of things." His advice: "All you can do is focus on what you can change. "Develop the staff that you have as much as you can and get rid of the idea that it's someone else (expatriate) who has to be calling the shots. "That's happening increasingly but obviously there's still a large gap."

PNG resources boom could open way for ponzi schemes

Radio New Zealand, 17 February 2014

Papua New Guinea's resources boom could leave the country more susceptible to fraudsters and ponzi schemes, according to new research by the Australian National University. John Cox has been

studying the effect of fast money schemes like the U-Vistract scheme a decade ago, and why PNG's educated middle class has paid over 208 million US dollars to such schemes since 1998. He says the resource boom is creating high expectations of wealth that could create a sense of mistrust that people will prey on. "So what I'm hearing from the people that I speak to is 'PNG's a rich country, we shouldn't need to have aid programmes, we shouldn't have poor people here, there's something wrong with our system' and they often blame it on corruption, but more often it become what we call a negative nationalist account. They say 'we're under-developed, it's because our politicians are corrupt.'" John Cox says the system and government corruption is often used by ponzi operators in PNG as an excuse for why money hasn't shown up.

Nautilus Minerals Terminates Agreement With PNG Government

Sea-bed mining company will seek damages for breach of contract

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 17, 2014) – Nautilus Minerals Limited, which is operating the world's first seabed mining site in Papua New Guinea, has announced it is terminating its agreement with the PNG government. A statement released by the Canadian-registered company last week says contrary to the arbitrator's award of October last year the PNG government had failed to complete the purchase of its 30-percent interest in the Solwara 1 Project. The company says it will now terminate the agreement and claim damages. Nautilus says it still wants to reach an amicable resolution with the government. The company was granted the first lease to mine the ocean floor for polymetallic sulphide deposits, from which it expects to obtain copper, gold and silver.

Ok Tedi latest: State lawyers file to stop K213m transfer

Post Courier via PNG Mine Watch 17 February 2014



OK Tedi mine pipe spewing waste into Papua New Guinea river. [File] (Credit: ABC)

STATE lawyers have filed an application in the Supreme Court last Friday to stop a commercial bank from transferring K213 million into a court account. The K213 million was parked in the Bank of South Pacific which belonged to the non-community mine continuation agreements (CMCA), which includes those in South Fly and North Fly. Lawyer for the non-CMCA landowners, Allan Baniama, successfully filed for these funds to be transferred into the court account so the landowners can take control of it. The matter goes before Judge Cathy Davani on March 4. But yesterday Attorney-General Kerenga Kua raised serious concerns in the manner in which a serious case that involved financial matters was handled. He said the State was always ably available, ready and willing to attend to such cases. "I am seriously concerned that the courts should be easily dealing with far reaching matters on an ex parte basis. I have instructed our lawyers to file an application for two things," Mr Kua said. Mr Kua told the *Post-Courier* that the state lawyers filed an application last Friday for an ex parte order to stop BSP from transferring K213 million into the said court account

– as per the order by Allan Baniama – from the non-CMCA account. He also said the State Lawyers also filed for the whole proceedings to be dismissed because it was misconceived and without course of action. Mining Secretary Shadrach Himata, the chairman of the Board of Trustees of this non-CMCA account, also confirmed the decision was made on Wednesday last week and said that BSP was not supposed to consent to the orders as they were not custodians of the funds. He said their lawyers were supposed to file but because the State had already taken the case up on Friday they could only put in their effort to support. Mr Kua said that a full brief will be detailed today.

Chan eyes offshore mining policy

The National, February 17th, 2014

By SHIRLEY MAULUDU

THE Mining Ministry is developing an offshore mining policy to cater for the Solwara 1 project – the first-ever offshore mining project in the country and the world. Mining Minister Byron Chan said it was imperative that the government adopted the country’s own offshore policy without further delay. “At this point let me make it clear that the current mining legislation adequately provides the basic framework to regulate and permit a deep-sea mining project, likewise the mining safety act. “What is required of us to do is to develop specific safety guidelines and policy on benefits distribution for offshore projects”, Chan said. “My ministry has produced a draft mining policy using the Madang guidelines which was developed from an international workshop of deep sea mining experts in 1999.”

Ok Tedi: Lawyer asks to serve order on firm

The National via PNG Mine Watch 14 February 2014

LAWYER Samson Jubi has asked the court to allow the serving of a court order on Ok Tedi Mining Ltd by way of substitutive service. Jubi asked the National Court in Waigani to allow the serving of the order dated Jan 24 on OTML and Ok Tedi Development Foundation via mail. Justice Catherine Davani said any application for substitutive service must be properly filed. She advised Jubi that once filed, it could be heard on the court’s motion days, which was Monday. Deputy Chief Justice Gibbs Salika had issued orders, including the freezing of various trust accounts for the people of Western on Jan 24. Salika ordered the plaintiffs to engage a reputable environmental scientist or firm to conduct extensive research into the extent of environmental pollution in the Fly River and its social, health and economic impact on the people. The substantive matter returns to court on March 6. Lawyer Allan Manah, representing Finance Minister James Marape and Mining secretary Shadrach Himata, told the court that although his law firm used to represent OTML, he was instructed by the OTML management not to accept the court orders from Jubi. Lawyer Tiffany Twivey appeared for Marape.

Nautilus takes harder line with PNG gov't over Solwara 1 dispute

The dispute between Nautilus Minerals and Papua New Guinea over the Solwara 1 project continues, with Nautilus terminating PNG's ownership rights and seeking damages.

Kip Keen, mineweb.com, 14 Feb 2014

HALIFAX, NS (MINEWEB) - Turning more combative in a long-running dispute, Nautilus Minerals said Wednesday it terminated the Papua New Guinea government's right to a 30-percent interest in the Solwara 1 underwater mining project - over failure to meet payment despite a binding judgement it was to do so - and that it would seek undisclosed damages. Responding to emailed questions, Nautilus spokesperson John Elias reiterated Nautilus' desire to find compromise: "It is

our intention to complete the project and the company is still in discussions with the State." The move to go after damages against the PNG government comes after a binding arbitration judgement went against the island nation last year. The dispute, at its most basic level, is over government ownership of Solwara 1, an underwater mining project that a few years back looked well on its way to construction. Indeed the PNG government exercised its legal right to buy a 30-percent interest in the project in 2011.

Soon after it exercised the option, however, the government contended Nautilus was in breach of contract and - with the state having refused to pay - the spat headed to international arbitration. The case finally went to judgement in early October 2013 and an arbitrator ruled the PNG government had until the 23rd that same month to meet its contractual obligations; that is to pay a bill that Nautilus pegged to the tune of \$118 million. Now 113 days later, and counting, after the arbitration-set deadline, payment has yet to come and Nautilus is resorting to more legal recourse to recoup damages. "Nautilus will work with its lawyers in preparing for a damages hearing," Elias said in an email, later clarifying the hearing is to be overseen by the same international arbitrator. Elias, referring to the PNG's option agreement, also added: "The purpose of the damages claim is to put Nautilus into the position it would have been in financially had the State performed its obligations under the SEOA."

A possible outcome Nautilus might hope for is to pressure the PNG government to reconsider its position on the project were it to seem a greater financial risk to continue to fight a legal battle with Nautilus. It is not clear, however, what was the PNG government's position on the dispute, or the 2013 arbitration decision. An emailed request for a statement was sent to the PNG government's Washington-based embassy mid-Wednesday PST (early morning in Papua New Guinea). Looking at Nautilus' decision against PNG optimistically, Elias also highlighted potential benefits of not having the government as partner. He noted that with full ownership of Solwara 1 Nautilus had more options to strike joint ventures or other partnerships over the intellectual property rights it owns in having developed unique underwater mining systems to mine seafloor VMS deposits and in seeking funds to build equipment it needs to develop Solwara 1.

Bold steps for mining sector

The National, 14th of February, 2014

AS the mining industry faces challenges, the government is undertaking bold steps to rectify mistakes made in the past, Mining minister Byron Chan said. In his ministerial statement on progress made by mining ministry so far, Chan said PNG's potential in mining sector was demonstrated by existence of some world class projects, of which they had their own unique challenges. "Ok Tedi has just been acquired by government and we will be extending its mine life beyond 2022. "The government will sort out the re-distribution of its acquired interest from PNG Sustainable Development Program (PNGSDP) to strengthen the mine's sustainability." "Pogera has continued to face trespassing by illegal miners and has posed a serious law and order issue that must be dealt with immediately and decisively. "I will be meeting with relevant law enforcement agencies to ensure that this law and order concern is addressed." he added

Lihir: Owners oppose signing of deal

The National via PNG Mine Watch 14 February 2014

LIHIR gold mine landowners have opposed the recent signing of a memorandum of agreement (MOA) between the New Ireland provincial government and the Nimamar local level government.

The signing took place in Kavieng on Feb 5. Executives of the Lihir Mining Area Landowners Association (LMALA) met on Feb 7 and described the deal as illegal. They said they did not recognise the agreement, which was a private contractual arrangement between the provincial government and the LLG and had no basis in law. The LMALA leaders signed a petition that will be delivered to New Ireland Governor Sir Julius Chan, Nimamar rural local level government president, Ambrose Silul, the Mineral Resources Authority (MRA) and mine developer, Newcrest. “We, the landowners of the Lihir gold mine, are very surprised, concerned and disturbed by the recent turn of events on Feb 5, in Kavieng,” they said in a statement yesterday.

“The ongoing Lihir MOA review process was hijacked by the New Ireland provincial government and Nimamar rural local level government where a new purported Lihir MOA was signed by these two entities without LMALA and the State, through MRA, being represented and being named as parties and signatories. LMALA said the ongoing Lihir MOA review was critical because both the provincial and rural local level governments had breached their obligations and undertakings. “A classic example is the Lihir ring road obligations of the state and NIPG. “For all the gold that has been dug out of Lihir for the past 16 years, where is the promised road? “The NIPG got K25 million from the New Ireland Trust Fund in 2012 and, of that fund, K5 million was specifically for the Lihir ring road. Where is that money?” LMALA said it would lodge a formal police complaint with the Task Force Sweep, Ombudsman Commission and other relevant state agencies on the use of the funds for the Lihir ring road, including the use of trust funds.

A Cook’s tour of illegal mining

by Charles Macdonald, Australian Journal of Mining, Feb 13, 2014

Just a brief glimpse into the world of illegal mining might make some Australian companies thankful that their biggest problems are protecting profits from taxes and regulation. Australia’s miners have problems aplenty with high costs, thickets of red and green tape and the mining tax probably topping the list. One problem they don’t confront, thankfully, is illegal mining, whether conducted by teaming hordes invading pits or more sophisticated criminal syndicates armed with heavy machinery. Economic losses aside, illegal mining often leads to confrontations, injuries and deaths, and often disastrous environmental practices. Close to home, in PNG, the giant Porgera gold mine has regularly seen hundreds of illegal miners invade its open pit, “interacting” with heavy mine equipment, and facing off against police. Deaths have resulted.

In the Solomon Islands, Gold Ridge Mining told a local newspaper that the illegal mining “situation is getting out of control”, with the mining company at pains to avoid direct confrontation with local illegal miners. In Tanzania in Africa, Richland Resources’ share price jumped recently when it reclaimed control over the northern part of its licence area. Prior to this, illegal underground mining from neighbouring mines into the company’s most prospective deposits, and increasing violence, saw Richland evacuate contested areas. In Ghana, the country’s president, John Dramani Mahama, has tasked the Ghana Space Science and Technology Institute with a project to combat illegal mining. In the same country, the Ghana National Association of Small Scale Miners is using education programmes in a bid to encourage ‘galamseyers’ (as local illegal miners are called) to legalise their activities.

In South Africa, where possession of raw precious metals is illegal, there exists a thriving trade in illegal cross-border metal smuggling, with the trade valued on old figures at around \$500m a year. That figure will be dwarfed by the ongoing illegal mining of gold, diamonds, coltan (tantallite), wolframite and cassiterite in remote mines in the eastern part of the Democratic Republic of the Congo. In Colombia, violent narco-paramilitary groups have a firm grip on various frontier gold rush towns in the country’s wild north-west. In a bid to crack down on illegal mining, the govern-

ment has initiated a programme to install GPS monitoring devices on all imported bulldozers, backhoes and dredges. In Mexico, illegal organisations, such as the Knights Templar cartel and La Familia drug gang have carved out a lucrative share of the iron ore trade, extorting and robbing ore from mining companies before siphoning it for export through legal companies to Asia.

Solomons Communities Divided By Overseas Interests: Lawyer

Isabel landowners split by rival mining companies' claims

HONIARA, Solomon Islands (Solomon Star, Feb. 13, 2014) – The Solomon Islands High Court yesterday heard concerns about foreign companies that come into the country and cause disunity amongst communities through their dealings. Australian lawyer Richard Lilley QC raised the concern in submissions he made to the court. Mr Lilley QC is representing Axiom KB of Australia in a major court battle against Japanese mining firm Sumitomo Ltd. This was over access rights to nickel prospecting in Isabel Province. Sumitomo filed the case against Axiom, Solomon Islands government, and Isabel landowners in 2011. This was after the then Minister of Mines and Energy Mark Kemakeza cancelled its preliminary Letter of Intent for nickel prospecting in Isabel Province in 2010. Kemakeza, who has since lost his parliamentary seat after being convicted of stealing his people's money, instead awarded the licence to Axiom.

Sumitomo claimed that the processes Axiom took to obtain its licence and register in Solomon Islands was improper. The court heard over the past days how the landowning groups split as a result of the battle by the two mining firms for access rights to the nickel concessions. It also heard claims that Sumitomo influenced the landowners to remove those who are not supporting them from the land trust board. In his submission to presiding judge Justice John Brown, Mr Lilley QC said the proceeding is "more than just a legal fight." "It also involved how foreign companies deal with landowners here in Solomon Islands," Mr Lilley QC said. "In this case, the landowners have no problem with their land. Sumitomo instead went down to their villages or drag them over to Honiara and told them they have a problem or someone has stolen their land. They were not told the truth. This is a matter of great concern to me and I believe this needs to be addressed," Mr Lilley QC said. Justice Brown said he fully agreed with the concerns Mr Lilley QC raised, adding it's a matter that must be addressed. Lawyer for Sumitomo John Sullivan QC will address the matter when the court resumes this morning.

ABG backing mine talk

The National, February 13th, 2014

THE Autonomous Bougainville Government (ABG) has reinforced its commitment to support negotiations regarding the reopening of the Panguna mine. ABG President Chief Dr John Momis (pictured) said this during the Panguna landowners meeting with the ABG and stakeholders in Buka town yesterday. The reinforcement stems from the K5 million per year allocation for 2014 and 2015, along with a K350,000 in infrastructure support for the landowner associations. A major concern by the ABG was the divisive behaviour of minority landowners who were pursuing their own political and financial agenda. Momis said these minority owners risked destroying the positive partnership that landowners and the ABG had created and undermine the preparations for negotiations with the national government in resolving outstanding issues.

Momis said the success of these negotiations was threatened by outsiders in alliance with the disruptive leaders or armed factions in pursuing their own financial interests. Another concern of the ABG was the large amounts of compensation claims which Momis said would only happen if the Panguna mine became a profitable project that would allow restoration and compensation to occur.

“Bearing all this in mind, the ABG must be careful it does not rely solely on Panguna as its source of revenue for autonomy or independence, even if the timeframe for referendum might encourage it to do so,” he said. Momis said he had instructed the Bougainville Administration to actively pursue other viable opportunities that existed and capitalised on Bougainville’s mineral resources.

The behaviour of these minority leaders and outsiders and the unreasonable demands for compensation would make Panguna unviable. This could prompt the ABG to have an alternate source of revenue that Bougainville needed for restoration and development to accommodate the people’s desire to remain an autonomous region and to move forward towards independence. Momis said once Bougainville had its own mining legislation, it would have the power to selectively open potential geographical areas for exploration. “Where the landowners have indicated their support for development, the ABG intends to grant exploration licences to reputable mining companies in partnership with landowner associations,” he added. Momis stressed the ABG’s commitment to achieving a positive outcome for the landowners and called on them to work closely with the ABG.

Chan says big jump in exploration activities

The National, February 13th, 2014

By SHIRLEY MAULUDU

THERE is a big jump in the number of exploration and renewal licences for mineral lands, Mining Minister Byron Chan (pictured) told parliament yesterday. Presenting the ministerial statement on the progress of the mining ministry, Chan said according to recent updated mapping data produced by Mineral Resources Authority (MRA), more than 80% of PNG landmass was taken up by mining activities. “The majority of these activities include exploration licence applications and exploration licence renewal applications. “This was a result of the launching of the geophysical and geochemical survey data sets during a conference in Toronto, Canada. “This information coupled with a good fiscal policy, consistent government and political stability, institutional realignment and high metal prices has stimulated interest in the country, which saw a huge increase in licence applications over every mineral prospective land.

“The circumstances mentioned has attracted and renewed the interest of the majors in the mining industry such as Barrick, New Mont, Newcrest, Vale, BHP Billiton, Rio Tinto and many more genuine reputable mining investors.” Chan said he had directed concerned bodies under the mining ministry to work on and see that applications were processed. “Under my directives in 2011, the Mining Advisory Council (MAC) has concentrated in attending to all the outstanding applications and to deal with new applications and dealings during that time”. “Today, the burden of processing new licences has been reduced, but we are still seeing many more interest in the sector”.

Meanwhile, State-Owned Enterprise Minister Ben Micah said issuance of licences to companies must be given thought and closer scrutiny as mining activities that were happening in the country were the cause of major environmental and social damage, including destruction done to Fly River, one of PNG’s major river system. “I think we should really listen to the voice of the people who are speaking from their hearts and from hard experiences. “That this is an industry that if we need to control it, we must control it and no foreigner can dictate to us what we want to do.”

PNG Moves To Boost Landowner Participation In Mining

Raft of policy changes proposed in ministerial statement

PORT MORESBY, Papua New Guinea (The National, Feb. 13, 2014) – Papua New Guinea’s government will introduce a policy to promote increased participation and ownership by landowners of

resource projects in the mining sector. Mining Minister Byron Chan said this when presenting a ministerial statement in Parliament on the progress made by the ministry on the matter. The proposed changes include:

- Companies applying for licenses must have local participation with at least a PNG citizen on its board with an office and an onshore bank account in PNG;
- Increased equity participation with 5% to landowners and 5% to provincial governments;
- Revised improved royalty and compensation schedule;
- Revised landowner participation in business activities and ventures to ensure our people participate as responsible shareholders and not only as small-time contractors for small business spin-offs; and,
- Abolition of tax incentives that contribute to loss of revenue for the State.

"The state is now creating these opportunities for our people," he said. "But everyone must understand that according to PNG laws, while the land may belong to you, the ownership of all minerals found on that land and under water in PNG belongs to the State for the collective benefit of every Papua New Guinean. "This Government is well aware that the real issue is accountability and transparency in the use and application of mine derived benefits by the beneficiaries." He said the ministry had adopted the principles of a National Content Plan within the revised legislation by giving legal emphasis to the requirements that were formerly captured only in project MOA (memorandum of agreement) documents relating to the supply and procurement of goods and services, employment and training and business arrangements," he said. "In line with the policy, the Government is also very mindful of the sensitivity and expectations surrounding the issue of mineral ownership."

Fly-in, fly-out practice soon to go

The National, February 13th, 2014

THE days of the fly-in, fly-out scheme practised by mining companies are numbered, Mining Minister Byron Chan told parliament yesterday. Revealing that this practice would soon be abolished, Chan said developers would be asked to help the government develop mining project impacted areas. "Developers will be requested to assist the government in developing townships and ensuring their employees are residents in PNG in order to stimulate the local economy and bring development to the local communities, towns and cities." The mining minister made this remark when presenting the ministerial statement on the progress made by Ministry of Mining while explaining the mining policy review in parliament yesterday. Other areas under the review would ensure that community awareness and consultation would become a mandatory requirement for all stakeholders.

Chan said women and youth would be represented in decision-making processes and in the distribution of benefits. He said up to 10% of the royalty payment would be allocated to women and children for their empowerment. Other stakeholders who were party to a memorandum of agreement (MoA) would be required to initiate and develop at least one sustainability project for the benefit of the people in the impacted areas. Chan said developers would have to conduct a socio-economic and environmental impact assessment right from the exploration stage. Also, provincial government and landowner participation is improved through procedural requirements to allow for more consultations and participation in project development process. Chan also outlined that under the policy review, clarity on various benefits streams to respective stakeholders at different stages of a project from exploration to decommissioning.

Somare: Investors must be scrutinised

The National, February 13th, 2014

NEGOTIATORS must start questioning the intentions of investors when negotiating on the exploitation of Papua New Guinea resources, East Sepik Governor, Grand Chief Sir Michael Somare told members of parliament. "When working on releasing licences to investors, or discussing matters on to mining-related issues, caution should be given as most of our resources are now being exploited without our people experiencing the full benefits from them," Sir Michael said. He said while being a party to the negotiations that took place years back on the development of Lihir Gold Mine, he was not really aware of the changes and events that were going to take place as a result of his part in the negotiations. The New Ireland government was now claiming that the province was not seeing much of the development being carried out by a mining company.

Ok Tedi stink resurfaces

Contractor uses mine landowners' K8m to buy used boat at bloated price

Isaac Nicholas, Post Courier via PNG Mine Watch 13 February 2014

Hundreds of millions of kina in compensation funds parked in two trust accounts for the people of Western Province has been systematically misused and abused by people in positions of power and authority since 2001. The funds from the Ok Tedi mine, earmarked for compensation for damages, suffering and pain inflicted on the lives of the people and their environment by the mining operation, are parked in CMCA (community mine continuation agreement) and non-CMCA trust accounts managed by the Department of Mining Policy and Geo-Hazard Management. A tip of the iceberg surfaced in Parliament yesterday when South Fly MP Aide Ganasi asked Prime Minister Peter O'Neill to establish a Commission of Inquiry into K8.2 million withdrawn outside the legal process to purchase a second-hand boat from South Korea. Mr O'Neill said the K8.2 million is a lot of money for a second-hand boat and has directed Finance Minister James Marape to engage an internationally-reputable firm to conduct an independent audit into the two trust accounts. Mr O'Neill reiterated that the freeze on more than K700 million from OK Tedi was still in force with no money to go out until all issues surrounding OK Tedi is resolved by all parties. Mr Ganasi raised concerns about the use of K8,272,000 from the Western Province people's non-CMCA funds to procure a landing barge for the people of South Fly.

Fiji landowners accuse Govt of pandering to mine developer

Radio New Zealand, originally aired on Dateline Pacific, Wednesday 12 February 2014

Fiji landowners say government officials are playing to the wishes of a mine developer and ignoring their concerns.

Fiji landowners say government officials are playing to the wishes of a mine developer and ignoring their concerns. The Mineral Resources Department has played down suggestions of a stand-off between landowners and the developer of a proposed gold and copper mine in Namosi, near Suva. It says there are regular meetings between all stakeholders but the Committee representing the majority of affected landowners, says those forums are a farce. Bridget Tunnicliffe reports:

The Namosi Joint Venture is a partnership between the Australian mining company Newcrest and Japanese interests. It's been held up at various stages due to environmental concerns and the developers are still in the exploratory stage. A landowner, who wishes to remain unnamed, says it's hard to get any information and says their relationship with the developers has gone from bad to worse. LANDOWNER: Our relationship is not too good at the moment, lots of miscommunication is happening. We told them to listen to landowners, they did not want to listen. We won't give Namosi to

be mined, no. The man says the developers have reneged on promises during the exploratory stage and landowners don't trust them anymore. But the director of Fiji's Mineral Resources Department, Malakai Finau, says that's not the case.

MALAKAI FINAU: As far as I know there are no major problems between the two but there are some problems from time to time, there are issues, the landowners or the company bring up but at the moment as far as I know the work is continuing as usual. Malakai Finau says it could be another year before the Environmental Impact Assessment is completed. He says there are regular meetings between landowners, government officials, and the developer, where anyone can raise concerns. But the spokesperson of the Namosi Tikina Landowners Committee, Sipiriano Nariva, says those meetings are a waste of time because the government is only interested in keeping the developers happy.

SIPIRIANO NARIVA: When we blocked, or we stopped the working of NJV on our land the government very quickly stepped in but when we raise our concerns about the landowners, just there's a delay tactics, so it's just a kind of game that we know it's a useless time sitting in the forum. Sipiriano Nariva says they want the developer to leave Fiji. He believes the prime minister is sympathetic to their concerns and would like Commodore Frank Bainimarama to urge government officials to act on them. The developer was unavailable for comment.

Mining the Abyss

Peter Neill Director, World Ocean Observatory, Huffington Post via PNG Mine Watch 11.2.2014

World Ocean Observatory gathers its subject matter from sources all over the world. This week's story, "Mining the Abyss," comes from [an excellent journalistic piece by Jo Chandler](#), published in December 2013 by The Global Mail an Internet news services based in Sidney, Australia.



The article is framed by the occupation of Eliuda Toxok, a resident of the west coast of New Ireland, a province of Papua New Guinea. Toxok is a so-called shark-caller, an artisanal fisherman and devotee of traditional lore who attracts sharks to his small outrigger canoe by rattling small half-coconuts on a chain to mimic the sound of thrashing fish that in turn lures the fish to a vine noose by which he captures his prey -- some 100 caught in a career of over 40 years. Toxok lives on less than \$2 a day, and he is representative of his friends and neighbors who live in poverty far from the eyes of the developing world. Unless that world looks to just 30 kilometers offshore where Solwara 1, a vast area of the ocean floor, has been licensed by the New Guinea government for the world's first open-cut deep water mining operation in pursuit of gold, silver, and copper in amounts significant enough to justify an investment of some \$383 million toward a \$600 million return over a life-

span of only five years after which the "vein" is exhausted and the equipment moves on to another opportunity.

The engineering is staggering: three enormous robotic machines, two to scour the bottom and a third to vacuum this dislodged ore up to surface vessels where it will be transferred to China for processing. The copper recovery is estimated at 10 times that of a land-based mine, and the gold is predicted at an astonishing 6.4 grams per ton. The company that has received the first exploration license is Nautilus Mineral, registered in Canada and based in Brisbane, Australia. This enriched site is of course aligned to a volcanic ridge, near North Su, an active underwater volcano, an area where temperature, pH conditions, and the lightless environment also supports unique and profuse concentrations of heretofore unknown forms of marine life supported by the very same natural circumstances that manufactured the extreme mineral concentrations to be mined.

In this one example, you have all the conflicts of the modern world combined: our insatiable demand for natural resources from anywhere without limit, the market-driven assertion of economic value over social return, the new technical capacity to go and get without limit, the international collusion of corporate connection, corruption or political compromise by the smaller nations in which this raw wealth is found, and the social disruption resultant from the physical and financial impact on local communities that inevitably are excluded from royalties and returns exported to faceless investors far away. There is a United Nations agency, the International Seabed Authority, based in Jamaica, that is charged with oversight of deep ocean mining, but it has done very little in its history, in part as there has not been much activity to date, and in part as it is jurisdictionally delimited from projects within a nation's exclusive economic zone. That will change, as the economics and engineering technology have changed, and other multi-national corporations, like UK Seabed Resources, a subsidiary of Lockheed Martin in the US, are getting into the race for returns estimated in the billions.

Is this an irresistible force with an inevitable end? Two counter-forces exist and have serious oppositional power: first, the loss of the biodiversity and knowledge inherent in these unique underwater environments and the profit from the potential of future scientific transformation into medicine, food, biotechnology, and other yet-to-be-investigated contributions to human well-being; and, second, the loss to the local communities that have already experienced the disappointment of promised economic and social returns from such enterprise on land and the profit that should be derived individually, locally, and nationally from this transfer of indigenous resources and value. "Resource nationalism" pertains here -- the right of a nation to exchange its resources for return to its population and general social welfare that is sustainable over time.

Globalization has stood that idea on its head. The Middle East has flourished on its surfeit of oil, a rich although single-sourced economy, now at risk as the resources are exhausted, similar supplies are found elsewhere, or alternatives dilute demand. Saudi Arabia and the others have had a nice ride on oil. Why should the people of Papua New Guinea, indeed why should Eliuda Toxok not share fully in this wealth, managed as a sustainable asset in what must also be a sustainable place? We have heard this discussion before; but we are hearing it again, now, the same old debate, with perhaps the same devastating outcome, albeit in a new environment, under the sea.

New Caledonia Nickel Documentary Wins At Festival

Film tells how indigenous Kanaks took control of resource

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 11, 2014) – The organiser of the Pacific Documentary Film Festival, Miriama Bono, says the top winning film about nickel in New Caledonia is timely, as people there prepare to vote on their independence. About 25,000 peo-

ple attended the festival, which had fourteen films in competition, with 'Nickel - the treasure of the Kanaks', made by Anne Pitoiset and Laurent Cibien, taking out the top prize. The film tells of the way Kanaks in the north managed to take control of the area's main resource, nickel. Miriama Bono, says it is the first time a New Caledonian film captured the grand prize of the jury. "The story is a big issue for New Caledonian people because they have to vote and to decide after that if they want to stay French or not, and the nickel is one of the most important economic deals for them so because of the subject and because of the situation in New Caledonia, it was important for the jury to have this film as the winner." Miriama Bono says a local film about a famous local reggae group in the Marquesas Islands won the popular vote of the public.

Rent explosion expected

The National, February 11th, 2014

By SHIRLEY MAULUDU

THE development of liquefied natural gas (LNG) project is expected to trigger further rate rises on expatriate accommodation in Port Moresby and elsewhere in the country. This was the observation from Century 21 Siule Real Estate as PNG looked forward to the first export from the US\$19 billion (K46 billion) LNG project and with the development of the second gas facility in Gulf in full swing. This would result in high cost of accommodation in the city, sales and marketing manager Chris Arek said. "As we have just experienced with the first LNG, if expatriates are to be housed in Port Moresby, the demand, and therefore rental rates for high-end properties, will increase. "This effect could spread to the rest of the market when existing tenants are forced out of their current locations to find more affordable options." However, Arek said the demand for accommodation was good, although it would still depend on the rates charged to clients. He said for high-end properties, demand was flat. "But for mid-range up to K4,500 per week demand is still strong while for the low-end market up to K1,800 per week, the demand would always be there.

"But Century 21 makes it a point not to market or advertise properties whose rates we believe to be unrealistic given the quality standard of the property." Arek said the real estate industry was not regulated. Market forces of supply and demand determined rental rates with strong influence from landlords, he said. International Housing Concept Ltd in PNG chairman Sig Nordal had agreed that the cost of renting a house in the country with Port Moresby, in particular, was high in relation to people's earnings. "But the rental cost would level off as more houses are built. "This is typical under any supply and demand equation. Nordal, however, said it obviously hurt the working class who rented their houses. In some cases where companies or the government provided accommodation to its staff, this scheme tends to drive up the cost of housing. Arek said: "More land need to be freed up for development to create large housing estates for ordinary PNG worke." He said most of the locals did not own their homes.

PNGSDP Poses 'Constructive' Solution For Ok Tedi Mine

Deal would ensure local development, protect fund in long term

PORT MORESBY, Papua New Guinea (The National, Feb. 11, 2014) – The PNG Sustainable Development Program (PNGSDP) has proposed a "fair, constructive and amicable" solution to the Government to resolve the dispute over the ownership of the Ok Tedi Mining Limited and itself. In a statement yesterday, PNGSDP chairman Sir Mekere Morauta said a "compromise solution" was offered last week to Prime Minister Peter O'Neill's Eminent Persons' Group (EPG) on a "without prejudice basis." Sir Mereke said the proposal offered a solution to the dispute over the State's expropriation of Ok Tedi, without compensation and its attempts to take control of the PNGSDP.

"Following extensive discussions with the EPG, PNGSDP presented a compromise deed of settlement it believes is satisfactory to the company, the Government and the people of Western province," Sir Mekere said.

"It is aimed in particular at protecting the long term fund, as well as ensuring the people of Western a guaranteed level of social and economic development now and in the future after the mine closes. "I sincerely hope that PNGSDP's compromise will meet with the approval of the prime minister. The people of Western have suffered enough." No comments could be obtained from O'Neill last night. Sir Mekere said the compromise solution included:

- A modest compensation to PNGSDP for the expropriation of the shares;
- a legislation to repeal parts of the Government's Tenth Supplemental Agreement Act passed last year;
- guarantees of protection to PNGSDP, its board and management;
- an amended definition of mine closure so PNGSDP can immediately resume development funding for Western province, once the Government secures agreement with BHP Billiton;
- that PNGSDP drops its legal actions against the State, once the State executed the deed, and,
- Generous payment terms allowing the State to pay compensation over an extended period.

Sir Mekere said the company's approach to talks with the State had been consistent since March last year when O'Neill wrote to it informing it of his intentions. "PNGSDP has always been willing to talk to the Government on this basis, and has done so in good faith and in a constructive and honest way," he said.

PNGSDP Hands Over Assets To Affected Communities

Sir Mekere wants provincial developments to continue

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, Feb. 11, 2014) – Key assets created by the Ok Tedi copper and gold mine in Papua New Guinea have come under the direct control of local communities for the first time. The chairman of the PNG Sustainable Development Program (PNGSDP), formerly the mine's biggest shareholder, handed over millions of dollars worth of assets to mine-affected communities and to the government of Western Province on February 7. The forced hand-over of assets comes after the PNG Government's takeover of the mine in 2013, when Port Moresby passed legislation to take over the PNGSDP, effectively nationalising the mine. The PNGSDP, a development agency working on behalf of the people of Western Province, was created when former mine owner BHP divested its majority share of the mine in 2001. The 2013 government takeover starved the PNGSDP of income, forcing it to shed the vast majority of its staff of almost 80. The trust still has legal action pending challenging the government takeover.

In a statement, PNGSDP chairman Sir Mekere Morauta said he was aware of the desperate need for development to continue in Western Province and so wanted to gift the assets to the people in an orderly and planned way so they do not go to waste. The mine area communities take control of almost \$6 million worth of housing in the Star Mountains town of Tabubil. PNGSDP's 25 per cent share in the Ok Tedi Development Foundation goes to a wider group affected by the mine - more than 100,000 people living in 156 villages. PNG blogger Martyn Namorong, who's from Western Province and has worked for both Ok Tedi Mining Limited and the PNGSDP, applauds the move. "It was the right thing to do," Mr Namorong said. "Those assets in the end belong to the people of Western Province and had to be transferred over, otherwise they just deteriorate without funding coming to PNGSDP."

Mr Namorong says community control of the 25 per cent stake, or one share, in the Ok Tedi Development Foundation (OTDF), is particularly significant. "The communities will have direct board representation on OTDF whereas previously they only had associate directors on the board. That will also have an impact on the decisions that are being made on development programs throughout the Fly River communities," he said. The Ok Tedi mine sits in the head waters of the Fly River, and the failing of BHP's tailing dam during construction of the mine resulted in hundreds of millions of tonnes of waste clogging the waterways which communities depended on for fish and water. BHP pulled out of the mine, giving its shares to the PNG people.

Control could help boost development

Control over the biggest asset - PNGSDP's 100 per cent equity in Western Power, which provides mobile phone and television transmission as well as electricity - was given to the Western Province Government. In recent months blackouts have become more frequent and Western Power's ambitious expansion plans have been on hold. In his acceptance speech, Western Province Governor Ati Wobiro promised to use the company to extend electricity supplies across the province. Sir Mekere Morauta says there is ample income from the Ok Tedi mine for all the PNGSDP projects to continue. But that may not happen, especially with the Western Province Government short on staff and expertise. PNGSDP spent \$5 million on design and equipment for a water and sewerage system on Daru Island and piles have been laid for the Tawao'o Point wharf.

Mr Namorong says the continuation of the water and sewerage project is important. "There's money in the Western Province dividend trust fund - there's hundreds of millions there that the provincial government can apply," he said. "Around 2010-11 there was a cholera outbreak in Papua New Guinea and the impacts were worse around Daru because at the moment there is a night-soil waste disposal system. "Basically, human wastes are collected in buckets and then transferred out. There's no proper sewerage. The water supply is irregularly irregular. "We have about one hour of water being turned on on the island. People collect the water and then for the rest people don't have water going to the island. So it creates a huge public health risk. "That is a very vital project that needs to get off the ground to improve the quality of life of the people of Daru Island."

Ramu mine: Kurumbukari landowners angered

EMTV via PNG Mine Watch, 11 February 2014

The Madang Provincial Government's assurance of addressing issues and benefits concerning the Ramu NiCo Project has been questioned by the Tigina tribe in the Kurumbukari (KBK) area. Chairman of Tigina landowners Peter Bagme raised concerns of misleading roles played by political leaders and the provincial administration. He says legitimate landowners are disturbed with the way leaders are handling this case. Mr Bagme comments come after Madang Governor, Jim Kas, and Usino Bundi member, Anton Yagama, visited Enekuwai village outside KBK Mine to address a petition by landowner groups. Governor Kas reiterated his commitment to disallow landowners to continue to suffer under the current MoA terms.

However Mr Bagme says, Mr Kas and Mr Yagama are using media publications as a smoke screen to divert attention. Chairman Bagme stated that the 2 leaders have not directly solved landowner issues at hand, but are eyeing benefits and other payments. The Tigina people want land issues to be addressed immediately. Meanwhile the unsolved land issues are now before the Madang Land Court for review on the commissioning of land to several landowner groups. The Tigina landowners alleged that the land commissioner grossly abused customary land declaration processes. The criteria applied in issuing land titles is under scrutiny.

PNGSDP hands over its assets to the people of Western Province

ABC Radio Australia, 10 February 2014

On Friday, Sir Mekere Morauta, Chairman of the PNG Sustainable Development Program handed over million's of dollars worth assets to mine affected communities and to the government of Western Province. It is part of the continuing fall-out from the PNG government decision to take over the Ok Tedi mine.

Presenter: Jemima Garrett

Speaker: Martyn Namorong, Western Province Blogger who has worked for both Ok Tedi Mining Ltd and the PNG Sustainable Development Program

GARRETT: When the PNG government took control of the giant Ok Tedi copper mine in it starved the Papua New Guinea Sustainable Development Program, until then Ok Tedi's biggest shareholder, of income. PNGSDP was forced to shed the vast majority of its close to 80 staff. Now, unable to continue its work as a development agency working on behalf of the people of Western Province, it has been forced to handover its assets. PNGSDP still has legal action pending challenging the government takeover but in a statement Chairman Sir Mekere Morauta said he was aware of the desperate need for development to continue in Western Province and so wanted to gift the assets to the people in an orderly and planned way so they do not go to waste. The mine area communities take control of almost 6 million dollars worth of housing in the Star mountains town of Tabubil. PNGSDP's 25 per cent share in the Ok Tedi Development Foundation goes to the wider group affected by the mine - more than 100,000 people living in 156 villages. PNG blogger Martyn Namorong who is from Western province applauds the move.

NAMORONG: It was the right thing to do. Those assets in the end belong to the people of western province and had to be transferred over otherwise they deteriorate without funding coming to PNGSDP.

GARRETT: Martyn Namorong says the community control of the 25 per cent stake or one share in the Ok Tedi Development Foundation (or OTDF), is particularly significant.

NAMORONG: It will mean communities will have direct board representation on OTDF whereas previously they only had associated directors on the board of the Ok Tedi Development Foundation. That will also have an impact on decisions that are being made on development programs throughout the Fly River communities.

GARRETT: Do the communities have the resources they need to get the advice they need to run these institutions effectively?

NAMORONG: Yes, they do have money in their trust funds. They can get the right people. The interesting thing has been the transfer of one share in OTDF, which means the communities will now have a director on OTDF and have a direct say in the application of their resources. They do have the financial capacity to get the experts that are necessary to run those projects. So if it is done properly it should work out well for those communities.

GARRETT: Control over the biggest asset PNGSDP's 100 per cent equity in Western Power - which provides mobile phone and television transmission, as well as electricity - was given to the Western Province government. In recent months blackouts have become more frequent and Western Power's ambitious expansion plans have been on hold. In his acceptance speech, Western Province Governor Ati Wobiro promised to use the company to extend electricity supplies across the province. Sir Mekere Morauta says there is ample income from the Ok Tedi mine for all the projects PNGSDP to continue but that may not happen, especially with the Western Province government short on staff and expertise. Five million dollars has been spent by PNGSDP on design and equipment for a water and sewerage system for the people on Daru Island and piles have been laid for the Tawao'o Point wharf. Martyn Namorong says the continuation of the water and sewerage project is particularly important. There is money in the Western province dividend trust fund, there is hundreds of millions there that the provincial government can apply for the benefit of the people of Western province.

GARRETT: Why is that water and sewerage program so important?

NAMORONG: Around 2010-11 there was a cholera outbreak in Papua New Guinea and the impacts were worse around daru because at the moment there is a night-soil waste disposal system. Basically, human waste is collected in buckets and then transferred out. There is no proper sewerage. The water supply is irregularly, irregular. we have about one hour of the water being turned on on the island. People collect the water and then for the rest people don't have water going to the island. So it creates a huge public health risk. That is a very vital project that needs to get off the ground to improve the quality of life of the people of Daru island.

Ok Tedi: Singapore serves State with court papers

Post Courier via PNG Mine Watch, 10 February 2014

The chairman of PNG Sustainable Development Program Ltd, Sir Mekere Morauta, said yesterday the company has been informed by the Singapore Ministry of Foreign Affairs that court papers relating to the dispute between it and the PNG Government had been served on the State. Under the rules of the Singapore Supreme Court, in which the case has been filed, the State has until February 17 to submit a response. PNGSDP began the action in response to the State's expropriation, without compensation, of the Ok Tedi mine, and its attempts to take control of PNGSDP and the \$US1.4 billion in the Long Term Fund. The Singapore Supreme Court case seeks to protect PNGSDP's corporate integrity and to prevent the PNG Government and others from taking action in breach of Singapore laws, the Company's Articles and Memorandum of Association, and its governing program rules. The Singapore action comes after letters from the PNG Prime Minister and Chief Secretary late last year purportedly terminating the company's board, including Sir Mekere as chairman, removing the CEO David Sode and appointing a "transitional management team".

"PNGSDP has a legal and moral obligation to protect its assets and income so that it can continue to fulfil its mandate to provide social and economic development programs in the Western Province of PNG," Sir Mekere said. "The Company is especially mindful of the need to protect the US\$1.4 billion in its Long Term Fund. The legal action we are taking will ensure that the company keeps control of the Long Term Fund so that it can be used wisely and effectively for the people of Western Province in the decades ahead." The case in Singapore is in addition to the company's decision to seek international arbitration for the return of the mine or, failing that, full and fair compensation. The request for arbitration has been formally accepted by the International Centre for Settlement of Investment Disputes in the US.

PNG Opposition Leaders Calls For Repeal Of Mining Act

Government should not act as shareholder and regulator: Namah

PORT MORESBY, Papua New Guinea (The National, Feb. 10, 2014) – Opposition leader Belden Namah wants to repeal the Mining Act for the benefit of landowners in project areas. He recently told reporters in Bulolo, Morobe, that it was wrong for the Government to be the regulator and shareholder at the same time not only in mining and petroleum projects but in forestry, fishery and agriculture. He wants the law amended to stop that. Namah said the law was adopted from Australia where the State owned the land. He said this was not suitable for Papua New Guinea where the land was owned by the people. He said a good example was the state of Bulolo and other mining districts which had not seen any changes in the many years of mining activities. "When the Government takes up shares in the projects, it can't be a fair regulator," he said. "The Government is playing the role of the investment partner and regulator and I believe the entire Mining Act should be repealed. "I will push for the change in law so that the State should not be a shareholder in any major project. The State must only be the regulator and make laws and collect taxes. Only the landowner must

partner the developer. "Our resource is our collateral and the resource owner must be the direct participant in the project. How can the State say it will hold shares on behalf of the resource owners?"

Landowners, Developer At Loggerheads Over Fiji Mine Project

Locals say promises haven't been kept for Namosi Joint Venture

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 6, 2014) – Landowners from a district in Fiji near Suva where a gold and copper mine is planned say their relationship with the company behind the venture has gone from bad to worse. The Namosi Joint Venture is a partnership between the Australian mining company Newcrest and Japanese interests and has been held up at various stages due to environmental concerns. A landowner, who wishes to remain unnamed, says they don't know whether the Environment Impact Assessment has been completed yet, and says it's hard to get any information from the developers. "Our relationship is not too good at the moment, lots of miscommunication is happening. We told them to listen to landowners, they did not want to listen. We won't give Namosi to be mined, no." The man says the developers have reneged on promises during the exploratory stage and landowners don't trust them any more.

Illegal miners hit Porgera

The National, February 6th, 2014

ILLEGAL miners have descended on the Porgera mine district, triggering concerns from project operators and the government. Mineral Resources Authority (MRA) acting managing director Philip Samar said yesterday the government was committed to addressing the issue of illegal operations at the Porgera mine camp. He was responding to concerns raised by miner Porgera Joint Venture (PJV) that there had been a surge of illegal miners, who have accessed both the stockpiles and the open pit area, putting many lives at risk. These activities has resulted in injuries and deaths of illegal miners and company personnel, aside from loss of revenue for the gold project stakeholders.

"A team of government officials including MRA were on site early this week to reassess the illegal mining situation and we can confirm that the situation has now escalated," Samar said. "The normal daily mining operations are being significantly hindered and the company is not able to operate at its full production capacity." Barrick had in recent weeks approached the government to provide assistance to resolve this crisis so that the mine could resume its normal operations. The company was concerned that the mine could face serious problems, including shutting down operations.

A briefing from Barrick disclosed the following:

- An average of 396 illegal miners are trespassing on the special mining lease (SML) per day;
- An average of 14 confrontations occurred per day between company security men and illegal miners;
- About 170 injuries that were directly attributed to the activities of Illegal Miners at PJV were reported;
- A significant but unquantifiable amount of damage was caused to PJV plant and equipment;
- More than 300 hours of production time was lost;
- A significant but unquantifiable amount of gold ore was stolen from the mine camp.

Samar said the government was concerned about the situation at Porgera and thanked the police commissioner for allocating an additional mobile unit to Porgera. Saying what was needed was a long-term solution, he confirmed that MRA would dialogue with affected stakeholders and put together a submission to the National Executive Council (NEC) through Mining Minister Byron Chan to resolve this issue. Chan expressed concern over the illegal mining operations, saying they pose a big risk to both the company's activities and those of the mine camp intruders. He appealed to ille-

gal miners to stop their activities. Chan said he would be receiving a set of recommendations from the state team and would discuss with Prime Minister Peter O’Neill prior to tabling it in Parliament.

USAID warns Panguna reopening, corporate impunity and AusAID legislation greatest threats to stability on Bougainville

PNG Mine Watch, 5 February 2014

The Panguna mine cannot fund Bougainville’s independence, and is the most credible source of instability in Bougainville, so says a recent United States government agency report titled [Bougainville Stability Desk Study](#). According to USAID, many on the ground in Bougainville are adamantly opposed to Rio Tinto’s return, feel overlooked by ABG ‘consultation’ process, and have a thirst for justice. USAID also warns that the recent mining legislation drafted for the ABG by AusAID consultant, Anthony Regan, ‘could reignite conflict’. They also worry anger over corporate and state abuses have been allowed to fester, which could explode if Rio Tinto return.

Given these damning conclusions by the aid agency of a world superpower, you would think perhaps one or two news services would have reported on the findings, published on 27 January? But no!

In glaring contrast, when the Australian Strategic Policy Institute [called for the Panguna mine’s reopening and Australian Defence Force boots on the ground](#), they were given prime time on Australia’s ABC radio and television. Even a minor blog post by a former ADF officer calling for the mine’s reopening was given a whirl on the ABC. It would seem if anyone sneezes ‘Rio reopen the mine’, the ABC reports it along with other regional news agencies. There is, however, apparently no room for modest dissenting opinions - even one from state agencies belonging to a conservative world power. In the Aussie dominated South Pacific even they are too radical!

Here are some key highlights from the report:

- ‘Though the Bougainville peace process is widely heralded as a peacebuilding success, the post-conflict order remains fragile’.
- ‘The political, social, economic, and environmental fallout from the opening of the Panguna mine in 1972 by Bougainville Copper Ltd. (BCL), a subsidiary of the Australian Rio Tinto mining company, *was the primary catalyst* for conflict’.
- ‘Simply stated, negotiating the “most conflict-prone problem in Bougainville today” is a high-risk endeavour, particularly because reaching “consensus on the future of the Panguna mine is crucial for the future of peace in Bougainville.”’
- ‘Starting in 2009, the ABG held extensive consultations within Panguna and the areas in its immediate surrounding ... Despite these developments, the more recent public fora appear *less inclusive and comprehensive*’.
- ‘Though restrictions to the mine area have eased, these hardline [Meekamui] factions still control the access road to the mine, as well as the site itself [Note: Hardline = opposed to foreign corporate ownership of Bougainville]. *They also enjoy considerable support*, including from communities downstream from the mine who were subject to the environmental damage’.
- ‘These ongoing [ABG] public fora have also been criticized for *not representing other key constituents*. To date, only a few fora have been held, turnout *has been low*, and questions remain about the outreach to, and thus participation of, key landowners’.
- ‘A number of *leading women activists* have *disparaged* the [ABG consultation] process for *not including women’s voices* more visibly and prominently; this is particularly significant in a society that is traditionally matrilineal. The perception that plans to re-open the mine are moving forward without a meaningful voice for Bougainvillean stakeholders—reminiscent of the 1970s and ‘80s—is a cause for significant concern’.

- ‘The re-opening of the mine may cause instability in other ways. *BCL appears unwilling to provide financial compensation to victims* of the conflict. This is likely to be a sticking point, given that according to the Umbrella Panguna Landowners Association, compensation “will come as a pre-condition to any negotiation talks.”’
- ‘The Meekamui, for example, still demand that Rio Tinto pay 10 billion Kina (approximately 4.2 billion U.S. dollars) in compensation. Some even demand that Rio Tinto be prohibited from mining in Bougainville’.
- ‘The new mining law that was developed by the ABG *ostensibly looks promising* in that “approval of mining and resolution of disputes will be negotiated in an all-inclusive landowner forum process.” A potential pitfall, however, appears to be the provision in *the law placing the ABG in control of mining* once operations have begun, including decisions on revenue sharing. This has the potential to *marginalize landowners*, and, reminiscent of the 1970s and 80s, could *reignite conflict* over equitable revenue sharing’.
- ‘Strong support has emerged in Bougainville in favor of opening the mine prior to independence: this is based on the belief that *independence is only possible if Bougainville is economically viable*, which can only be accomplished by reopening the mine. If the timetable of the referendum is held, however, it seems increasingly unlikely that the mine will be open before that time; even more certain is that *it will be years (well after the referendum) before the mine is generating revenue for the government*’.
- ‘The fear today is that once again external factors—i.e. the referendum and the re-opening of the mine—could unleash local conflicts. This may be particularly destabilizing given the number of unreconciled conflicts that still exist as a legacy of the war’.

CNMI Could Be Sitting On A Gold Mine: House Speaker

Mining companies have already applied for exploratory licenses

By Haidee V. Eugenio

SAIPAN, CNMI (Saipan Tribune, Feb. 4, 2014) – If international seafloor mining companies’ interests in previous years are a gauge, then the CNMI may be sitting on or surrounded by multimillion worth of high-grade hydrothermal deposits rich in copper, zinc and lead with a high gold and silver content as well as large oil and natural gas reserves—without its local government even knowing about it—based on information that House Speaker Joseph Deleon Guerrero (Ind-Saipan) recently gathered. Meanwhile, the Inos administration said it would like to obtain more information about the reported minerals. The speaker, on his way to Washington, D.C. later this month to meet with federal officials, said he would be posing questions—and hopes to obtain answers—about reported valuable minerals within or near the CNMI. He cited, for example, online publications stating that two seafloor mining companies—Canada-based Nautilus Minerals and Australia-based Neptune Minerals—have applied for mining exploration licenses in the CNMI.

In their respective websites, the companies said they plan to mine the world’s seafloor copper-gold sites, also called seafloor massive sulphide, or SMS, deposits. SMS are high-grade hydrothermal deposits rich in copper, zinc, and lead with a high gold and silver content found on the ocean floor. Quoting online resources, the speaker cited that in January 2006, Neptune Minerals applied for exploration licenses covering approximately 147,000 square kilometers along the Marianas Arc and the associated back-arc basin offshore from the CNMI. That was three years before then-President Bush signed in January 2009 a proclamation establishing the CNMI’s three northernmost islands a part of a Marianas Trench Marine National Monument. “The articles didn’t say whether they [Nautilus and Neptune] were granted a license [when they applied for it],” Deleon Guerrero told Saipan Tribune yesterday. His first question is: “What is out there?” “We want to know and confirm what is out there. If the federal government has information about what’s out there, I think we should be

informed," Deleon Guerrero said. The second question, he said, would be whether the federal government has granted anyone a license to mine these minerals.

"The third question is, in the context of the submerged lands conveyance to the CNMI, if these deposits are within the 3 miles territorial waters, are we entitled to any royalties or revenues? If the licenses were issued prior to the conveyance, and now that it has been conveyed, are those rights also transferred?" Our reading of the Submerged Lands Act is that we are not," the speaker said. But he said he would like the U.S. government to confirm such. Another question is whether the U.S. Department of the Interior would still issue licenses to seafloor mining companies now that the CNMI controls its 3-mile submerged lands, except those in the Marianas Trench Marine Monument and around military leases on Tinian and Farallon de Medinilla. "We don't have any type of authority regulating underwater or seabed mining. There's a lot of questions that need to be asked and clarified," the House speaker added.

Another online publication tackling the Marianas Trench Marine Monument stated that in the seabed around the Marianas Trench and Rose Atoll National Monuments, geologists have identified "hard minerals like phosphate, abyssal manganese, ferromanganese, cobalt, sulfide, olivine, feldspar, clinopyroxene, opaline, silica and pyrite as well as hydrothermal deposits of gold and silver—and the world's richest deposits of baryite (barite)." The publication says under those seabed is "the world's largest oil and natural gas reserves." "Preliminary estimates suggest the oil and natural gas reserves will dwarf the combined reserves found under the North Slope of Alaska and in the Arabian Peninsula—combined," the publication adds. The House speaker also cited another online article stating that the establishment of the Marianas Trench as a National Marine Monument prohibiting mining "could have effectively neutralized some of these mining activities in the Marianas."

Still, the speaker said this is a question that needs to be asked and hopefully answered. Delegate Gregorio Kilili C. Sablan (Ind-MP), meanwhile, earlier asked Interior Secretary Sally Jewell to take action on the transfer of oil, gas, and other mineral rights to the CNMI, now that the U.S. transfer of control over submerged lands to the CNMI has started. At the time, Sablan said he's not aware of any such leases or grants that the federal government may have issued in areas that the CNMI now owns. Press secretary Angel Demapan, when sought for comment yesterday, said he's not aware if the information the speaker has gathered has been directly communicated to the administration. "However, it is definitely something that the administration would like to obtain more information about. At this point, the government's view is that the submerged lands conveyed to the Commonwealth are the property of the Commonwealth. As such, any and all matters that affect these areas should be addressed to and by the Commonwealth," Demapan told Saipan Tribune.

Deleon Guerrero, at Sablan's invitation, would be meeting with officials from the U.S. Department of the Interior and the Department of Defense. Also among his key concerns are the U.S. military's plans for Pagan and Tinian and the entire CNMI. When asked whether he's perplexed that the U.S. government has not brought the issue of minerals to the CNMI's attention, the speaker said "maybe because we never asked" or "maybe because all rights and authority over the waters surrounding the Marianas were under federal control." Meanwhile, on Friday afternoon, the CNMI House of Representatives adopted a joint resolution urging Congress to recognize the rights of people of Northern Marianas descent to control its exclusive economic zone—the submerged lands and water extending 200 miles around the islands. By a vote of 19-1, the House adopted Rep. Felicidad Ogumoro's (R-Saipan) House Joint Resolution 18-1 introduced a year ago. The resolution is on its way to the CNMI Senate.

Governor plans Ok Tedi challenge

Malum Nal, The National, 4 February 2014

WESTERN Governor Ati Wobiro has assembled a legal team to challenge interim legal orders obtained by lawyers Samson Jubi and Allen Baniyamai. Wobiro said the Ok Tedi Development Foundation, Ok Tedi Mining Ltd and the State, through Chief Secretary Sir Manasupe Zurenuoc, were putting together legal teams to challenge the interim orders. The National Court on Friday ordered OTML to refrain from dumping mine waste and tailings in the Ok Tedi/Fly River systems pending the hearing of the substantive matter on Feb 12, among others. Deputy Chief Justice Gibbs Salika ordered the government to provide details and records of how it spent the dividends it received from OTML from 2001 to 2013. Wobiro said on Friday he had put together a team of lawyers after a meeting with Prime Minister Peter O'Neill. "The position of my government is simple and clear," he said. "I will fully defend this matter to protect development funds belonging to my people.

"I have a superior legal team to defend this matter and Samson Jubi and Allen Baniyamai know I am talking from a position of strength and based on records against them to date. "Pastor Steven Bagari and his co-plaintiffs have caused more harm than good to our people. "I believe these plaintiffs have neither the support of the people nor my government. "Together with the State team, I will engage my lawyers to defend this matter. "I am now assuring my people to remain calm while our lawyers are studying the interim orders of the court with the view to make the relevant applications." Wobiro said one of the orders was that payment of funds to Community Mine Continuation Agreement (CMCA) and non-CMCA communities be frozen. "The effect of the court decision is that the funds have now been frozen," he said. "In other words, the CMCA's that receive regular payments as part of the 9th Supplemental Agreement will no longer receive this money because the court has ruled that the funds are now frozen.

"Development along the river communities will now cease because the money is frozen, although you have your money in the account." Wobiro was disappointed two of his provincial assembly members were involved in taking the matter to court. "The president for the Kiwai local level government council Gedi Dabu and president of Oriomo-Bituri local level government council Benjes Alusi are not the mandated people under the existing agreements," he said. "They have no authority to raise this matter in court." Wobiro said discussions and arrangements between stakeholders on new arrangements for Ok Tedi were near completion. Providing an update on Friday on the work of the Eminent Persons Group of Sir Rabbie Namaliu, Sir Puka Temu and Bart Philemon, Wobiro said: "I am confident that the Eminent Persons Group will gather views of the four main parties, namely the State, PNGSDP, Fly River provincial government and the Community Mine Continuation Agreement (CMCA) leaders, including BHP Billiton to a certain extent, to reach an outcome that is favourable to all.

"I have every confidence in the Eminent Persons Group for a just outcome, an outcome my people have been deprived of since 2001. "The heads of agreement will be signed, agreeing on high level principles and then we'll go down to discussing how it's all going to be managed at the provincial level." Wobiro said he had always supported the position taken by Prime Minister Peter O'Neill that PNGSDP had "lost sight" of the purpose for which it was established in 2001 and instead "became alienated" from development needs and social expectations of the people of Western. "I could not simply stand by and watch while my people suffered in vain, hence, my unwavering support for the Prime Minister Peter O'Neill in pushing for the enactment of the Ok Tedi 10th Supplemental Agreement Act 2013," he said. "In fact, it was the right thing to do for the sake of my people, and history will judge my conscience."

‘Incompetent’ Madang Mining Office fails to acquit funds

PNG Mine Watch, 4 February 2014

THE Public Accounts Committee has revealed gross financial mismanagement in the Madang Provincial government and says one of the worst offenders is the Provincial Mines Office. Unacquitted expenditure by the Mines Office in 2011 and 2012 included K418,000 spent on accommodation at the Smugglers Inn hotel. The PAC has concluded that the province lacks qualified or competent people in the administration after two days of public hearings. Committee Chairman, John Hickey says that there were no proper guidelines or financial management practice within all sections of the administration. The committee found that the administration was paying huge sums of money without verifying claims, including K394,534 spent on travel advances and cash advances totalling K808,168. The total unacquitted advances of K1.2 million could not be explained in detail by the provincial administrator, Ben Lange. It was found that almost half of the cost was incurred by the provincial mines office. Provincial mines director, John Bivi said the costs were a result of two urgent projects undertaken by his section, the Kurumbukari agreement review and the Lands Titles Commission inquiry for the Ramu NiCo project. But Bivi gave no break down of how the K418,000 bill for accommodation at the Smugglers Inn Hotel had been accrued.

Gold drilling in Maprik launched

The National, February 3rd, 2014

By GABRIEL FITO

MAPRIK MP John Simon launched the drilling programme for Alexander Mining Ltd, a subsidiary of Alexander Resources Pte Ltd (Singapore) at Nambawan Gold Creek, Midiamin village, Maprik last Friday. Simon switched on the P4 Cortec rig in the presence of company director James Das. Earlier, village chiefs and resource owners performed the ceremonial animal blood sprinkling on the drill site “to gain nature’s favour”. In a remark, Simon pledged his commitment to work with the company during the exploration and actual mining operations, if they hit gold. “I am giving the company my full support because I want my people here to have access to better roads, schools, health centres and other essential services. “I can put up a road here, but who will continually maintain it. “As the national member, I also have the responsibility to attend to the same problems in other areas of the electorate but I can not satisfy all.

“I am grateful that we have an investor who is happy to put his money here and help me develop this area for us. “I can tell from the cooperation that you, my people had given to the company, that you are happy with this project and I will not stand against you. “As long as you are happy with the project, I am also happy and I am supporting it,” Simon said. He said he was giving K10,000 each to Yamil, Jologun and Midiamin villages to help with their Incorporated Land Group (ILG) registrations and would provide further assistance should they need it. Simon also called on the villagers to be wary of non-governmental organisations (NGOs) and other anti-development groups, who will try to stop the project but cannot provide alternative development projects. Alexander Mining general manager Gerard Manggal acknowledged Simon for protecting the interest of his people and the investor. “I am happy that we have one MP who is pro-development.”

Federation backs landowners over Ok Tedi

Grace Auka Salmang, Post Courier 3.2.2014

THE Resource Owners Federation of PNG has commended the legal action by landowners of the Fly River and other tributaries, saying they are well justified because they and their environment need justice which has been overdue. Federation president Jonathan Paraia said landowners had suf-

ferred under the hands and the watch of their own State since the mine commenced. "Successive governments have deliberately neglected their duties to protect the environment and the livelihoods of the people which were dependent upon it," Mr Paraia said. "The State had not regulated the mining companies, not only at Ok Tedi but all mines in the country. "The State and its human agents have in fact been complicit in destroying the Fly River system and other mines are doing the same." He said it had failed to protect the lives of the landowners from those mines.

"Lives and livelihoods which the State and its leaders are duty bound to protect in accordance with the Constitution of this country, and in accordance with the will of God, to whom all and each leader has vowed an oath of loyalty." Mr Paraia said there was clear evidence of the State's complicity, "any landowner in the country will swear to it before a proper and truly independent court of Law, tribunal or inquiry". He said not once had the State prosecuted any mining company in this country for breaches of laws, but records would show that thousands of landowners had been prosecuted by the State on the complaint of mining companies. "There is clear evidence that the State is complicit with mining companies to suppress the constitutional rights of the landowners, with the deployment of the PNG defence force and mobile police units at mine sites.

"Prime Minister Peter O'Neill says that he is making some progress to address these matters, by taking over the OK Tedi Mine and directing the construction of a tailings dam, reviewing the Benefit Sharing Agreements and so on. "We salute him for his bravery for taking over the mine," Paraia said. Mr Paraia said landowners should support him in that regard, since the PNG Sustainable Development Program was only spending a third of the profits of the mine on projects in the country and keeping the balance of the profits in bank accounts off shore, thereby starving the landowners of development and the construction of a tailings dam. However, Mr Paraia said Prime Minister O'Neill had not tabled any legislative changes in Parliament to outlaw the primitive and irresponsible mining practices at all mines in this country, and yet amended the Mining Act to increase benefits in equity, royalties and others for landowners, their neighbours and their Provincial governments. "It is clear that the courts and the justice system is not part of the great conspiracy and corruption in the natural resource industry that has engulfed the State of Papua New Guinea."

Total to push Gulf gas projects

The National, January 30th, 2014

FRANCE gas and oil company Total SA is committed to developing the Elk and Antelope gas fields in Gulf after several meetings with InterOil, Australia and Papua New Guinea vice-president and country adviser Marc Geniteau said. He said this on Tuesday when the company's technical team arrived in the country for a two-day visit to the gas fields. Total signed rights with InterOil in December last year to own a 61.3% stake in petroleum exploration licence 15, which contains the Elk-Antelope gas fields. InterOil's drilling project manager Tim Green said the trip is to ensure both companies understood various aspects of their joint venture in the development of gas resources. He said the visit aimed to open up cooperation between Total and InterOil. "Whilst InterOil has lots in country experience in exploration, drilling, seismic and logistics, Total will bring to the table broad range of skills to help both teams." Green said. "End result is a top class team, well-positioned to appraise and develop the Elk/ Antelope wealth."

Communities Oppose PNG Court's Ok Tedi Mine Orders

Groups 'infuriated' about not being consulted for suit

PORT MORESBY, Papua New Guinea (The National, Jan. 30, 2014) – Leaders of the Community Mine Continuation Agreement (CMCA) communities and mine villages in Ok Tedi are protesting

against the National Court orders issued last Friday in Papua New Guinea. And they have congregated in the mining township of Tabubil, Western, to prevent lawyers Samson Jubi and Allan Bainyamai from presenting the court orders to Ok Tedi Mining Ltd (OTML). Among the orders issued by Deputy Chief Justice Gibbs Salika is one that requires the Government to deposit K45 million [US\$17.35 million] into the trust account of the lawyers who represented the seven plaintiffs from the South Fly area. The funds are to pay for an extensive research into the extent of environmental pollution in the Fly River and its social, health and economic impact on the people. Some of the funds will be used to offset fees for the lawyers.

The court ordered OTML to refrain from dumping mine waste and tailings into the Ok Tedi and Fly River systems pending the hearing of the substantive matter on Feb 12. The Government is also required to provide details and records of how it spent the dividends it received from OTML from 2001 to 2013. The 36 CMCA leaders, who represent 157 villages and 120,000 people, gathered at the Tabubil airport on Tuesday to await the arrival of a chartered aircraft supposedly bringing the lawyers to serve the court orders on OTML. They said in a statement yesterday they were infuriated for not being consulted or informed of the court application by principal plaintiff Pastor Steven Bafari and six others. "That's our money, not their money," Raymond Pivini of Middle Fly said. "If they didn't consult us then they're not going to come here." Middle Fly leader Richard Zumoi added: "That decision of the court has caused lot of pain. There's enough suffering already, there's enough pain that is faced by the people.

"We are supposed to be looking at good things happening and we are supposed to be discussing the benefits, we are supposed to be discussing the bigger issues of getting into ownership. "We are calling on the people of Papua New Guinea, our impacted people, the rest of Western province, our leaders, elected leaders and the Prime Minister to take a special interest to get this stopped." Spokesman for the Mine villages Joel Dankim said: "If it means that we will stay here a week waiting for them lawyers bringing the court order, this is our place and we will do anything to block this person from coming here. "This is our interest and our people's interest. Alice Kwause, a women's representative from Kiwaba village, said: "Most of the women and children affected are in our area. "This (lawyer) Samson Jubi, he has not done anything there, not even a good thing. We are not here to welcome them. We are here to turn them back."

Court's interference puts Ok Tedi's future at stake

The National, January 29th, 2014

THE eminent persons' discussion (EPD) on the future of the Ok Tedi mine may be in jeopardy following the granting of certain orders by the National Court last Friday, according to an inside source. Deputy Chief Justice Gibbs Salika ordered that Ok Tedi Mining Ltd (OTML) refrain from dumping mine waste and tailings into the Ok Tedi and Fly River systems pending the hearing of the substantive matter on Feb 12. Salika ordered the Government to provide details and records of how it spent the dividends it received from OTML from 2001 to 2013. The judge ordered a freeze on several trust accounts and for the plaintiffs to engage a reputable environmental scientist or firm to conduct extensive research into the extent of environmental pollution in the Fly River and its social, health and economic impact on the people. The court granted the orders on an urgent application filed by lawyers Allan Bainyamai and Samson Jubi on behalf of a group of landowners. The source said the court order could jeopardise the EPD, which aimed to seek a resolution between BHP Billiton and the PNG Government on drawing down long-term funds held by PNG Sustainable Development Program (PNGSDP).

The EPD panel, led by former prime minister Sir Rabbie Namaliu, was initiated in the wake of the O'Neill Government's takeover of OTML and the dissolution of the previous PNGSDP board

chaired by another former prime minister Sir Mekere Morauta. The source said that BHP could view the court orders as a definitive step towards an environmental damages claim against the Australian-based global mining giant, which had previously operated Ok Tedi. "BHP could reconsider giving the PNG Government the green light on the Ok Tedi long-term funds if it thinks this matter is heading towards an environmental damages claim," the source said yesterday. The source said under the current rules of the Ok Tedi supplementary agreement, the long-term funds worth K2 billion would be released only after the mine closed and BHP's consent was needed to access the money. "The National Court orders may be a temporary relief for the concerned landowners but it may jeopardise the long-term benefits under the current agreement unless the PNG Government renegotiates an acceptable package with BHP."

LNG: Project on track for gas delivery

Post-Courier, January 29, 2014

By ANCILLA WRAKUALE

THE PNG LNG project was more than 90 per cent completed at the end of the fourth quarter of 2013 and is on track for first sales later in the second half of this year, says Oil Search Limited. Oil Search holds a 29 per cent stake in the massive \$US19 billion (K46 billion) LNG project, operated by ExxonMobil. Oil Search said more than 180 million hours have been worked since projection sanction. The company reported that the PNG plant labour force had completed 64 million hours without a lost time incident. Commissioning activities ramped up at the LNG plant, with gas circulating in train one and the refrigeration compressors being test run. Commissioning activities also continued on the common process and utilities areas. All gas turbine generators are now operable. The LNG loading jetty and both LNG tanks are completed and ready for handover.

Oil Search said the construction of train two continued to make progress. Both LNG tanks were completed and are being used to store the excess commissioning gas flowing into the plant from the Oil Search-operated Kutubu field. Oil Search said the company's share of PNG LNG project development and financing costs in the fourth quarter was \$US307.4 million (K745 million), funded 70 per cent by drawdowns from the PNG LNG project finance facility and the remaining 30 per cent funded corporately. The company said it is still in ongoing discussions with key stakeholders regarding a potential involvement in petroleum retention licence (PRL) 15, which contains the Elk/ Antelope gas fields in Gulf Province. French oil and gas company, Total SA and InterOil, reached an agreement last December to develop gas resources there.

PNGSDP seeks restitution of shares

Post-Courier, January 29, 2014

The chairman of PNGSDP, Sir Mekere Morauta, said PNGSDP is seeking restitution of the 63.4 percent of OTML illegally expropriated by the State, or failing that, compensation for the shares. "The State's expropriation of the shares through the 10th Supplemental Agreement Act last year, without compensation, is in breach of international law," he said. "It also breaches the normal standards of behavior of a State towards a foreign company. PNGSDP is well within its rights to seek restitution," he said. "PNGSDP believes it has a strong case and looks forward to having its property returned to it." Sir Mekere said the next step is for an arbitration tribunal of three eminent international jurists to be set up. The members will be appointed by agreement between PNGSDP, the State and ICSID. It is likely that this will happen towards the middle of the year, with hearings possible soon afterwards. Sir Mekere said when the mine is returned to PNGSDP, the company will begin talks with the Western province community so that agreement can be reached on the most appropriate arrangements for the future of the province.

Sir Mekere said PNGSDP is very keen to resume its social and economic development program in Western Province. Prime Minister Peter O'Neill is on a historic visit to Bougainville and cannot be reached for comment, but a government spokesperson said the government was committed to its plan for Ok Tedi and the people of western province. "Talks between an eminent person's group led by Sir Puka Temu and PNGSDP and other parties are ongoing and we cannot speculate on an outcome at this stage," said the spokesperson. ICSID is an international institution set up under the International Convention on the Settlement of Investment Disputes Between States and Nationals of Other States. It facilitates arbitration proceedings allowing independent tribunals to decide cases under its rules, and all contracting member states agree to enforce and uphold arbitral awards in accordance with the convention. PNG became a signatory to the convention with the passing of the Investment Disputes Convention Act in 1978. One hundred and fifty other countries are signatories. International arbitration by ICSID is available to PNGSDP under section 39 of the Investment Promotion Act. From its creation in 1965 to 30 June 2012, ICSID has registered 390 investment dispute cases, of which 250 have been concluded.

Namah hails move by Ok Tedi landowners

Post-Courier, January 29, 2014

The Opposition yesterday said it welcomes the historical lead taken by Ok Tedi Mine affected landowners to reclaim what has been lost or denied of them as landowners by the Government and the Ok Tedi Mining Ltd. The court action is a head start for affected land owners and communities around the country to getting justice through the courts against the Government and the extractive industry. In a press statement, Opposition leader Belden Namah said; "Our reaction to the case before the National Court is this. We have adopted a stupid system where the state has got itself tangled up in Mining and Hydrocarbon developments as a shareholder as well as a regulator. When a government becomes an investor in a project, it places itself in a conflict of interest and easily compromises the interests and welfare of the people that it is supposed to protect or promote." He said by becoming a shareholder the government cannot be an independent umpire any more. "The glaring and shameful environmental disaster seen at the Bougainville copper mine and at Ok Tedi, are proof. "It is testimony of ignorance and neglect of people's welfare by successive Governments of Papua New Guinea.

"Our natural environment is destroyed beyond repair and our people's dependence on the natural environment for their survival is completely gone," said Mr Namah. He said the result is that the people are left vulnerable to life threatening problems such as hunger, diseases, poisoning and reduced economic opportunities. He said the second reason why the present system is stupid is because the system is lopsided, in that the benefits sharing favors the developers many fold over, than landowners and the Government put together. "The resources, which are by right owned by the land or resource owners and the state, is transferred to the developer at no cost, by way of the government granting a lease to the developer," he said. "Then the government pays for a piece of the share in the resource which we already own, and worse still, government takes up shares to the exclusion of land owners and other PNG investors." Mr Namah said in the end, the total take for the government and people of PNG is negligible compared to what the investor takes out. "As a matter of fact, we are the biggest losers," he said. "We devastate and lose our natural environment through pollution, we pay for a piece of what is already ours, and we get very little for what is God given. "Also, the value of our resources is excluded from supporting our currency, as a result of which we import inflation through a trade based system."

Angry landowners assault two miners

The National, January 29th, 2014

TWO Chinese employees of the RamuNiCo project at the Kurumbukari mine site were assaulted and wounded by frustrated landowners last week. A source at the mine site said landowners marched into the company's power station and slashed the two Chinese workers with bush knives last Tuesday. "Village youths mobilised, armed with stones, sticks and bush knives and attacked the two Chinese workmen and pulled off three company vehicles belonging to the community affairs department of the mine. A police team that went to assess the situation last week confirmed the report. Landowner Keri Amos said RamuNiCo did not honour and fully implement the conditions stated in the memorandum of agreement signed between the company and landowners. He said landowners needed better medical services, education facilities, electricity and an alternative road apart from the one they shared with the company.

"We have an aid post which is not medically equipped, a school with no desks in the classrooms and power supply that can be cut off for two weeks," Amos said. He said the resettlement homes built by the company at Enekuai village did not have regular water supply, water to use in septic toilets built inside and villagers were always without electricity. Amos said villagers were using the same road that linked the mine facility and the mining pits and it was "very dangerous" when they tried to avoid the huge mine trucks. He said the company was mining from Imbrua and Maure clan land and was now approaching land belonging to Gaiza without providing the full services the landowners needed since its operation. Amos said landowners were still keeping the three vehicles and demanding government representatives, Mineral Resource Authority and RamuNiCo to have a dialogue regarding their concerns. Mathew Yakai, of RamuNiCo's media unit, said landowners were frustrated over the incomplete services outlined in the 2002 MOA review which the national government and MRA should have done.

PNG Prime Minister, ABG President Conduct Reconciliation

Traditional, modern currencies and gifts exchanged in ceremony

BUKA, Bougainville (PNG Post-Courier, Jan. 28, 2014) – Papua New Guinea Prime Minister Peter O'Neill and Autonomous Bougainville Government (ABG) President John Momis Monday took the final step in their reconciliation. At Buka's Bel Isi Park, and witnessed by a large crowd, the two leaders conducted the final traditional ceremony to complete what they had begun in Port Moresby last week. The Prime Minister, accompanied by chiefs and Parliamentarians from East New Britain and New Ireland, gave traditional shell money and modern paper currency to three regional Bougainvillean paramount chiefs and the ABG President as a symbolic gesture that all ill feeling from the Bougainville Crisis was finished. The New Guinea Island contingent who included Minister for Public Enterprises Ben Micah, Mining Minister Byron Chan and East New Britain Governor Eremman ToBaining Jr, spoke of how Papua New Guinea was united and there was no more animosity. "We are moving forward," they said.

Micah paid homage to Momis as a founding father of Papua New Guinea, reminding the people that he had helped to write the PNG Constitution. He said Momis, Sir Michael Somare and Sir Julius Chan were the only original leaders left in the nation's politics after all these years. One of the New Ireland chiefs emphasised that they were not in Bougainville to make peace as this had already been achieved. He said they were in the Autonomous Region to perform the traditional and symbolic rituals to confirm the peace. Two huge pigs and one smaller pig along with bags of sweet potato were laid out on the oval and exchanged as part of the ceremony. After the money was given to the Bougainvilleans and the pigs were kicked, the Prime Minister and President broke bows and arrows as a

symbolic gesture. Witnessing the ceremony were members of the Prime Minister's party plus members of the AGB and the Bougainville Administration.

The audience responded with enthusiasm as the leaders came together and put aside past differences. The Prime Minister and his close associates will travel around the Autonomous Region by helicopter. The Prime Minister has a busy three-day schedule in Bougainville, flying south to Buin and Siwai today. In Buin he will open a one-day cultural festival being co-ordinated by the Bougainville Tourism Division. On Wednesday morning he will travel to Panguna, site of the decommissioned giant copper mine – the tinderbox for the Bougainville Conflict. As such, the Prime Minister's visit there is an historic and significant one. The people in Panguna are making preparations for the visit and there will be a 21-gun salute to welcome O'Neill. On Wednesday afternoon the party will travel to nearby Arawa, the former mining township. The visit is significant for Bougainville as the Autonomous Region forges ahead with its peace process and looks forward to Referendum for Independence sometime within the next five years. It is the first time a Papua New Guinean head of state has visited the region since the cessation of hostilities.

PM O'Neill apologises to Bougainvilleans

Post-Courier, January 28, 2014

By DAVID LORNIE

PRIME Minister Peter O'Neill yesterday apologised to the people of Bougainville on behalf of the Papua New Guinea Government for the horrors of the Bougainville conflict. And he pledged a further K1.5 million to the people of Bougainville as a customary gesture to help with local reconciliation ceremonies. "Following custom, I'd like to say we are truly sorry for all the bad things that happened in your communities in Bougainville and our country Papua New Guinea," Mr O'Neill said in Tok Pisin. The Prime Minister was speaking at the Bel Isi Park in the middle of Buka town. He was there on the first day of an historic three-day tour of Bougainville – the first by a PNG prime minister since the Bougainville conflict ended. "To mark this apology my Government is going to give K1.5 million – K500,000 for each region."

Mr O'Neill said the money will go to the ABG and the chiefs to look after reconciliations that come up in the community. Reconciliations – sikan or bel kol in Tok Pisin – on a village and community level are ongoing all over Bougainville as the people make peace and apologise for wrongs committed during the 10-year conflict. "The money will come from our community development funds," the Prime Minister said. The crowd showed their appreciation with heavy applause. Bougainville President Chief John Momis, on behalf of his people, thanked the Prime Minister and his government for the gesture. "I'd like to thank the Prime Minister for this," he said. "This means a new beginning and co-operation and collaboration to continue the work for development." He said although many had died and terrible things had happened, they had straightened this out in the customary manner.

PNG PM warns landowners of 'consequences' over Ok Tedi legal fight

ABC Radio Australia, 28 January 2014

PNG's PM warns a court decision against Ok Tedi mine could have 'massive consequences' for landowners.

Papua New Guinea's Prime Minister Peter O'Neill has warned that a court decision against operators of the Ok Tedi mine could have "massive" consequences for landowners and the country. Last week, a court ordered the company to stop dumping waste into the nearby Fly River and tributaries in the Western Province, citing environmental concerns. The order could see the giant gold and co-

pper mine grind to a halt. In a statement, Mr O'Neill said the government is appealing the court decision. "We respect the courts, but we will fully exercise our appeal rights in relation to this decision, a decision which could well have massive, and unintended, consequences," he said. The Ok Tedi gold and copper mine is the biggest single source of revenue for the government, and the only source of income for many landowners. Paul Barker, executive director of PNG's Institute of National Affairs, told Radio Australia's [Pacific Beat](#) closure of the mine would have a significant impact on the country's economy. "Copper price has been down in the last year or so... the revenue has been coming to the government from a wider range of sources, so it hasn't contributed as much as [sic] been forecast for 2013-2014," he said. "But it would certainly come as a major blow."

'Trust the government'

Mr O'Neill said it was clear the legal action was being urged on by lawyers who would end up being "the only winners". He appealed to "genuine" landowners to trust the government to address their concerns relating to the Ok Tedi mine. "We are the first government to honestly address the environmental catastrophe along the Fly River, and its tributaries," Mr O'Neill said. "We are the first government to take steps to ensure that the benefit sharing and other agreements benefit genuine landowners." The court has also ordered that company bank accounts be frozen after allegations were made that money earmarked for local development had been misused. Mr O'Neill confirmed he has frozen all landowner and provincial government trust accounts until matters surrounding the mine were resolved. Tailings from the Ok Tedi mine caused widespread damage to the Fly River in the 1980s and 90s. In 2001, BHP divested its majority share of the mine to a charitable trust called the PNG Sustainable Development Program, and in return was granted legal immunity. Last year, the PNG Government passed legislation to take over the trust - effectively nationalising the mine. The mine has continued to operate with the profits being used to promote development in communities affected by the pollution.

Court orders K45 million set aside to pay for Ok Tedi studies and lawyers fees

PNG Mine Watch 28.1.2014

The National Court has ordered K45 million be set aside to pay for research into the impacts of the Ok Tedi mine and 'reasonable legal costs'. But the monies are to be held in a National Court account pending further orders rather than being immediately dispersed to Bamiyamai Lawyers as requested by the lawyers themselves. The setting aside of the K45 million was part of the private (ex parte) orders made by Deputy Chief Justice Salika last Friday in a dispute between a group of disaffected Western Province landowners and the State. The full ruling by the court can be downloaded here - [Ok Tedi ex parte decision Jan 2014](#) [1.8MB] The size of the K45 million fund has caused some commentators to call into question the motives of the Plaintiffs and their lawyers.

The order for the payment of the K45 million into the account of the National Court was made in a private hearing with no opportunity for the Sate or the mining company to be heard. The monies are to be used for a study of the extent of environmental pollution in the South Fly area of the Fly river and its social, health and economic impact. Also a health study on the extent of the environmental impact on the lives of people living in the South Fly area. The court has also ordered Ok Tedi Mining Limited and the State to disclose all records of dividends paid to shareholders since 2001 and provide details of how it has spent those dividends. Further OTML, the State and PNG Sustainable Development program must disclose details of all payments made with funds from the 2001 and 2007 Community Mine Continuation Agreements. The orders were made on an application by a group of seven landowners and two local-level government Presidents from the southern Fly area, represented by Bamiyamai lawyers

Porgera: Illegal miners warned

Post-Courier, January 28, 2014

THE Porgera District Court is yet to penalise anyone the maximum K10,000 fine for illegal mining, but does regularly impose custodial sentences of up to four years, a magistrate says. Juvenile offenders will serve their time at the Erap Boys Town Juvenile Centre in Morobe Province, said Porgera District Court magistrate Edward Kupo. Mr Kupo said this when explaining the role of the court in deliberating on charges relating to illegal mining and unlawful entry cases under the Mining (Safety) Act when dealing with offenders caught within the premises of the Porgera Gold Mine. He said illegal mining was a concern for the national Government, the provincial government and leaders in Enga and Porgera district. "Because the mine is contributing positively to the national government as well as the province and people in the district, illegal mining is an issue that has been going on since the mine started," Mr Kupo said. "The court is playing its part in trying to put down this issue of illegal mining." He said the court was looking at the varying penalties imposed on illegal miners and those that unlawfully entered the premises.

Mr Kupo said the court used its discretion when imposing the penalties because each illegal mining and unlawful entry case was dealt with on its own merit. These included whether the person was in a high risk area or found a big gold nugget within the special mining lease (SML) area, which was a big area where some people ventured about and even went into the mine's underground operation area. "The fines vary from these. So the court uses its powers or discretion to consider every illegal mining case as they come to the court," he said. Another approach by the court was that it sentenced convicted offenders to serve their term in correctional service institutions spread across the country, not only to those in the vicinity of Enga Province. Initially, the maximum fine had been K5, 000 but was increased to K10, 000 last year. Mr Kupo said a solution could be sought if leaders at the provincial government, the district, Members of Parliament and landowners came together and planned a lasting solution. He said there was a lot of good work being done by Barrick's restoring justice initiative team in helping the community, businesses, police and district administration, to try combat the problem, but said more ownership needed to be taken by other community leaders, groups and churches before a successful solution could be found.

Ok Tedi: International arbitration case registered

Post-Courier, January 28, 2014

The International Centre for Settlement of Investment Disputes has registered PNG Sustainable Development Program Ltd's request for international arbitration over the expropriation without compensation of the company's 63.4 percent shareholding in Ok Tedi Mining Ltd. This means that ICSID has accepted the case and that it will proceed. The arbitration hearing is separate to all other litigation relating to the expropriation of the mine, including the latest National Court action. The chairman of PNGSDP, Sir Mekere Morauta, said PNGSDP is seeking restitution of the 63.4 percent of OTML illegally expropriated by the State, or failing that, compensation for the shares. "The State's expropriation of the shares through the 10th Supplemental Agreement Act last year, without compensation, is in breach of international law," he said. "It also breaches the normal standards of behaviour of a State towards a foreign company. "PNGSDP is well within its rights to seek restitution," he said. "PNGSDP believes it has a strong case and looks forward to having its property returned to it." Sir Mekere said the next step is for an arbitration tribunal of three eminent international jurists to be set up. The members will be appointed by agreement between PNGSDP, the State and ICSID. It is likely that this will happen towards the middle of the year, with hearings possible soon afterwards.

Sir Mekere said that when the mine is returned to PNGSDP, the company will begin talks with the Western Province community so that agreement can be reached on the most appropriate arrangements for the future of the province. Sir Mekere said PNGSDP is very keen to resume its social and economic development program in Western Province. ICSID is an international institution set up under the International Convention on the Settlement of Investment Disputes Between States and Nationals of Other States. It facilitates arbitration proceedings allowing independent tribunals to decide cases under its rules, and all contracting member states agree to enforce and uphold arbitral awards in accordance with the Convention. PNG became a signatory to the Convention with the passing of the Investment Disputes Convention Act in 1978. One hundred and fifty other countries are signatories. International arbitration by ICSID is available to PNGSDP under Section 39 of the Investment Promotion Act. From its creation in 1965 to 30 June 2012, ICSID has registered 390 investment dispute cases, of which 250 have been concluded. Of the outcomes for arbitration proceedings, as of 30 June 2012, 62 percent of disputes have been resolved and 38 percent have been settled or discontinued.

Gulf provincial government accused of funds misuse

Post-Courier, January 28, 2014

The Gulf Provincial Government has been accused of gross misuse of funds intended for projects in LNG impact parts of the Kikori District. An official complaint is expected to be delivered to the Police Anti-Corruption and Fraud Unit during the week to investigate the matter. That's according to Benjamin Torah Baidu, a landowner and chairman of Green Field Resources Investment, a duly registered umbrella company of Kikori landowners whose lands have been affected by the PNG LNG Project. He claimed that most of the Infrastructure Development Grants (IDG) funds are misused with no tangible projects especially in the Kikori district. "It is sad to say that there has not been a single project implemented in Kikori from the K16.128 million yearly payments of IDG funds since 2010 to 2012.

"We the landowners of Kikori have not seen or witnessed any tangible development on the ground and yet we are seeing all kinds of publicity in the media by the Governor and the Provincial Government on funds disbursement to companies for unknown projects in the Kikori district," Mr Baidu said when referring to a paid media release published in the daily newspapers on 22 January from the office of the Gulf Governor, Havila Kavo. Mr Baidu said the disbursement of the Infrastructure Development Grant (IDG) funds which were dished out to certain landowner companies and individuals as stated in the media release had failed to identify the type of impact projects the people needed. "Some funds that were disbursed to landowner companies and individuals for project purposes did not correspond with the type of projects that was indicated and that had raised a lot of questions as to the manner the funds were disbursed.

"Most genuine landowner companies which could deliver projects and work for the interest of the people have been left out while most of the IDG funds were in some ways distributed to mostly uneducated landowners who did not have the capacity to implement projects. "I as the chairman of the duly registered landowner company of Kikori landowners which is recognised by the State, the developer and the department of Petroleum and Energy through the LBSA and UBSA agreement was deliberately and willfully left out from the IDG payment," Mr Baidu said. He said Kikori lacked tangible projects in the LNG impact area because the legitimate company such as Green Field Resource Investment which had the capacity to carry out project for the people had been omitted from the IDG funds. Mr Baidu called on office of the Gulf Governor to do proper research and identify legitimate landowner companies before disbursing funds to ensure indented projects are implemented. Several attempts to call the Governor's office for comments yesterday afternoon were not successful.

Ok Tedi Mine yet to be served orders, Namah hails court ruling

Post-Courier, January 28, 2014

THE giant Ok Tedi mine is still operating as normal because it is yet to be served the formal court orders that were made by the National Court last Friday. Lawyers for the plaintiff told the Post-Courier yesterday that they were having difficulties in serving OTML but the orders will be served anytime today. Last Friday the National Court ordered Ok Tedi Mining Ltd to stop dumping waste into the Fly River system – a move that would effectively shut down the mine. The court also ordered that company bank accounts be frozen after allegations were made that money earmarked for local development had been misused. Meanwhile, Opposition Leader Belden Namah has hailed the court decision as a win for the landowners whose lives have been adversely affected by pollution from the mine. "The decision by the National Court last Friday has clearly reminded us, and for that matter the Government, to ensure that developers who come in to the country adhere to the environmental laws of our country by fully implementing what they have submitted originally, in the form of proper tailings dam and waste disposal facilities."

He also blasted the O'Neill-Dion Government for taking over the mine saying it was a greedy move by the Government that should never have occurred. "The State and Government should never be a party. Instead they should be independent and only play the regulators role and collect taxes. But now it has put them in a compromising situation and a conflict of interest situation. "I now strongly urge the Government and other members of Parliament for us to seriously look at reviewing the Mining Act and legislate accordingly to protect our people's interest rather than fighting with them," he said. He said the mining regulator should ensure that developers strictly adhere to environmental laws so that PNG doesn't go through the Bougainville, Misima experience again.

Papua New Guinea

Revenue Watch Institute, 27.1.2014

Petroleum, copper, gold, and other minerals made up 32 percent of gross domestic product in 2010, with oil and gas accounting for 23 percent of government revenues. Papua New Guinea's estimated 8 trillion cubic feet of natural gas reserves have the potential to dramatically increase national income, and gas exports are expected to begin in 2014. The country's mining industry has a troubled history, with decades of poor management leading to severe environmental damage and social upheaval. The RGI assesses the mining sector.

Papua New Guinea's Performance on the Resource Governance Index

Papua New Guinea received a "weak" score of 43, ranking 39th out of 58 countries, a reflection of critical gaps in government oversight across most aspects of the extractive sector.

Rank (out of 58)		Score (out of 100)
39	Composite Score	43
31	Institutional & Legal Setting	59
44	Reporting Practices	34
36	Safeguards & Quality Controls	50
28	Enabling Environment	38

Institutional and Legal Setting (Rank: 31st/58, Score: 59/100)

While Papua New Guinea has detailed mining legislation, it lacks clear revenue collection mechanisms, leading to a "partial" score of 59.

Papua New Guinea's legal framework includes clear principles and specific requirements that govern the mining industry. The Mineral Resources Authority represents the state's interests and acts as a regulator; it is subject to reporting and auditing requirements. The minister of mining grants licenses to companies on a first-come, first-served basis in exchange for royalties and taxes. The Mineral Resources Authority collects royalties and the Internal Revenue Commission collects taxes; some revenues appear to bypass the treasury and are not reported to parliament. Environmental impact assessments are required prior to granting mineral rights but are rarely published. There is no effective freedom of information law. The government has expressed interest in implementing the Extractive Industries Transparency Initiative, but is not yet a signatory.

Reporting Practices (Rank: 44th/58, Score: 34/100)

With a lack of official data on most aspects of the extractive industries, Papua New Guinea received a "failing" score of 34.

The 1992 Mining Act requires that limited information about the licensing process be disseminated publicly, but mining contracts are not published and the details of negotiations are not disclosed. Neither the Mineral Resources Authority nor the Internal Revenue Commission publishes information on resource revenues. The central bank provides information on prices, the value of resource exports, and production stream values; the Treasury Department publishes some information on dividends.

Safeguards and Quality Controls (Rank: 36th/58, Score: 50/100)

Papua New Guinea's "partial" score of 50 reflects limited government checks on the licensing process and revenue collection system, but also accounts for substantial audit requirements for state-owned companies.

The legislature does not review contracts or play a significant oversight role. Licensing decisions are discretionary, with the minister of mining often participating in contract negotiations. However, government officials involved in regulating the extractive sector must report their financial interests.

The Auditor General's Office reviews resource revenues and publishes annual reports. The findings are presented to Parliament, but its Public Accounts Committee does not actively scrutinize revenues.

Enabling Environment (Rank: 28th/58, Score: 38/100)

Papua New Guinea's "failing" score of 38 is due in part to especially poor performance on measurements of corruption control and the rule of law.

State-Owned Companies (Rank: 14th/45, Score: 69/100)

Petromin is one of several state-owned extractive companies. It manages the government's equity in mineral and petroleum projects and is fairly transparent; it publishes annual reports with information on reserves, estimates of investment in exploration, production costs, the names of subsidiaries, information on quasi-fiscal activities, royalties, special taxes, dividends, and license fees. Petromin is subject to annual audits by an independent external auditor.

Natural Resource Funds

Papua New Guinea is in the process of creating a sovereign wealth fund to receive revenues from several massive natural gas projects that are underway. The fund will also manage government surpluses from mineral exports. Though the details are still unclear, the fund is expected to begin operations in the next few years.

Source: <http://www.revenuewatch.org/ru/countries/asia-pacific/papua-new-guinea/overview>

PNG mining company ordered to end environmentally damaging dumping

ABC Radio via PNG Mine Watch 27.1.2014



PHOTO: A pipe from the Ok Tedi mine pours waste into the Ok Tedi river (Photo: ABC TV)

TONY EASTLEY: Papua New Guinea's National Court has ordered the Ok Tedi mining company to stop dumping waste into a local river - a move that would effectively shut down the mine. The court has also ordered that company bank accounts be frozen after allegations were made that money earmarked for local development had been mis-used.

PNG Correspondent Liam Cochrane reports.

LIAM COCHRANE: The Ok Tedi Mine might be 500 kilometres upstream, but local government president, Benjes Kudi Alusi, says pollution has hurt his constituents.

BENJES KUDI ALUSI: A lot of the wildlife and fish is gone and it's going to be a time bomb before, the people will die and float like fish.

LIAM COCHRANE: Another local government leader, Gedi Dabu, says the damage has also been felt further south, in an area that borders Australia's territory in the Torres Strait.

GEDI DABU: There are so many of our women giving birth to you know deformed babies in Daru Hospital and this may be part of the effects from the damages caused by the mine.

LIAM COCHRANE: Since the eighties, the Ok Tedi gold and copper mine created billions of dollars of revenue for Australian company BHP, but waste dumped into the river system caused widespread damage. BHP handed over its majority share to a local trust in 2001 in return for legal immunity. Last year, the PNG (Papua New Guinea) government passed legislation to take over the PNG Sustainable Development Program - effectively nationalizing the mine. But now an order from PNG's National Court could see the mine grind to a halt.

SAMSON JUBI: A court order is a court order and they have to comply.

LIAM COCHRANE: Samson Jubi is the lawyer for the community leaders of the South Fly River area, and he explains the main point of the court order he's just received.

SAMSON JUBI: The court has ordered Ok Tedi Mining Limited stop dumping anymore mine waste and tailings into the Ok Mine, Ok Tedi, and the Fly River and all of its tributaries, which collectively is known as the Ok Tedi Fly River system.

LIAM COCHRANE: A spokeswoman for Ok Tedi said the company has no comment until after the orders are formally served later today. The court also includes the freezing of an ANZ bank account and a Bank South Pacific account that hold around \$200 million that should go to development projects benefiting those affected by the mine. Samson Jubi says that has not been happening.

SAMSON JUBI: There are substantial amounts of money in that account have already been misapplied, or misappropriated. And so I will be serving the court order on the two banks to pay immediately what the court has ordered, what the balances of the funds are to be paid into the national court trust account, essentially to protect whatever is left of the peoples compensation monies.

LIAM COCHRANE: Justice Gibbs Salika ordered \$19 million of the money held in these two accounts to be used for extensive research into the environmental and health impacts to the South Fly

River and the Torres Strait. Justice Salika wants to see a preliminary report in three months, although that may be difficult given the size of the area and the complexity of the problem.

Ok Tedi Mining Limited to be served court orders

Post-Courier, January 27, 2014

Deputy Chief Justice Gibbs Salika, who presided over the application last Thursday, delivered his ruling on Friday morning. "Upon hearing counsel for the plaintiffs the court granted the application to be heard ex-parte as the court did agree the matters raised were arguable and that serious legal and constitutional issues were raised," Justice Salika said in his ruling. "Those issues need not be recorded in this ruling because this is a preliminary hearing and it is ex-parte." The other orders included an order for OTML and the State to disclose to the plaintiffs and the court records of all dividends it declared and paid to shareholders from 2001 to 2013 and for the two to provide details and records of how it spent the dividends it received from OTML from operations from the Ok Tedi Mine, from 2001 to 2013.

Pending the substantive hearing, the plaintiffs shall engage a reputable environmental scientist or firm to conduct extensive research into the extent of environmental pollution in the Fly River and a preliminary report of such research must be provided to the court within three months from the date of the orders and reputable health specialists to conduct extensive health patrols and research into the extent of the environmental impact and a preliminary report of such research be provided to the court within three months from the date of the orders. The court also ordered that pending the substantive hearing, the sum of K45 million promised as a one off payment from the 2006 dividend payment held in the Western Province peoples trust account or such other nominated person or entity of their choice, by the Registrar of the National Court, immediately after receipt of the funds, to pay the cost of the scientific and health studies and cover reasonable legal costs. The Ok Tedi Mine Limited said it could not comment because it was yet to be served the court orders. Lawyers for the plaintiffs, Baniyamai Lawyers, said they would be serving the orders today as the court judgement was released on Friday and the registrar sealed the copies over the weekend.

PNG Court Orders Ok Tedi Mine To Temporarily Stop Dumping In Rivers

Country's largest mine likely to cease operations until hearing

By Todagia Kelola

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Jan. 27, 2014) – The country's largest mine, Ok Tedi, is likely to grind to a halt today after the National Court gave orders stopping it from dumping anymore wastes into the Ok Mani, Ok Tedi and Fly rivers and all its tributaries pending the substantive hearing of the matter in two weeks time. The order was granted following an application by a number of leaders and beneficiaries from the South Fly District who had named Finance Minister James Marape, Secretary For Mining Sadrach Himata, the State, OTML, PNG Sustainable Development Program Ltd, Bank South Pacific and the Australia & New Zealand Banking Group (PNG) Ltd as defendants. The landowners had gone to court for two main reasons. They alleged that the continued dumping of mine wastes and tailings into the Ok Tedi, Ok Mani and the Fly rivers and all its tributaries has adversely affected the lives of people living along the river systems and that a number of trust funds established for the benefit of the people of Western Province were being depleted at a fast rate and that the court should intervene to stop the peoples' money being spent without their consent.

Government seeking to overturn Ok Tedi injunction

PNG Mine Watch 26.1.2014

The PNG government is scrambling to try and overturn a court injunction ordering the Ok Tedi mine to stop dumping toxic waste into the Western Province river system. As the mine has no other way of handling the tailings the injunction has effectively closed the mine. Reports say that lawyers acting for the Prime Minister will try and set aside the court order on the basis that the mine needs to open in the best interest of the country. The lawyers are trying to find the Chief Justice to arrange for another court to hear their urgent application. In the meantime the order of Justice Salika that OTML and its agents and employees be restrained from dumping any more mine waste and tailings into the Ok Mani, Ok Tedi and Fly River and all its tributaries collectively remains in force. "History in the making! Who will win? PO and the GoPNG or the landowners, the environment and people of Papua New Guinea?"

Breaking news: Court rules in favour of Ok Tedi landowners, stops waste dumping

Sonja Barry Ramoi, PNG News Page via PNG Mine Watch 26.1.2014

The people of Western Province and Papua New Guinea have great cause to rejoice and celebrate, after Baniyamai lawyers – understood to be represented in court on this issue by Lawyer Allan Baniyamai and Samson Jubi (the latter formerly associated with another law firm) – successfully won the following, as reported from a source present at court today: "National court rules that OTML and its agents and employees be restrained from dumping any more mine waste and tailings into the Ok Mani, Ok Tedi and Fly River and all its tributaries collectively—pending the substantive hearing in February 12. Court also ordered State, OK Tedi and OTDF disclose all copies of financial records and transactions, bank statements, records of contracts – profits, dividends etc...and Court orders a freeze to 10 trust accounts."

Porgera: State receives statement

Post-Courier 24.1.2014

THE State has failed to protect the livelihoods of the landowners of Porgera and the environment surrounding the mine. The landowners of one of the world's biggest gold mines made this claim in a position statement given to Minister for Mining Byron Chan last December. The statement was handed over by the landowners and the Enga Provincial Government after they reviewed the memorandum of agreements dated May 12, 1989, in relation to the Porgera Gold mine. Landowner spokesman Jonathan Paraia said the state had been given 30 days to respond, however, after receiving the statement, Mr Chan requested an extension of time to 60 days in view of the Christmas and New Year holidays on behalf of the State. "The Position Statement alleges breaches by the State of its obligations in the MOAs, breaches of the customary laws of the Porgera landowners, and other laws, and the Constitution of PNG, all of which has resulted in the suffering of the Porgera landowners over the 24 years of mining on their land," he said.

"The State had allowed the mine to expand its scope of operations to increase the mining rate and production levels over the years, without consulting the landowners and the provincial governments, nor obtaining their consent, nor making appropriate arrangements to minimise the negative impact." Mr Paraia said in the period of 1994 to 1995, the State allowed the mine to vary its original proposals of 1988. "The 1988 proposals requested the State to approve and issue a Special Mining Lease (SML) for the mine to construct a mine that was capable of processing 8000 tonnes of crushed ore through its mill over a mine life of 20 years," he said. "Underground mining was to cease after seven years of operations." He said five years later, the State allowed what was called a Minor Variation to its approved proposals to double the processing rate to 17,000 tonnes per day.

“This meant that the amount of ore mined daily and the waste material produced also doubled, resulting in the waste dumps which were originally designed to hold less material bursting into the river systems causing massive landslides and the destructions of houses and gardens owned by the landowners,” he said. Mr Paraia said the failure by the State to respond or respond adequately would trigger the dispute resolution mechanism within the MOAs, leading to negotiation.

Newcrest’s six mines surprise with profits

The National, January 24th, 2013

THERE were a few surprises in Newcrest’s quarterly results yesterday, but none more surprising than the fact that all six of its operating mines were profitable. Shareholders in the gold producer have grown used to hearing that one half of its portfolio is profitable and prospective, while the other half is unprofitable and increasingly unattractive. The phenomenon was dubbed the “Good Newcrest, Bad Newcrest” syndrome by UBS analyst Jo Battershill, and has usually seen the Cadia East mine in New South Wales and the Gosowong mine in Indonesia held up as the best and most reliable performers. Just like Australian test cricketer Shane Watson, the Lihir mine in Papua New Guinea has usually been lumped into the “good” team more because of its potential rather than proven form, and despite its tendency to break down, appears to certainly a part of the company’s future plans.

Meanwhile the “bad” side of Newcrest has typically included the Telfer mine in Western Australia, Hidden Valley in Papua New Guinea and Bonikro in the Ivory Coast, which have all battled cost blowouts and under-performance in recent years. During the disastrous 2013 financial year Telfer produced gold at A\$1,705 (K3,638.49) per ounce, Bonikro produced at A\$1,765 (K3766.53) per ounce, while Hidden Valley was the class dunce at an extraordinary operating cost of A\$2,422 (K5168.58) per ounce. The gold price was admittedly higher back then, but the contrast to the A\$1,372 (K2,927.87) per ounce that Newcrest received for its gold in the first-half of this year explains why things had to change at the miner. Happily for Newcrest and its shareholders, today’s result showed things are changing fast.

Hidden Valley and Bonikro were still the company’s most expensive mines in the December quarter, but they both still managed to keep all in costs below A\$1,372 (K2,927.87) per ounce. Telfer was the big improver with all in costs at A\$957 (K2,042.25) per ounce, and running cheaper than both Gosowong (A\$1,013 [K2161.75]) and Lihir (A\$1,253 [K3673.92]). Cadia remained the star at A\$250 (K533.50) per ounce. Departing Newcrest boss Greg Robinson said the improvements had been achieved through a regime of “relentless cost capital out” and said that theme would continue. The cost reductions have come from mining the open pit at Telfer in a different way which requires less activity. – Sydney Morning Herald

Hides 4 awaits promise

The National, January 24th, 2013

A LANDOWNER group has thanked Prime Minister, Peter O’Neill, for paying its members the K4 million he promised for the Hides 4 PDL 7 project. Speaking on their behalf was Koloma Wabiago, the chief of the Taguali Togo clan, who owns the Hides gas conditioning plant well-head, quarry and the lay-down projects in the multi billion kina Hides 4 PDL 7 area. Wabiago said the Government, through the Department of Petroleum, had released K4 million, which was part of the K8 million commitment by O’Neill for the project security and the relocation of clan members and families from the project area. Wabiago said the only remaining commitment in the umbrella benefit

sharing agreement and the landowner benefit sharing agreement was the relocation of the families. Wabiago said the national government,

Hela provincial government and the developer, Exxon Mobil had agreed in 2009 to relocate the people from the project areas. He said the landowners are still waiting to be resettled even when the project was entering its final stages. Wabiago said the first shipment is expected to be in June this year and the landowners are still waiting patiently to receive the benefits they were promised. "Our livelihood has been destroyed and we will continue to face more problems and damages," he said. He said the UBSA and LBSA of 2009 must be fully honoured. "My Taguali Togo clan is still waiting to be resettled as per the agreements," he said. He urged stakeholders of the PNG LNG project to continue funding project until they are relocated.

Morobe Mining Joint Venture pays for environmental damages

Post-Courier, January 24, 2014

By HAIVETA KIVIA

MOROBE Mining Joint Venture has paid a total of K96,731 for environmental damages to the Garawaria people in the Waria Valley in Bulolo District, Morobe Province. The money was paid out to the six clans of the village in December last year by MMJV community affairs superintendent Anthony Naguwean, who was accompanied by Garawaria Landowners Association chairman Allan Sako and Manfred Sako. The payment is for environmental damages caused during exploration works at the mine. MMJV is the operator of the Hidden Valley gold mine in Bulolo and developer of the world class Wafi-Golpu Copper and gold mine, and is currently doing exploration in and around the Waria Valley along the Ono River. Messrs Naguwean and Sako were accompanied by Manfred Sako and two policemen to the payment ceremony. Since early 2010, MMJV has been carrying out some exploratory work in the area for gold and copper deposits, and eventually set up a base camp at Siror next to the village in the last four years, doing some serious drilling.

Garawaria village is situated within the Waria Local Level Government Council and located in the upper headwaters of the Ono River right on the border of Morobe, Northern and Central provinces. It is perhaps one of the most isolated of all villages in the valley and Bulolo District as a whole. "We are a lot of people that both the national, provincial and local level governments have completely forgotten about since Papua New Guinea gained Independence in 1975," Mr Sako said. "My people wonder to this day whether anyone out there know they also exist in Morobe Province." He said the village was completely cut off from all forms of basic government services and was only accessible by foot from Kasingare and by helicopter. He said the people lived a simple way of life of mostly subsistence farming and did produce some of the finest organic food crops in the country but were unable to sell their produce due to lack of proper transport infrastructure that would connect them to Wau, Bulolo, and Lae city.

He said despite its remoteness, Garawaria was gradually coming of age, thanks to Morobe Mining Joint Ventures (MMJV) exploration work which had brought some hope and light for the people. "Today we are very privileged indeed to have witnessed the first lot of payments for damages done by MMJV, and thank you for bringing hope and light into Ono Valley." Mr Sako said. He added that as a principal landowner and Chairman of the Association he was happy for his people and thanked MMJV for opening up the world to his people. "My people were connected to the outside world and saw some basic government services for the first time since the colonial days prior to independence," he said. Mr Sako further paid tribute to the MMJV for piping water to the village. MMJV is also proposing to build an aid post for the village, something that is of a great need by the people, especially mothers and children. Mr Naguwean urged people to make good use of the money and to look after the water supply and do likewise for the proposed aid post when it was built.

Vandals Leave Expensive Mess At New Caledonia Mine

Damage to vehicles, heavy machinery blamed on youths

WELLINGTON, New Zealand (Radio New Zealand International, Jan. 23, 2014) – There has been an unprecedented wave of vandalism at a mining site in New Caledonia, causing damage estimated to be in the millions of dollars. At the Nakety mine near Canala, light vehicles were found crushed by huge mining trucks, which in turn were dumped in ditches. Diggers were used to wreck technical installations, some of which were set on fire. A nearby Kanak tribe has handed over a group of young people, suspected of causing the destruction, to the police. A local official is quoted as saying those involved appear to have a sense of impunity. He says some of them had been arrested a few weeks ago for stealing from a school but were set free pending a trial. The destruction at the mine has left more than a hundred people out of work.

Tribal faction welcomes Govt decision

Post-Courier 23.1.2014

By DAVID MURI

A TRIBAL faction at Hides, Hela Province, has welcomed the government's decision to settle their outstanding payments. Petroleum and Energy Minister William Duma promised last week that he was working on a submission to pay K19 million owed to Hides PDL 1 landowners. But before the Government proceeds with this promise, Tuku Tabira (middle) landowners demanded that certain outstanding issues must be resolved first. Clan leaders John Kaloma, Andy Hamaga and Patrick Tabuko demanded that the government honour various commitments penned under the umbrella-based benefit sharing and licensed-based benefit sharing agreements. They said among others, PDL 7 was yet to receive its K100 million in total grants under these accords. "The government must pay us before the first gas flows out of our land. We are ready to die for our gas," they said. The leaders also demanded that service providers who had rendered their services since 2009 be paid before clan vetting is completed.

Tabubil hospital changes ownership

Post-Courier, January 22,2014

THE management of Tabubil Hospital in the North Fly District of Western Province now comes under Diwai Pharmaceuticals Limited, a subsidiary of Divine Word University. The hospital, which is owned by Ok Tedi Mining Ltd (OTML) has served employees and their families, contractors and communities from Western Province and Telefomin District for many years and is best known for being the Western Province's referral hospital, servicing the North, Middle and South Fly districts. Managing director and chief executive officer of the company, Nigel Parker, in a speech during the official handover on January 15, said the company began its search three years ago for an organisation that could take the management of the hospital forward for the benefit of the community and the wider Western Province. "The arrangements we have come to terms with, with Divine Word University is to develop this hospital into a teaching hospital that will support students under the rural health program in their clinical training," Mr Parker said.

Mr Parker said the company will continue to support the hospital in the future. He acknowledged contributions made by the Fly River Provincial Government, and other organisations and contractors operating in Tabubil. "The hospital is a referral hospital for the province and that puts an extra burden on the staff and the funding commitment. The hospital has consistently rated five stars in accreditation and this year we are presenting ourselves for accreditation under national health service standards. "That is a credit not only to the support given by Ok Tedi Mining Ltd (OTML) and other donors, but is also a credit to the staff of the hospital; they are a dedicated group of people."

Chairman of the hospital board and President of the university Fr Jan Czuba, said this was more of a partnership than a takeover. "It is not a takeover; it is a confirmation of the partnership between the company and the university. We would like to provide quality health services to all people of Ok Tedi Mining Ltd (OTML) and people from this part of this province," Fr Jan said. Fr Jan said the hospital would train doctors to be mentally prepared to go into the rural areas of the province to provide quality health delivery.

"We will enhance our services in this province, but the output of this partnership will be graduate doctors who will be going to remote areas to provide health care services to the people where currently we don't have nurses. "I think this is a great partnership, it's something which will last." He said one of the hospital's core functions would be to conduct research on diseases and other health disorders. Fr Jan expressed confidence in the Tabubil Hospital management under the administrator, Margareth Samei saying that the board's intent was not to interfere with the management of the hospital. "Around the world, this is a normal paradigm where a company which has standards and core values, engages itself with a university with similar core values to do something for the community and I think this is the first case in Papua New Guinea that a company like OTML entered into partnership with a university to do something for the community," he said. "As president of the university, I am honoured to be part of the team and will make sure we achieve our objectives." As a teaching hospital, Tabubil Hospital will perform three distinct functions. It will provide medical care and services to OTML employees and dependents, contractor employees and the general public, provide a practical field for academic and clinical training programs of the faculty of health sciences of the Divine Word University and conduct medical research to provide input into biomedical and health sciences research in Papua New Guinea.

LNG funds for backup

The National, Tuesday January 21st, 2014

By GYNNIE KERO

REVENUE from LNG exports can lower the cost of doing business for local entrepreneurs if invested in a productive way, Asian Development Bank (ADB) country economist Aaron Batten said. He said the government has to ensure funds brought into the country were invested to help compensate industries for any losses incurred from competition in international trade as a result of higher exchange rates. Batten said the government could help shield the economy from some of these effects by holding unused funds in foreign currency-denominated assets such as the transparently-managed Sovereign Wealth Fund. "As LNG production begins and exports grow, it is likely that the kina exchange rate will again strengthen against the currencies of key trading partners. "This will assist in lowering the prices of imported goods, but it also makes it more difficult for PNG's agricultural and other export products to be competitive in international markets," Batten said.

ADB said: "PNG's economy will continue to remain buoyant by regional standards in 2014. "Headline figures do however mask an important shift in the composition and drivers of economic growth, with growth outcomes in 2014 dominated by exports from mining and petroleum sectors. "In contrast, activity in sectors of the economy such as construction, telecommunications, finance, transport, wholesale and retail trade, is expected to be more subdued, with non-mineral growth falling from a high of 9.1% in 2012 down to a forecast 1.6% this year. "This trend is important because it is these non-mineral sectors of the economy where the majority of employment and cash income is earned for Papua New Guineans. "Looking for opportunities to improve the business investment climate and reinvigorate growth in service, manufacturing and agriculture industries must be a priority for ensuring employment and income earning opportunities continue to grow.

ADB currently projects GDP growth to reach around 6% this year. “The construction phase of the PNG-LNG project has provided an enormous boost to the economy over the last few years. “As construction winds down and exports begin, demand in sectors such as wholesale and retail trade, logistics, and transport, will also ease. “While detrimental to job growth, this will help to reduce some of the price growth pressures that we have seen emerge in the economy over the last few years. “Once export sales commence, the direct effects of the project on the broader economy will be much smaller, with fewer services being required.” ADB stressed in previous editions of its Pacific Economic Monitor that this would require improvements in the implementation capacity of agencies tasked to carry out the government’s ambitious investment plans.

Xstrata issue clarified

The National, January 20th, 2014

By GYNNIE KERO

THE sale of Glencore Xstrata’s share of 80% in the Frieda River project to PanAust is subject to a couple of conditions yet to be reached, Highlands Pacific managing director and chief executive John Gooding said. Gooding was reacting to speculation that the Beijing-ordered sale by Glencore Xstrata of its US\$6 billion (K14.5 billion) Las Bambas copper project in Peru has placed PanAust, Highlands Pacific and Indophil on high alert. As reported in The Australian recently, the sale of Las Bambas as a condition of Chinese approval of last year’s merger between Glencore and Xstrata – affected the plans of all three companies in their multi-billion-dollar copper-gold projects in PNG (PanAust and Highlands) or in the Philippines (Indophil). Gooding said: “When Glencore and Xstrata wanted to merge last year, they had to get approval from respective countries in which they both operated.

“While receiving approval from European Union countries and others, the Chinese Ministry of Finance and Commerce (MOFCOM) required that Las Bambas, a new big copper mine being developed in Chile by Xstrata at the time, be sold by mid next year before they would agree to the merger. “If an agreement for the sale of Las Bambas was not signed by mid-year (2014), then the Chinese had the right to decide whether another of the copper projects in Xstrata’s stable including Frieda River, would be sold instead.” Gooding said the whole merger of Xstrata and Glencore seemed to be contingent on the sale of Las Bambas or another of their copper projects. “We believe that the sale process for Las Bambas is fairly mature and will be consummated in the not too distant future from what we read.

“Once Las Bambas is sold (probably to a Chinese company). then the merger of Xstrata and Glencore should become unconditional as it would satisfy MOFCOM’s requirements, and then so does the sale of Frieda River to PanAust become unconditional. “In the meantime if MOFCOM approves the sale of Frieda River to PanAust first then that also would be very good for all the stakeholders in Frieda River and the people of PNG as it reduces any uncertainty with regards to timing. “We are very confident that the sale process of both Las Bambas and Frieda River is robust and that PanAust will be very good partners as they have the track record and capability to deliver this world class project,” Gooding added. Highlands Pacific owns 20% share in the Frieda River gold and copper project located on the border of Sandaun and East Sepik provinces.

Getting into the resource-rich Bougainville

Islands Business, January 2014

‘Amazingly, no one cares about asking the people of Bougainville about their perception if they need foreign intervention from the likes of Australia and the United States. Quite clearly, Australian

fear mongering and painting a picture of a security threat on its doorstep is intended to give it a reason to get into the resource-rich island before anybody else'. The pursuit of riches has existed from the dawn of civilisation. Ancient tribes risked their lives by leaving their homes and hearths in search of riches in distant lands. It is the pursuit of wealth and its concomitant greed that led to expeditions across the world, with the more powerful of explorers subjugating vulnerable locals to increase their wealth through all sorts of means—pillaging, sacking cities, overrunning countries and killing hundreds and thousands of people. This they did with a heady mix of superior weaponry, dubious barter deals, worldly guile—and religion.

The new world order post-World War II brought new ideas of equality, human rights and egalitarianism, which effectively put an end to institutionalised colonialism. But colonialism survived the onslaught of the new world order. Only the means changed. Overt became covert, hush money replaced weaponry, dubious aid replaced dubious trade and corruption took the place of good old guile. Colonialism became a thing of the past, surviving only with a prefix like “post” as in “post-colonial” but its spirit has not only survived but continues to thrive in this so called modern age. Commentators and perceptive people term this new avatar of the old colonialism as “neo-colonialism”. It is still very much the pursuit of wealth but is pursued through new channels that are acceptable to the new world order. Such as aid, trade, investment and ideas like social and economic development, inclusiveness, capacity building and, of course, sustainability.

Though the ideals look wholesomely altruistic, and many of them may be genuinely so, scratch the surface and you are more than likely to find the hidden hand of big money behind these initiatives. Just as big multinational corporate money continues to influence government policies around trade negotiations, it forces the hands of governments around geopolitical decisions as well. And when it does that, its only guiding principle is the pursuit of wealth—it does not matter what it costs in terms of lives, limbs, property of the people concerned and their environments. The scenario is very much from what hapless people suffered in the days of colonialism. Only the means have changed. The hand of Big Oil in the decades-long conflicts in the Middle East, and more recently, in the African continent, as well as the ongoing large scale destruction of rainforests and the habitats of countless species of wildlife, flora and not least remote human tribes in Middle and South America, South East Asia and even some Pacific Islands are only a few examples of the devastating impact of big money all over the world.

Corporate big money fuelled neo-colonialism has been a part of the Pacific, as it has been in other parts of the developing world for several decades now. The race for resources and the emergence of new populous countries as growing economic powers has seen it rearing its head in the Pacific Islands region again. This is particularly true of the better resourced part of the region—Melanesia, to be specific. Australia has always remained a big player in Melanesia because of both geographical proximity and historical reasons and Australian big business has gained much from the country's long involvement in Papua New Guinea, Solomon Islands, Vanuatu and more recently, in Timor Leste. Of these, its involvement in Papua New Guinea and its autonomous region of Bougainville has been of most significance. Its involvement in the Panguna Mine in Bougainville intensified the island's bitter conflict about two decades ago, where a rebel group was aiming to break away from PNG to form an independent nation. The unrest and conflict caused innumerable deaths and unprecedented destruction. The Australians finally suspended mining operations leaving a huge scar on the pristine island and the people to their own fate.

The island has slowly recovered and restored peace in the years since it was declared an autonomous zone but Port Moresby has not done enough to rehabilitate it and help build its economy, leveraging its many unique natural attributes. More recently, Bougainville is gaining more recognition as an offbeat destination for adventure and nostalgia tourism, given its pristine landscapes and diversity of terrain, not to mention its many onshore and offshore World War II heritage sites. The

recent celluloid depiction (Mr. Pip) of an eponymous popular novel authored by a New Zealander has provided a surge of interest in the tourist industry. Bougainville's resurgence has apparently re-kindled Australia's old desire to step up its involvement in the substantial island. Last month, it issued warnings that it feared Bougainville may be slipping back into chaos. The Australian Strategic Policy Institute (ASPI) has said Bougainville "could" slip back into civil war unless "we" [read Australia and the United States] act now. In the newfound love between the region's ANZAC nations and the US, there is a tendency to invite the US to be part of every activity in the region, coking a snook as it were to China.

ASPI's paper reeks of the trappings of classic neo-colonialism. In its December report, it says there is a need to flood Bougainville with human resources to bulwark the political apparatus and economic infrastructure in preparation for independence. There are suggestions to invite the US to chip in with aid for Bougainville. The calculation is obviously to send a message to China, that the western powers are in first. That's not all: other experts are making a case for the reopening of the Panguna Mine by its owners, mining giant Rio Tinto. Amazingly, no one cares about asking the people of Bougainville about their perception if they need foreign intervention from the likes of Australia and the United States. Quite clearly, Australian fear-mongering and painting a picture of a security threat on its doorstep is intended to give it a reason to get into the resource-rich island before anybody else, using the excuse of bringing in aid, investment, creating jobs and, of course, ushering in "sustainable development" while guiding its activists towards achieving their ultimate goal of independence from PNG. It is up to the pro-independence activists of Bougainville to see Australia's offers to get involved for what it is worth without falling for the usual trappings of investment and promises of inclusiveness, capacity building, employment and development at the cost of their real natural wealth and economic independence in exchange for any promised help in gaining political independence.

Mt Kare Golds refutes fighting claims

Post-Courier 14.1.2014

Landowners of the Mt Kare Gold project refuted claims that there was fighting between them over the prospect. Leaders from the six major tribes in the area expressed their concern in the manner 'outsiders' and 'paper landowners' claimed that there was an issue while the genuine landowners were co-operating and working with the developer, Summit Mining. Led by Pes Watai, the Chairman of Mt Kare Gold Development Corporation, the recognised landowners' Umbrella Company, the group said they fully supported the developer. Mr Waitai said while the people of Enga were happy with the project, individuals from Hela Province were making a lot of unnecessary reports in the media. He said: "The Mineral Resources Authority and Enga Provincial Government are fully aware that the project is in Enga Province and not Hela. It is so frustrating to see unknown persons like an unknown individual Albert Aliabe claiming to be from our land."

Tribal leaders Akoma Peke (Pakea Lambia tribe), Baldus Masko (Komai tribe), Diriman Pius (Heldi tribe), August Yalo (Yange Yame tribe), Tyson Yapwa (Pauam tribe) and Joky Akoma and Anton Waiaku from the Yolo tribe challenged Mr Aliabe to come to Mt Kare and point out his land to the local tribes. Mr Aliabe recently went to the media and reported that he was the chairman of another Umbrella company called the Mt Kare Development Corporation. "They shouldn't be misleading the state, developer, Enga Provincial Government and the people of PNG because this project is a problematic one and lasted without any development for years. Many interested companies came and went. Many landowners have died," Mr Watai said.

"The 6000 plus landowners of Mt Kare appreciate Summit Mining which is speeding up exploration programs and conducting feasibility studies with a lot of money. The MKGDC which is made up of the 69 incorporated landowner groups is happy with the developer and EPG." He said the project

was in Enga and the people of Mt Kare alone were the genuine landowners and they did not expect outsiders to come in and disturb the project by claiming to be landowners. "This is not Hela where everybody all of a sudden becomes a chief and every clan wants to be a landowner over the LNG project," Mr Watai said. The Mt Kare project is situated in Piala behind the Porgera Gold mine. Mr Watai's Yolo tribe owns the portion of land on which the project's high gold deposit has been discovered. The 69 ILGs recognised in a genealogy study conducted by the Enga Provincial Government has appointed Mr Watai as the Chairman of the Umbrella Company.

Phosphate Mining Could Resume On Island In Tuamotus

Australian company granted exploratory license by government

WELLINGTON, New Zealand (Radio New Zealand International, Jan. 13, 2014) – The French Polynesian government has granted a licence to an Australian company to explore the viability of starting up phosphate mining on the atoll of Makatea in the Tuamotu archipelago. The move reverses last year's decision by the previous government which rejected a bid by the Australian company, Avenir Makatea, to assess the atoll's resources. The company said in its bid that it believed that there might be sufficient phosphate in the old mining areas to allow a feasible mining programme. The atoll was heavily mined from the late 19th century until 1966. Local media reports say work could start next month. When the bid was rejected in May, Tahiti-Infos said the local population was against the resumption of mining amid inconsistencies between the outline of the project and the information given to the landowners.

Glencore's Las Bambas sale puts Aussies on alert

BARRY FITZGERALD, The Australian, January 13, 2014

SPECULATION that the Beijing-ordered sale by Glencore Xstrata of its \$US6 billion (\$6.7bn) Las Bambas copper project in Peru is imminent has placed ASX-listed companies PanAust, Highlands Pacific and Indophil on high alert.

The sale of Las Bambas -- a condition of Chinese approval of last year's merger between the London-listed Glencore and Xstrata -- affects the plans of all three companies in their multi-billion-dollar copper/gold projects in Papua New Guinea (PanAust and Highlands) or in The Philippines (Indophil). Merrill Lynch last week tipped that the sale of Las Bambas would be announced "any day", with the market continuing to have Hong Kong-listed and Melbourne-managed MMG as the most likely buyer in a deal. Its 72 per cent owner, China Minmetals Corporation (Minmetals) is one of China's biggest multinational state-owned enterprises. MMG is best known in this market for acquiring the assets of OZ Minerals other than the Prominent Hill copper-gold mine in South Australia, when it was forced into a drastic debt restructuring in 2007. MMG's operations include the Century zinc mine in Queensland, the Rosebery zinc operation in Tasmania and the Golden Grove base and precious metals mines in Western Australia.

MMG would not comment on the Las Bambas speculation on Friday. MMG does not have the financial capacity to take on Las Bambas itself but Minmetals does, thanks to access to Chinese import/export financing. MMG also recently deferred a development decision on its \$US1.5bn Dugald River zinc project in Queensland. In the meantime, PanAust, Highlands and Indophil are anxiously awaiting an outcome of the Las Bambas sales process. In the case of PanAust and Highlands, the deal in which PanAust replaces Glencore in the proposed \$US1.8bn modified development plan for the Frieda River copper/gold project in PNG hinges on Glencore meeting Beijing's condition that it reaches agreement to sell the Las Bambas project before September 30 this year. Should Glencore

fail to complete the transfer of ownership by June 30 next year, the Chinese merger approval requires it put its 80 per cent stake in Frieda River up for auction.

PanAust has since struck a deal to acquire Glencore's stake for \$US75m as well as forming an alliance with the other partner, Highlands Pacific. However, the deal remains conditional on Glencore meeting the Chinese condition on Las Bambas. The Melbourne-based Indophil faces similar uncertainty, with Glencore also required to auction off its 62.5 per cent stake in the Tampakan copper/gold project in The Philippines should Las Bambas not be sold. Glencore also owns a 13.1 per cent equity stake in Indophil. Indophil owns a 37.5 per cent interest in Tampakan. Tampakan, like Frieda River, is one of the biggest undeveloped copper/gold orebodies in the world.

Lihir: LLG president criticises miner

Post-Courier 10.1.2013

NIMAMAR Local Level Government president Ambrose Silul has supported the broadside leveled against Newcrest Mining Limited by the New Ireland Governor Sir Julius Chan. He said both Newcrest Mining Limited and Lihir Gold Limited had made significant profits but fallen miserably short of helping the people and the province that gave them wealth. "There is no relativity in the distribution of the cake," Mr Silul said. "The company has extracted gold worth billions of kina but what has it put back? On Lihir, our business centre of Londolovit remains a dusty crammed little township with limited space and shopping areas and our ring road and river crossings are a glaring example of the ache and pain we feel today," he said. He said he supported Sir Julius on his strong stance that until Newcrest comes up with a package of impact projects for Lihir, Namatanai and New Ireland, no agreements should be signed under the Lihir Agreements Review.

"We must all band together behind Governor Sir Julius Chan to change the mining laws and give our people greater control of their mining resource in partnership with developers that cuts equality in the cake. "The improvements at the Lihir Secondary School from the first wave of Tax Credit Scheme allocation are commendable; but do we appreciate the lost opportunities and loss of projects over the years when this scheme was not implemented on Lihir and New Ireland Province?" Mr Silul said billions of kina worth of gold have been mined over 16 years but look around Lihir or New Ireland Province and there is nothing to show for this mega wealth. "We are one people, speaking one language, united by six major clans living around the Lihir Island that form the base of the Lihir caldera where our gold is being mined. We believe our folklore to be true. "Our wealth was the gold ore and the miners made it a saleable commodity. But where are the due benefits from this great inheritance?" he said. "Where is justice and fairness for our 14,000 people today? All we see are growing elements of greed and social problems and lawlessness but very little in real tangible benefits."

Invest in Sinivit project

The National, January 8th, 2014

THE East New Britain government should invest in the Sinivit project or purchase the mine outright from New Guinea Gold Ltd, a landowner said. Chairman of Sinivit Landowner Association David Joseph said in Kokopo that this should be an alternative for ENBPG to consider rather than attempting to close the mine as announced by Governor Ereman ToBaining recently. He said the people of Baining area were "the most forgotten" people of ENB in terms of basic social services. Joseph said the provincial government had "failed miserably" over the years in providing basic services to the Baining people. "For the governor of ENB to say we do not need a mine in ENB is irresponsible," he said. He said ToBaining's statement was only scaring off potential investors who were willing to develop resources for equal development to reach the people. He added that the

provincial government was fairly represented and was a party and a signatory to the Sinivit Memorandum of Agreement drafted in November 2013. Joseph said under the MOA, there were provisions to cater for social development of the Baining people. He called on leaders in the province to refrain from being negative and consider alternatives that would be of good benefit to all people.

President: Mine failed

The National, January 8th, 2014

A LOCAL level government president has accused two miners in New Ireland of failing to assist the people through development. Ambros Silul, president of the Nimamar local level government, supported recent comments by New Ireland Governor Sir Julius Chan on the neglect by Newcrest Mining Ltd and Lihir Gold Ltd. He said the two companies had failed to assist the people and the province by promoting development. Silul said the Lihirian folklore of the magical wave bringing “riches and cargo” to Lihirians and transforming their rural setting into a modern city had been reflected in the rich gold mining operation on Lihir. But he said the miners who rode on the “magical wave” had extracted the riches on Lihir but gave nothing valuable back in return. “Billions of kina worth of gold have been mined over 16 years but there is nothing to show for it in the province,” he said. “We are one people, speaking one language, united by six major clans living around the Lihir Island that form the base of the Lihir caldera where gold is being mined. “We believe that our folklore to be true. Our wealth is the gold ore and the miners made it a saleable commodity.

PNG government hastens LNG project

Post-Courier 8.1.2014

The Papua New Guinea Government will be meeting with InterOil and Total SA to set a time-line in fast tracking the LNG project in Gulf Province. Minister for Petroleum and Energy William Duma said the ELK-Antelope project has been delayed for more than four years and since InterOil has selected an operator in Total SA, the Government expects the project developed quickly. “Now that they have selected an operator, Total SA of France, we expect InterOil and Total to develop and commercial the gas resource reserves we have quickly.” “We have seen this project delayed for more than four years since we signed the gas agreement in 2009. We expect InterOil and Total to fast track this project.” Duma said the country will see three gas projects come on-stream by the end of the year with ExxonMobil LNG project to export the first gas by July/August. “We also have another smaller gas project, Stanley gas project being developed by Horizon Oil in Western Province and the Elk Antelope project in Gulf Province. “I will be opening the development forum on January 20 and we expect cabinet to approve the gas agreement, one in Gulf and Western provinces.”

“Before the end of this year we will have three LNG projects, first the ExxonMobil, InterOil and Stanley project.” “We will be meeting them this month and we will be giving them some timelines, they have gone into this arrangement with Total and that was done before Christmas and we have asked them to meeting to move the project forward.” Duma said that the Government is looking at two years at the most to have the project developed. “Most of the work has been done and all they have to do is to review it and revise their program.” In the petroleum sector, Duma said there have been some new discoveries of oil in the Gulf Province and InterOil are doing more appraisal drilling to ascertain the exact size of the resource whether its is big enough to warrant development. “The Department of Petroleum and Energy is doing its bit and we expect other economic ministers and departments to do likewise to expand the revenue base of this country,” Duma said.

LNG: Landowners thankful

The National, January 7th, 2014

LANDOWNERS in the liquefied natural gas project area in Tari, Hela are thankful that clan vetting and identification of genuine landowner clans have been completed. Chief Eki Toko of the Telia clan said the landowners had been suffering for too long and wanted the Government to fulfill its promise to share the project's benefits. Landowner Malex Au from the Pai Kini and Pura Tikira clan said too many people claiming to be genuine landowners were living in Port Moresby and trying to claim what belonged to the people in Angore. He said the clan vetting had identified the genuine landowners and spin-off benefits from the project would go direct to the villagers in the project areas. Au said they had been waiting for the past 15 years in the project areas for funds. He said the first LNG export would be done this year but resources owners were still living in primitive conditions. Toko said landowners were sleeping in homes built from bush material and were deprived of public services such as schools, hospitals and good roads. He said because of the LNG project, the country's economy had been boosted creating a lot of business opportunities for foreign and local companies.

Landowners continue fighting over Mt Kare issues

Post-Courier 7.1.2014

By *AUGUSTINE CHASLON, DWU Journalism Student*

THERE have been a lot of complaints and arguments between the Mt. Kare Development Corporation and the Mt. Kare Management Company over who the legitimate landowner of the Mt. Kare gold project is. Claims and counter-claims have been made ever since the project was established in Hela Province. The Post-Courier reported on December 23 that the chairman of Mt. Kare Development Corporation, Mr Pes Watai, claimed his company is the one that should negotiate all benefits of the project for Enga. Albert Aliabe, chairman of the Mt Kare Development Corporation said: "There are so many landowner companies coming up and making statements, claiming to represent landowners of the Mt. Kare gold project, which warrants me to set the record straight. "The question I want to put forward to all these new landowner companies making statements in the print media is: where were you all when exploration activity at Mt. Kare started in 1980?"

When CRA Minerals and Kare Puga Development Corporation – who represented the landowners who signed all the agreements – and Mt. Kare Management Company, Mt. Kare Gold resources, and Mt. Kare Apayuope Limited battled it out in court for irregularities in the agreements to be sorted out?" He added According to the Country Manager of Summit Development Limited, Mr George Niumataiwalu, who earlier said in the paper that after the LIS report is published, landowners from the SML area will work with the developer, Summit Development Limited, to move to the next stage and form the umbrella landowner company? That is why the executives of the four major landowner companies are waiting for this report. "Mt Kare Management Company has a legitimate reason to be the umbrella landowner company and we believe the Heli Clan will be declared owners of the SML area according to historical facts and evidences.

And this will enable us the directors and executives who are all from the Heli Clan in Hela Province to make a submission to the developer to endorse the company to be the umbrella landowner company," said Mr Aliabe. "Therefore, I want to appeal to the so-called new landowner companies to stop misleading the landowners of Mt. Kare, making unnecessary media statements claiming to be representing the landowners and soliciting support and endorsement from the provincial governments and the state. We all know that the formation of the landowner company will take place after the declaration of the LIS report." He added that owners of the SML area are legitimate people to form the umbrella landowner company and this fact supports the company to be an umbrella landowner company as it comes from the Heli Clan who are customary landowners of Mt.Kare. "I

appeal to all landowner companies to work with the developer to deliver the project on time. I also appeal to MRA not to cheat the landowners and deliver this project on time as the landowners have suffered enough in the last 25 years.”

Mt. Kare: Mine study almost complete

Post-Courier 7.1.2014



DEVELOPER of the Mt Kare Project, Indochine Mining says it's close to completing the key landowner investigation study at its flagship asset, the gold-silver project in Mt Kare. This requires a ground survey of the location of the land boundaries amongst the clans identified in the landowner investigation study and will be included in the final submission of the landowner investigation report. The company is on track to apply for a mining licence in August 2014 with production starting in mid to late 2015. Mt Kare is situated 15 kilometres from Barrick Gold's 28 million ounce Porge-ra gold mine, one of the world's top 10 gold mines with annual production of over 500,000 ounces for over two decades. Significant infrastructure including roads and power lines are proximal to Mt Kare. Mt Kare's total mineral resource is currently 43 million tons at 1.5 grams per ton for 2.1 million ounces of gold, and 18 million ounces of silver, with nearly 75% in the higher confidence measured and indicated category. Production is targeted at about 200,000 ounces gold per year at 10 grams per tonne along with silver production of about 820,000 ounces per year.

Baining leader speaks out

Post-Courier 7.1.2014

A former Baining landowner executive in East New Britain Province has urged the executives of the new Sinivit Mine Landowners Association to come together to discuss the future of the mine. A recent National Court decision had found Mining Minister Byron Chan's decision to extend the Mining Lease (ML 122) in May 2012 null and void. The landowners under the Uramot Company Limited and the provincial government had taken the state including the Minister and the Mineral Resources Authority and the company New Gold Limited to court over the extension of the mining license. A former Chairman in the previous association, Douglas Augustine said it was time they plan and set a way forward in regards to the mine. He said the new executives should hold discussions with former executives and landowners. He said authorities knew the company was facing financial difficulties but yet renewed the mining license. He urged government authorities including MRA to give the landowners time to discuss and not get involved in their politics adding that gone were the days of bulldozing decisions in regards to the mine.

Mr Augustine said the court decision was victory for all including the provincial government and the citizens of the province and especially the Uramot landowners who have been suppressed for so long. "Now we can decide the future of the mine. The mine must play a big role in Baining development," he said. He thanked the Deputy Prime Minister and ENB Regional Member Grand Chief Leo Dion, the ENB Provincial Government and Administration for their support of the Uramot Baining people and especially for the financial assistance in legal fees. Mr Augustine said New Guinea Gold Limited had literally done nothing in terms of infrastructure development and benefits to the landowners when they were first issued the mining license in 1997. The recent court decision had ordered the Mining Advisory Board, the Mineral Resources Authority, the Minister, the state, New Guinea Gold Limited and Gold Mines of Niugini Limited to refrain from any activities pursuant to the Minister's purported extension, until an application is fully reconsidered in full compliance of the procedures and process set out under the Mining Act. The court found that the process of giving notice to the landowners and the Provincial Government, including the Mining Advisory Board, the Mining Warden hearing requirement and the Warden Report requirements were clearly breached.

Chiefs, landowners call for review

Post-Courier 7.1.2014

THE Tugu Tapira paramount chiefs and block leader has called for review of UBSA commitments and licence based benefits sharing agreement (LBBSA) to demonstrate the amount of LNG related activities in the block. In a statement, the landowners leaders said the state and the developer of the LNG project must review the agreements. "We, the Landowner leaders from the Tugu Tapira block in Hides Petroleum Development Licence (PDL)-1 are calling on the developer of the PNG LNG Project, Esso Highlands Ltd and the State to review the licence based benefits sharing agreement to compensate them fairly for the level of LNG related activities that are happening on our land," they said. The paramount chiefs, namely Matiabe Aiya, Urulu Hatabi, Parabu Mugani, Tayali Ola, Haguai Kamia, Lai Mara, Abuli Kalu, Harabe Kembe, Ngini Kapiago, Jokoja Piwago and block leader Wandiago Kau, said the Tugu Tapira block is mostly affected by various activities and the amount of benefits to them should not be the same as other Blocks adjacent to them.

Activities occurring on the Tugu Tapira block include Wellpad B and C, Hides gas conditioning plant (HGCP), quarry QA1 and QA2, Q2 and Q3, landfill, spine line a 15 km road, wash bay, pits 1, 2 and 3, 15km of pipeline and a workshop. Tugu Tapira block leader Wandiago Kau said the number of activities being undertaken on the land do not reflect the same level of benefits as per the agreement. "The UBSA and the LBBSA was all about give and take but as a block leader representing Tugu Tapira and speaking from my heart, I see that my people are the losers in terms of infrastructure developments," Mr Kau said. "It would be appropriate if the State and the LNG developer review the UBSA and the LBBSA to fairly compensate us as the highly impacted owners of the land on which these activities are taking place.

"The benefits we are receiving now are not reflective of the LNG related activities that are occurring on our block. "We signed the agreements without understanding the scope of LNG project activities that will occur on our land and when we compare the activities to the benefits we are receiving now, we see that we are receiving the lowest number of benefits compared to other blocks that are not highly affected by the PNG LNG Project activities." Mr Kau said the landowners and the clan leaders are now "humbly calling on the State and the developer to review and amend the UBSA and the LBBSA so that the benefits are reflective of the number of activities happening on our land".

Porgera: Mine at fault, MP says

The National, January 3rd, 2013

LAIAGAM-Porgera MP Nixon Mangape has called on Barrick Gold to implement strategies to stop illegal mining at its Porgera mine. Illegal mining had become a major concern for the developer, the state and landowners, with an upsurge recently that led to the death of several people, he said. The deaths were only a few weeks ago when two people were reportedly killed and several others injured. Mangape said the issue of illegal mining had been created by Barrick that failed to take several important measures such as the relocation of people from the special mine lease areas. He said the company had failed to accommodate local employees at the camp sites like other national employees and expatriates. He said local workers had been told to live outside the company camp while others were accommodated on site. Many relatives of those employees lived with them and turned to illegal mining that led to deaths and injuries, Mangape claimed. "There are three classes of employees in Porgera. They all do the same kind of jobs and should be treated fairly," he said.

"If they are serious about addressing illegal mining, then one of the ways is for the developer to accommodate the locals in the camp site to minimise illegal mining activities by the relatives of those employees. "The illegal mining activities are not done by local landowners but by relatives of employees living within and outside the special mine lease areas." Mangape said other actions the company should take was the permanent resettlement of the landowners from the special mine lease areas. He said Prime Minister Peter O'Neill spelt out clearly during the last parliament sitting that the landowners were illegally living within the special mine lease areas and needed to be resettled by Barrick as it was unsafe. Mangape said the company should introduce an identification system to scrutinise people moving in and out of Porgera and the mine lease areas. He said that should help with the setup of an entry and exit point manned by police so that unnecessary people did not enter the mine areas. Mangape suggested the developer issue 24 security contracts to the 24 landowner clans within the special mine lease areas so they provided security to the company and monitored miners.

PNG LNG spin-offs boost overall growth

The National, January 3rd, 2013

THE spin-off benefits from resource developments have contributed immensely to the country's overall growth, according to the PNG LNG environmental and social report. International Monetary Fund (IMF) said in a report that the country's economic growth was expected to be 5.5% by the end of last year and would increase this year and 2015 when the production of the LNG plant reached its full capacity. Apart from the economic growth, the LNG project had played a major role in the establishment of protected areas and creating a sound community that had increased the country's human development index rate. As stated in the PNG LNG environment and social third quarter report for 2013, most of the impact areas in the remote parts of the country now had basic services such as education and health facilities, which had increased the people's standard of living. Before the arrival of the developers, most of the areas lacked basic services such as health, education and community affairs but this had all changed with landowners being given a chance to start their own business. Communities had been thought how to sustain their livelihoods through simple farming techniques and schools had been reopened. PNG LNG had so far committed K1.3 million for larger scale infrastructure development for schools, created 18,500 jobs for the locals and assisted non-governmental organisations (NGO's) with materials and funds on health and community development awareness.

Landowner refutes claims

Post-Courier 3.1.2014

By *DAISY PAKAWA DWU Journalism Student*

A landowner from the Tuguba Tribe in Hela Province which hosts the Hides PDL Part 1 of the PNG LNG Project has refuted a claim by his fellow tribesman. Chief of Pee Koe clan within the Tuguba Tribe, John Karius Gane, said that Marako Pate's claim of being the paramount chief of Tuguba in an article published recently by the Post-Courier was incorrect. According to Mr Gane, Mr Pate is just another chief of one of the many clans within the Tuguba tribe and the Paramount chief is Kupiawi Aluya. He also said that Mr Pate's call for the government to complete the clan vetting was unnecessary since the Department of Petroleum and Mining already identified the clans within Tuguba. He continued that a six months clan vetting had taken place in the Upstream Gas Project PDL 1, 7, 8 and 9 and had ended in early December.

Mr Gane claimed Mr Pate knew this but went to the media in the hope that the vetting would continue and include strangers who were not part of the Tuguba tribe. Mr Gane suggested that the government should also identify the principle landowners or there would be conflicts when royalties were given out. He said being a patrilineal society, the male landowners or Tene as they were known should receive the bulk of the royalties. He said that as leaders, they would distribute the money to the females (or Yamunis) and people who lived in the Tuguba tribe but were not from there (the Damenens). He said that more conflicts would arise unless they identified the Tene, as was the case in Kutubu where people now have no conflicts over land ownership. Mr Gane also discouraged the media from entertaining landowners who had no right to such claims.

Governor: We do not need mine

The National, January 2nd, 2014

EAST New Britain Governor Ereman ToBaining has announced the closure of the Wild Dog Mine in Baining. "We do not need Wild Dog Mine in ENB," he said. ToBaining said the government and people of ENB would focus more on developing agriculture. He said the provincial government would try to revive and improve cocoa and copra production. The province has allocated K5 million to cocoa rehabilitation programmes. He said there was a need to improve cocoa production since it had been around for years. "The provincial government will support the people through cooperative societies in building up the cocoa industry again in East New Britain," he said. He said it was most likely that prices of cocoa would make a "come-back" in 2016 after the full roll-out of cocoa rehabilitation programmes in 2014 and 2015.

New Caledonia's Vale Nickel Plant Restarts Operations

Company says pipe repaired, incident caused no damage

WELLINGTON, New Zealand (Radio New Zealand International, Jan. 2, 2014) – The Vale nickel company in New Caledonia says it has restarted its plant after last November's effluent pipe breakage. The US\$6 billion plant halted operations after it became known that the pipe leading through a lagoon of a World Heritage site was broken. The company says the 26-kilometre pipe has been repaired and reconnected with the approval of the authorities. Vale says the incident caused no damage to the environment but there was criticism that the authorities and the mining giant have been too lax. Five years ago, Vale caused an acid spill and was fined, but the sentence has been appealed by the prosecution, with a ruling due next month.