

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

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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>

Property market booming in Port Moresby

The National, August 29th 2011

By ANCILLA WRAKUALE

PROPERTY investment in Port Moresby is going through a phenomenal growth in the prices of properties over the past seven years. Nasfund joint-chief executive officer Rod Mitchell made the observation last week while presenting a report on Nasfund during the 7th Pacific provident fund and social security chief executive officers forum in Port Moresby. He said Port Moresby was playing catch-up because most of the residential and commercial properties were old, constructed up to four decades ago. He attributed the increased growth to the increase in demand for properties. He said the LNG project, related industry spin-offs, other resource explorations and projects meant a huge demand for rental and commercial rents.

He gave as an example the recent move by Nasfund to increase its property investment. “What we seeing is evidence of an over-heating Port Moresby property market, especially in residential, but also in commercial and hotel accommodation”, Mitchell said. “The banks in PNG have shown a

very responsible attitude to the current property boom, ensuring lower interest loan to valuation ratios on any development." Some recently completed Nasfund constructions in Port Moresby included the IPA Haus, Datec Building, Ravilien Haus, ANZ Haus, Solwara apartments and a factory located at Konedobu. Current constructions included the BSP Haus comprising seven levels to be built at Harbour City in which Nasfund has 34% ownership. The reconstruction of the Burns Philip Haus was also among other current construction by Nasfund.

PNG MINING MINISTER CLEARS AIR ON MINERAL RIGHTS

No imminent change in policy affecting miners, he says

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Aug. 29, 2011) – Resource ownership rights must go back to the people, provided there is wide consultation between the state, landowners and industry partners. Minister for Mining Byron Chan said this during a mine tour to Simberi Island in the New Ireland Province on Thursday where he assured the business community that the proposed changes to the Mining Act 1992 will not affect their operations. Mr. Chan reaffirmed that the government will do all it can to "polish up the policy" and make it suitable for all Papua New Guineans.

[PIR editor's report: The Chinese-run nickel mine at Ramu was recently approved to dump millions of tons of toxic waste near Madang province, along the northern coast of PNG. Landowners petitioned the government to bar the mine from releasing its tailings into the sea, but the judge ruled that, since the government had already approved of the dumping, the application was inadmissible, shocking the Ramu landowners.]

"Let me assure the business community, and especially the mining industry in the country, that there will be no immediate policy changes to the existing laws until proper case study and wide consultation with the industry and relevant stakeholders is carried out," Minister Chan said. "I must stress also that this is not a deliberate attempt to discredit any mining firm or developer in the country. In fact there's nothing new. All I'm saying is for developers to recognize resource owners as custodians of their own land in the proposed policy." He said that if the developers cannot live up to the policy, they should not waste their time in the country but to pack and move to allow for other investors who respect resource owner rights and work closely with them to bring about meaningful development. "I'd like to clear the air on landownership rights, which is the bigger issue raised here and abroad by respective mining commentators and relative industries," he said, adding that it would take time to properly assess ownership rights with existing policies.

[PIR editor's note: In June 2011, the landowners for the Simberi Mine agreed on joint regulations over royalties received from land usage. Disputes had arisen in the community between the immediate landowners and the Simberi Mining Area Association over how the 60 percent royalties paid by Simberi Gold Company Limited was utilized.]

SOLOMONS GOVERNMENT ADOPTS MINING TRANSPARENCY

Goal to improve well-being of citizens

HONIARA, Solomon Islands (Solomon Times, Aug. 29, 2011) – The Solomon Islands is determined to use its mineral resources to improve the well-being of its citizens and not lead to conflict. The Solomon Islands have made a landmark decision by choosing to endorse the [Extractive Industries Transparency Initiative](#), EITI, as a cornerstone of transparency in the management of the country's growing mining sector. Minister of Finance and Treasury Gordon Darcy Lilo made the announcement at the EITI regional conference hosted last week in East Timor.

Making the announcement, Lilo said, as a country emerging from conflict, Solomon Islands is, "determined to use its mineral resources to improve the well being of its citizens rather than to allow the resources become a source of future conflict."

With the endorsement of EITI, Solomon Islands now join 58 other countries in various stages of implementing EITI. Solomon Islands will now begin the process of gathering the government, operators, civil society and citizens to join the process of implementing EITI and validation to reach compliant status. [*PIR editor's note: The EITI is an agreement by governments, companies, civil society groups, investors and international organizations to use natural resources appropriately to help growth and decrease poverty. The EITI accomplishes this through verifying and publishing company payments and government revenues from natural resources, such as natural fuels and mining.*]

EITI was first announced by Tony Blair, the then-Prime Minister of the United Kingdom, at the World Summit on Sustainable Development in Johannesburg, South Africa in September 2002. Ghana, Nigeria and Azerbaijan piloted the EITI approach. EITI increases transparency over payments by companies to governments and to government-linked entities, as well as transparency over revenues by those host country governments. The Chair of the EITI is Clare Short, former UK Secretary of State for International Development. [Solomon Times](#)

O'NEILL: PNG MINERAL RIGHTS YET TO BE DETERMINED

PNG leader seeks to ease mining industry jitters

PORT MORESBY, Papua New Guinea (The National, Aug. 25, 2011) - Transferring ownership of mineral and hydrocarbon wealth from the government to landowners is not a government policy yet, Prime Minister Peter O'Neill said yesterday. O'Neill made the comment to allay fears among industry participants following statements from two ministers that the new administration would change the fiscal regime governing the mining and petroleum sector. The statements by Mining Minister Byron Chan and Planning Minister Sam Basil had jittered stocks of PNG mining companies and elicited strong protests from the industry. O'Neill said yesterday: "This is not yet government policy. Cabinet and parliament are yet to discuss the matter." The prime minister assured stakeholders that they would be consulted fully before any policy or law was considered.

This was the second time in as many days the prime minister has had to correct the impetuous words and actions of his new ministers. On Tuesday, he said cabinet had not made any decision to withdraw or suspend the powers of any provincial governments including East Sepik and Morobe. The two second-tier governments had gone to court on the basis of "speculations" based on an internal memo from Minister for Finance and Treasury Don Polye. The mineral and hydrocarbon ownership issue was sensitive and one industry watcher said any change by the current regime "will be the single biggest mistake" and would cripple the economy. The Chamber of Mines and Petroleum was understood to have written to O'Neill expressing the concerns of its members. The current push was to change section 5 of the Mining Act and section 6 of the Oil and Gas Act to transfer ownership of mineral and hydrocarbon wealth from the state to landowning groups

BOUGAINVILLE MINE OPERATOR TO INVOLVE LANDOWNERS

Panguna mine was center of ten-year civil war

BOUGAINVILLE, Papua New Guinea (PNG Post-Courier, Aug. 17, 2011) – Bougainville Copper Limited is determined to involve landowners as part of its commitment to its long term vision for the Panguna Mine. [*PIR editor's note: BCL had been operating in Bougainville at Panguna from*

1972 up to 1989, at which time operations were suspended during the larger conflicts in Bougainville.] Company Secretary Paul Coleman reported in the company's six months up to June 30, 2011 report to the Australian Stock Exchange that the company's priority would be the involvement of landowners so the company would develop an engagement program aimed at increasing awareness of the benefits of returning to mine production.

"Good progress is being made by the landowners in the establishment of companies that once completed will enable an umbrella company to be formed that will represent all landowners in the review of the Bougainville Copper Agreement," Mr. Coleman said in his report. "(Autonomous Bougainville Government) President Momis supports the vision of returning to mining at Panguna and has publicly stated he believes the majority of the Bougainville population also supports reopening the mine." [*PIR editor's note: Momis encountered resistance from the Panguna Landowners Association in February 2011. PLA representatives claimed Momis' representation of their goals was made without proper endorsement or consultation.*]

BCL made a loss of K3.8 million for the six months to June this year compared to a profit of K2.8 million reported for the corresponding period of last year. The Directors have not declared a dividend in respect of the six months ended 30 June this year. The company reported that the high Australian currency has adversely affected costs and income has been reduced as a consequence of the monies paid in to court in relation to the tax dispute. BCL Chairman Peter Taylor was elected President of the Australia-Papua New Guinea Business Council and in that capacity he led a high – profile business delegation to Bougainville in May. The visit was hosted by Mr. Momis, and the delegation also met with a wide range of leaders from politics, business and administration. "The delegation was impressed with the enthusiasm for investments in Papua New Guinea and support for the reopening of BCL's Panguna Mine," Mr. Coleman said in the statement.

MINERS AGAINST PNG LANDOWNER RIGHTS TO RESOURCES

Companies say foreign investors would stay away

By Firmin Nanol

PORT MORESBY, Papua New Guinea (Radio Australia, Aug. 16, 2011) - Papua New Guinea's mining industry has expressed grave concerns over plans by the PNG government to revert ownership of minerals and resources to traditional landowners. Mining Minister Byron Chan says it's reviewing existing laws to give ownership of minerals on and under the land to landowners. He says PNG is an island of gold floating on a sea of oil, but the people are living in very poor conditions. Mr Chan says the changes will allow them to benefit from their resources. PNG's Mining industry has expressed concerns about the proposed changes. The Chamber of Mines and Petroleum's Executive Director, Greg Anderson says it will scare off investors who will not want to work in PNG. "Noboby is going to invest on something that is uncertain and you would scare off investors like you would not believe," he said. "Because I don't think its workable in Papua New Guinea." The government says it [seeks] to have the changes legislated before the 2012 general elections. *Radio Australia:* www.abc.net.au/ra

PROPOSED FIJI MINE AWAITS ENVIRONMENTAL STUDY

Private Australia-Japan joint venture seeks copper

WELLINGTON, New Zealand (Radio New Zealand International, Aug. 15, 2011) – The University of the South Pacific aims to complete its Environmental Impact Assessment of a proposed copper mine near Suva by the end of the year. A final decision on whether the Namosi Joint Venture between Australian mining company Newcrest, Japan's Nittetsu Mining Company and Mitsubishi

Materials Corporation will go ahead hinges in part on the University's study. The Director of the Institute of Applied Science, Bill Aalbersberg, says there are a number of environmental concerns that need to be addressed before the mine can be built. Particularly when large amounts of rock is moved. "There's some fine material called tailings that goes into a tailings dam. The maintenance of the integrity of that dam is critical. And also acidity can develop that activates some of the heavy metals that can go into the environment so a process needs to be done to minimise the impacts on the rivers." Public meetings are being held this week and next to inform the public about the project. *Radio New Zealand International*: www.rnzi.com

Chinese investors tour Bougainville

The National, August 11th 2011

By STEPHANIE ELIZAH

AN eight-member team of investors from Beijing and Hong Kong left the Autonomous Region of Bougainville satisfied after spending two days looking at areas of potential investment. The visitors, who were guests of the Bougainville China co-operation committee, were welcomed by members of the Autonomous Bougainville government and children from the Hahela Primary School. Team spokesman Fr Francis Zhang thanked the ABG, saying they were pleased to be visiting Bougainville for the first time. "I do hope with our prayer and co-operation, we can do something for this special island, for your country and for your province, and we do hope God will give us such amazing grace that all the people here will recognise that God loves them,"

Zhang said. Zhou Jian, chairman of the visiting team, stressed the importance of co-operating with each other in the best interest of all parties. Committee representatives said the visits by Chinese investors were expected to continue throughout the year as both parties work on creating joint ventures to boost the region's economy and improve the livelihood of the people of Bougainville. Talks have focused on investment viability in mining, hydro, the construction of a K2.4 billion proposed city, aviation, tourism, import and export of copra and cocoa, and the wholesale import of manufactured goods directly from China.

PNG'S LIHIR ISLANDERS BUY BRISBANE OFFICE BUILDING

Six clans are represented by a capital investment firm

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Aug. 10, 2011) – A 17-story building within the landmarks of the Brisbane Central Business District in Australia is an investment that the people of Lihir, Papua New Guinea, should be proud of [according to Mark Soipang, chairman of MRL [Mineral Resources Lihir] Capital.

[PIR editor's note: [MRL Capital](#), set up by the Papua New Guinea government under the name Mineral Resources Lihir, was a trust representing the interests of six major clans in Lihir: Tinetalgo, Nissal, Unawos, Lamatlik, Nikama and Tengawom, the beneficiaries. MRL in 2008 became an independent capital investment firm which continues to operate in behalf of the Lihir clans. Lihir is a group of islands belonging to New Ireland province in PNG, off the northern coast of New Britain, north of Papua New Guinea's main peninsula.]

The investment firm acquired the 17-story building, Flight Centre House, for \$A38 million dollars, about K97 million (\$USD38.6 million). The Flight Centre House has three levels of car parks and 14 levels for tenant occupancy. Currently, the building is 86 per cent occupied. MRL Capital Chairman Mark Soipang said acquiring the property was a huge milestone for the young company. "Acquiring prime investment property in Australia is not an easy task," Mr. Soipang said. "Since the exit from the Management of Mineral Resources Development Company in 2008, the company

has aggressively pursued investment opportunities that meet the requirements of our investment policy," he said. Mr. Soipang said everything that the MRL Capital has done was to ensure that the 14,000 people of Lihir eventually become self reliant, financially and commercially independent, and that their company is sustainable after the closure of Lihir gold mine. Flight Centre House has a total floor area to let of 7,438 square meters.

MRL Capital managing director and CEO Thomas Tanasu said Flight Centre is the anchor tenant, occupying 10 levels plus the ground level with over 10 years lease and has the naming right. Flight Centre was founded in 1981 and listed on the Australian Stock Exchange (ASX) in 1985. It employs about 8,000 consultants and support staff globally with a market capitalization of A\$ 2.1 billion (USD\$2.13 billion). Mr. Tanasu said other long term residents within the building include Felix Resources, a Chinese coal mining company; Commonwealth of Australia Department of Human Services and Jalalene. Personal Best Australia, Jireh International and part of Flight Centre, occupy the retail accommodation on the ground floor. "The property currently earns a 9.0 per cent yield given its central location in Brisbane's central business district," Mr. Tanasu said. "We believe this is the single biggest investment by any Papua New Guinea indigenous company in Australia," he said. Flight Centre House is located on 316 Adelaide Street in Brisbane and is near train, bus and ferry stations, Queen Street Shopping mall, hotels and banks. Other large corporate companies located in the area include Queensland headquarters of Qantas Airlines, Boeing, Suncorp Bank and National Australia Bank, among others.

Editorial

NEW PNG LEADER MUST NOT LINE SUPPORTERS' POCKETS

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Aug. 8, 2011) - In the coup staged by the Opposition in Papua New Guinea (PNG), a good number of Government Members of Parliament (MP) moved across the floor of Parliament to vote for Peter O'Neill to become Prime Minister. The vote was the result of backroom power plays that started six weeks ago. We, like all Papua New Guineans, would like to think that what transpired and the installment of the new Government came about because the MPs had lost confidence in the Somare/Abal administration. In the words of Prime Minister Peter O'Neill, the Government had become arrogant and indifferent to the needs of the people. Today there are a good number of people out there who hail the change of Government and are watching the developments in the Courts to see how the judiciary will rule on the matters lodged before it.

It is wishful thinking to believe that the MPs that moved to join the Opposition did what they did because they were not happy with the Government. Papua New Guineans know that when there are moves to overthrow a government in a vote of no-confidence, it comes down to numbers. And to win support, money is committed to the MPs in exchange for their support and ultimately their votes. It is common knowledge in PNG that politicians sell their support to the highest bidder and we are sure that in the recent events that saw the ousting of the Somare/Abal regime, the MPs that came over to the Opposition camp were promised money or projects in their electorates. This is nothing new. The former Government had used the District Services Improvement Program funds to lure MPs and kept them at bay and we expect the MPs in the new government will be "paid" for their support. The question is where will this money come from?

Interestingly, the change of Government occurred on Tuesday, a day after the former Finance and Treasury minister, Patrick Pruaitch released the 2011 Mid Year Economic and Fiscal Outlook (MYEFO) report. The report discussed the PNG economy, which is expected to grow by a very strong 9.3 per cent in 2011, significantly higher than the 2011 Budget forecast of 8.0 per cent.

Growth in the non-mining sector is expected to be 10.2 per cent – well above world averages. This is driven by higher levels of economic activity in the non-mining sector and the construction of the Papua New Guinea Liquefied Natural Gas (PNG LNG) project. Combined with this, the prices of PNG's major export commodities continued to climb, while prices of PNG's major mineral exports of gold, copper and oil have risen well above the 2011 Budget forecasts, and are expected to remain at elevated levels through the remainder of 2011. The report concluded that the total revenue and grants for 2011 are estimated at 9,935.0 million kina [US\$4.4 billion] while total expenditure and net lending are expected to be K9,328.2 million as appropriated at 2011 Budget. This gives a projected surplus of 606.8 million kina [US\$267.3 million].

It is this surplus fund that we are concerned about. This is money that is not budgeted for in the 2011 budget, this is money that is going to be used by the new Government on anything it wants. Of course, the Government will hand down a supplementary budget to use this money. We just pray and hope that Prime Minister Peter O'Neill uses this money properly and not just to settle commitments made to the MPs who supported him. No, this must not happen. The projected K606.8 million surplus is entirely a result of increased revenue projections, driven largely by higher personal income tax collections than expected, higher commodity prices and higher mineral revenue. No overspending or underspending are projected at this time.

PNG'S O'NEILL NAMES CARETAKER CABINET

Fourteen-member body reflects close support

By Peter Korugl

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Aug. 4, 2011) – Prime Minister Peter O'Neill last night announced a 14-member caretaker cabinet which will be replaced in less than 48 hours to run Papua New Guinea when a full cabinet is finalized tomorrow (Friday). Among those appointed were Don Pomb Polye and William Duma who were famously dumped by former Acting Prime Minister Sam Abal – an act that eventually led to disgruntled Abal foot soldiers defecting to join Mr. Polye and Mr. Duma to topple their former general. Now back in the new O'Neill caretaker cabinet, they were named along with three former ministers in the former Somare Abal regime - Moses Maladina, Ano Pala and Job Pomat. Mr. Polye was appointed caretaker Finance and Treasury minister while Mr. Duma was put in charge of the Petroleum and Energy portfolio in the caretaker cabinet, Mr. O'Neill announced last night.

Apart from Polye and Duma, the others are: Belden Namah - Deputy Prime Minister and Minister for Forest and Climate Change; Bart Philemon - Public Service and Sports; Sir Puka Temu - Agriculture and Community Development; Sam Basil - Fisheries and Health HIV/AIDS; Francis Awesa - Works, Transport and Civil Aviation; Sir Mekere Morauta - State Enterprises; Dr Allan Marat - Justice and Attorney General, Labor and Industrial Relations; John Boito - Internal Security and Correctional Services; Theo Zurecnuoc - Education, Higher Education, Mining; Job Pomat - Bougainville Affairs, Inter-government Relations, Commerce and Industry and Housing; Moses Maladina - National Planning and Rural Development, Defense, and Ano Pala - Foreign Affairs, Trade and Immigration. Mr. Polye will also look after the Lands and Physical Planning portfolio while Mr. Duma also looks after the Arts, Culture and Tourism portfolio. Mr. O'Neill said a full cabinet will be announced by tomorrow.

Editorial

SOLOMONS VILLAGERS TO COOPERATE WITH GOLD MINE

HONIARA, Solomon Islands (Solomon Star, Aug. 4, 2011) - On Tuesday three communities at the Gold Ridge catchment area have renewed promises to live together and work with the [Gold Ridge Mining Limited](#) (GRML) in the Solomons. For the past 13 years relationships have been not so cordial and relaxed. This was the result of the ethnic crisis which brought disunity amongst the communities of Navuni, Suta and Turarana. These communities host the country's largest mining operation in the country. But the tense situation even after the crisis isn't making things easy for the communities especially youths to come face to face with each other. Like GRML they want to see things move forward in order to raise their standard of living and provides income. It has been a long process and task to get the communities together.

The move towards the reconciliation process was supported by Member of Parliament (MP) for Central Guadalcanal Peter Shanel and Gold Ridge Mining Limited (GRML). The theme for the event was 'Tugethe Iumi Save Duim'. And that was the message brought to the parties during the reconciliation ceremony on Tuesday. It was highlighted that living in peace and harmony with each other will make things easier for the people to work together in the area. The MP Shanel also highlighted that genuine peace comes from the heart through Jesus Christ our Lord. The ceremony aims to create a bridge by which parties can transcend from their terrible past into a better and brighter future so that they can able to establish trust and common understanding to take lead in working towards a peaceful development of their resources. That was an important message which such a ceremony had bring.

As Prime Minister Danny Philip highlighted the country needs peace and reconciliation. Because without it this country cannot move forward with its development plans. The country had gone through its dark pasts and had experienced what it did. Reconciliation and peace is paramount for this nation and therefore this country must continue to support it because together we stand divided our dreams and lives will be shattered. *Solomon Star*: <http://www.solomonstarnews.com/>

Pacific islands seek protection from deep-sea mining

Source: SciDev.Net, July 29, 2011

Surging interest in deep-sea metal mining in the Pacific Ocean has prompted island nations to work together to develop the scientific capacity needed to protect their environment. The move follows the discovery of large deposits of rare-earth metals such as scandium on the seabed near Hawaii, Tahiti and other locations in the eastern South Pacific and central North Pacific. The latest discovery was reported by Japanese researchers in *Nature Geoscience* earlier this month (3 July). Canadian mining company Nautilus Minerals is already planning a deep-sea copper and gold mine at the Solwara 1 site near Papua New Guinea from 2013. And last week (19 July), the UN's International Seabed Authority approved applications from China and Russia, and companies sponsored by Nauru and Tonga, to explore deposits around hydrothermal vents in the eastern central Pacific Ocean.

But inadequate international legal safeguards for such mining are causing concern that it could damage the unique biodiversity surrounding deep-sea vents, which spew hot, sulphurous water into the ocean, forming deposits that contain economically important metallic minerals. Member countries of the Secretariat of the Pacific Community (SPC) established a Deep Sea Minerals project in March under its Applied Geoscience and Technology Division (SOPAC) and met last month (6–8 June) to begin developing policy and legislation. The project is funded by a grant of €7.7 million

(US\$11.1 million) from the European Union and will be implemented by 2014 in 15 Pacific states. Fiji-based SOPAC provides earth sciences information and services to SPC countries and is funded by member states and donors. The project's leader, Akuila Tawake, said there has been plenty of research into deep-sea minerals over the past 40 years, but much more is needed to understand the likely impacts of mining and to protect the environment. 'The need to carry out the precautionary approach came out [of the meeting] loud and clear,' he told SciDev.Net.

Tawake added that several countries had approached SOPAC for technical advice relating to the exploration and mining of seabed minerals. Under a draft plan, the project will first develop a regional framework and then help countries develop policy and legislation over the next four years. It will also map the information on deep-sea minerals, Tawake said. Michael Lodge, legal counsel for the International Seabed Authority, based in Jamaica, said: 'There are no regulations addressing waste removal in seabed mining since nobody has done it yet, so it's very hard to regulate until we know exactly what technology is going to be used.' He added that standards must be the same for all countries, and that there are many questions to resolve. Community leaders in Papua New Guinea have condemned the Solwara project, claiming that it could have many unknown consequences.

PNG LANDOWNERS TO APPEAL RULING ON MINE DUMPING

Judge allows Ramu nickel mine to dispose waste offshore

By Liam Fox

MELBOURNE, Australia (Radio Australia, July 27, 2011) - A group of landowners in Papua New Guinea (PNG) say they will appeal against a court's decision not to ban a nickel mine from dumping waste into the sea. The National Court has refused an application by a group of landowners to prevent the Ramu nickel mining dumping tailings into the sea off Madang. The judge said it is likely the dumping would cause "serious environmental harm" but it isn't illegal and banning it at this late stage would have an adverse affect on the mine, its workers and investor confidence in PNG. The landowners' lawyer, Tiffany Nongorr, says her clients will appeal. "I guess there's a belief some people's livelihoods can be sacrificed for the greater good," she said. Australian mining company Highlands Pacific is a minority shareholder in the mine and it welcomed the decision and urged the landowners not to appeal.

An environmental scientist says thousands of marine species in Papua New Guinea could be threatened by the court's decision. Dr. Amanda Reichelt-Brushett, from Australia's Southern Cross University, is a scientist who gave evidence in the case. She has told Pacific Beat the disposal of tailings from the mine could damage coral reefs and also pollute coastal waters, which people depend on for their food security. "It is a very high-risk operation and unlike on land tailings, where you can have management in place and management reaction to spills and incidents, there is not much that can be done," she said. Mining Minister John Pundari says the government is aware of locals' concerns that the toxic waste could pollute the sea and marine life along the Astrolabe and Basamuk bays. Mr. Pundari assured them the government will monitor any pollution and inform locals of likely impacts every three months. Radio Australia: www.abc.net.au/ra

FIJI COPPER MINE JOINT VENTURE TO SPEND \$1.2 MILLION

'A huge boost to our national economy'

By Repeka Nasiko

SUVA, Fiji (Fijilive, July 26, 2011) - The copper mining project that is intended to begin in Namosi next year will inject approximately FJ\$2 billion [US\$1,161,770,000] into Fiji's economy. This was confirmed by Permanent Secretary for Lands and Mineral Resources, Filimoni Kau who said the

investment from the Namosi Joint Venture will be a "huge boost to our national economy" and will generate a significant amount of economic activity. [*PIR editor's note: The Namosi Joint Venture includes Australian company Newcrest Mining Ltd., and Japanese mining companies Nittetsu Mining Co Ltd., and Mitsubishi Materials Corporation.*]

"The NJV has indicated its intentions to progress from exploration to actual mining by acquiring a mining license in 2012. The visit today was therefore essential for the senior advisors in government to be updated on the progress of works and to also identify their respective areas of responsibility with the view towards facilitating the mandatory requirements," Kau said in a statement. "At the same time, government has an overriding responsibility to ensure that the project is well managed to reduce its impacts especially on the environment. Government will certainly have to consider the impacts that a project of this magnitude will have on the economy, the landowners' socio-cultural status and the impacts on the environment, among others," he said. "On the whole, the project could be positive if managed properly from the beginning – this is the reason Government is consolidating its approach." Meanwhile, a government task force is currently being considered to help play facilitative and advisory role.

FORMER PNG LEADER: POOR GETTING POORER

New Ireland Gov. Chan blames Somare government

By Oseah Philemon

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 26, 2011) - Ordinary citizens are getting poorer by the day as their wealth is being stolen from under their noses. That is the view of former Prime Minister and New Ireland Governor Sir Julius Chan, who believes poverty levels now are much higher than they were in 1990. And he blames the Somare government for the people getting poorer by the day. Sir Julius, who was in Lae over the weekend to celebrate New Ireland Day with his people, said the national government has failed to better the lives of the vast majority of Papua new Guineans despite having increased budgets over the past nine years. He said the Medium Term Development Strategy 1997 to 2002 then 2005 to 2010 and 2011 to 2015 talk about the same thing with no real tangible results. Sir Julius said all those plans say the same things:

We are going to use mining, petroleum and gas revenues to improve the social and economic condition of our people;

We are going to reduce the level of poverty in Papua New Guinea;

We are going to help Papua new Guineans to help themselves by improving access to basic health services;

We are going to ensure a bright future by providing full access for all Papua New Guineans to quality education services.

"Nice thoughts. But we have to ask ourselves – why are we saying the same things in 2011 that we said in 1997? Why? Very simply, it is because successive governments have not done what they promised," Sir Julius told his party members. "We have had huge incomes from mining, oil, agriculture and fisheries; huge growth rates of five percent, six percent, even eight percent per year and more. But our people have not benefited. Indeed, our people have gone backwards. "Today poverty levels in Papua New Guinea are higher than they were in 1990. That is disgraceful. Our people are getting poorer while their wealth is being stolen," Sir Julius said. Sir Julius said health services have declined with more aid posts closed and people denied medical services. The government he said does not have data to show how many aid posts are there in the country and how many are actually closed. The former prime minister said the only good thing about having the National Strategic Plan 2010 to 2030 and Vision 2050 is those who designed the plans will not be around to see how the plans completely failed after 40 years.

Rubber eyed as Western's next major earner

The National, July 26th 2011

By PATRICK TALU

THE rubber industry is poised to be the major revenue earner for the Western province after the giant Ok Tedi Mine closes in a few years. PNG Sustainable Development Program Ltd chief executive officer David Sode said rubber would be the major commercially viable industry that would sustain the province. Sode told reporters in Kiunga that rubber was the single biggest commercially viable industry apart from other major projects undertaken such as the Daru Deep Water Port project, Purari Hydro to Queensland and microfinance. "We are preparing for the mine closure, with the rubber industry as the next major revenue earner after the Ok Tedi Mine closes shortly," Sode said.

He said PNGSDP was subsidising the North Fly Rubber Ltd (NFRL), a corporative company which operated in the North Fly with 60% of it owned by small holder rubber farmers in the province. Sode said NFRL already had a factory in Kiunga with over 6,000has of land ready with harvestable trees. He said this was not enough and they would need over 10,000has of land to make rubber commercially viable. Sode said so far under the PNGSDP-NFRL partnership agreement, over K15 million had been given to growers to enhance their small holder blocks, with the NFRL supplying materials and implementing the projects. Sode did not want to speculate on major mineral and hydrocarbon explorations in the province.

Sode: Ok Tedi Mine capable, competitive

The National, July 25th 2011

By PATRICK TALU

OK Tedi Mine Ltd is capable and competitive enough to mine anywhere in PNG. David Sode, chief executive officer of PNG Sustainable Development Program, the majority shareholder of the OTML, was giving an insight into its operational and share structure. He said the company was capable and competitive to be a miner itself. "We have 100% national assets that are capable of mining anywhere in PNG and that OTML is a nationally-owned mining company," Sode said. Last February, the OTML became fully-owned by Papua New Guinean interests following the exit of Canadian miner Inmet Mining Corp as a shareholder of OTML. Sode said Inmet's 18% share which it had held since 2002 was bought by OTML for US\$335 million. It meant that PNGSDP owned 64% and the state 36% of the company. OTML is a large-scale, cost-competitive producer of copper concentrate in PNG and directly employed nearly 2,000 people, more than 95% of whom are locals. The company operated mining, milling and shipping facilities in the Western province. Development of the mine took nearly eight years and cost US\$1,400 million. Production of the gold ore began in 1984 while copper concentrate production began in 1987.

\$65 MILLION GOLD REFINERY PLANNED FOR PNG'S LAE

Government, landowners invest in joint venture

By Frank Rai

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 22, 2011) –Preparations are well underway to construct a US\$65 million world class state-of-the-art gold and precious metals refinery plant in Lae city to complement the mining boom in the country. The project will include the National Government, Morobe provincial government, Wampar Local Level Government (LLG) in Huon Gulf district and landowners from the area. The proposed plant will have the refining capacity to process 350 kilograms of gold on a daily basis and 90 tonnes annually with an

estimated US\$2 billion of gold ore exported annually. This will be one of the third plant, which was earmarked for the United Arab Emirates but was never added to the production unit while the other two were commissioned in Dubai. InvesGold Limited, an American multi-national company in the gold refinery business, has joined hands with Papua New Guineans to establish the refinery in Lae, Morobe Province.

And the Morobe provincial government has hopped on the bandwagon to ensure that the project starts without delay for the betterment of the people and the country. InvesGold Director Morea Konia Mai told the Post-Courier yesterday that InvesGold was prepared to establish the world class state-of-the-art gold and precious metals refinery once all the necessary documentations were in place. He said a portion of land has been identified at Nazab in the Wampar LLG where the refinery plant would be constructed. Mr Konia Mai said unconfirmed records have indicated that PNG has been exporting unrefined gold, which has limited the Government's control on taxes.

He said the project would boost the country's reserve by producing its own gold bullion and will help the Government to control gold exports. Mr Konia said normally, a facility of that size required a minimum of 18 to 12 months but it was amazing that the project would be completed within a short period of time. He said since PNG did not have any refineries in the country to produce gold to the international standards for purity, InvesGold would spearhead the project to ensure international standards. Meanwhile, Commerce and Industry Chairman of Morobe province James Khay, welcomed the investment and said the project would boost the economy and create employment opportunities.

PNG SEABED MINING COMPANY CLAIMS 'MINIMAL WASTE'

Nautilus Minerals nears active mining

By Bosorina Robby

PORT MORESBY, Papua New Guinea (The National, July 22, 2011) - The proposed Solwara1 ocean floor mining by Nautilus Minerals Ltd in the Bismarck Sea has complied with environment and mining laws of Papua New Guinea (PNG), the company's PNG country manager Mel Togolo says. He also told the PNG Chamber of Mines and Petroleum Environment Seminar on Wednesday that an important aspect of the project was its smaller physical footprint compared with land-based mining. Solwara1 will commercially explore for seafloor massive sulphide (SMS) deposits, which are high grades of copper, gold, zinc and silver, in deep sea mining off the coasts of New Ireland and East New Britain provinces. Togolo said some advantages of deep sea mining, a world first in PNG, was the use of reusable infrastructure and technology like offshore diamond drilling, dredging, onshore mining and pumps systems of oil and gas fields.

"The advantage of being out at sea is that there will be limited social disturbance, and there are no human presence at the depth of 1,600m, which is how far down the mine is located," he said. Togolo said worker safety would be protected because most of the work would be done by robots and machines programmed to work at such depths, which are too cold and deep for humans, which are all controlled on board a command ship. "We will have minimal waste as what comes out goes back into the sea, and we will have minimal overburden because there is no land for us to get rid off before getting to the ore deposits," he said. Togolo said during his presentation that Nautilus Minerals had been given government approval in the form of a permit to explore and a permit to operate a mine after satisfying procedures outlined in the Environment Act 2000 and Mining Act 1992. He said these permits were presented in 2009 and 2011 respectively.

Togolo said the project has also applied for and received approval from the relevant communities or those who are closer to the project. He said preliminary awareness programmes included transparent

and inclusive stakeholder engagement and workshops involving communities, world-renowned experts, government and non-governmental organisation. Given that production was set to start in 2013, Nautilus Minerals was seeking acceptance or social licence to disaggregate seafloor material, transport the material to a ship and transport to a market. Togolo mentioned that the coastal communities were most concerned about environmental issues such as the protection of the marine environment with emphasis on tuna, reefs, whales, sharks and turtles. In response, Nautilus Minerals said that with the extraction taking place below the level the tuna population, their feeding and breeding grounds would not be affected. However, Togolo said the only impact on surface waters would be the presence of the vessels and supporting vessels and riser pipes which will transport the ore from the seafloor up to the vessel.

Hidden Valley: Mine's major site cleanup

The National, July 22nd, 2011

By ANCILLA WRAKUALE

THE Hidden Valley Mine in Morobe province has an engineered tailing storage facility where the mine's tailings are discharged into. Environment manager for the Hidden Valley Mine Joint Venture Basil Bulkua told the Chamber of Mines and Petroleum environmental seminar in Port Moresby on Wednesday that on industrial waste management, the mine had done a major clean-up of the site following the finalisation of construction. He said they had designed a centralised waste management facility and were in the process of building it. He said the mine had waste rock placed in engineered dumps with on-going impact studies and monitoring in place for its industrial waste.

He said during the construction phase of the mine, mine-related sediment entered the Watut River thus contributing to the flooding affecting the river communities. Meanwhile Bulkua said the Watut River compensation exercise was ongoing and they hoped to complete it by the end of this month. They had carried out assessments along the Watut River last year where damage to gardens were assessed cost of gardens washed away estimated. The company has processed 3,864 claims for K4.1 million so far with more than 400 claims yet to be paid once the rate per hectare of damaged gardens in the middle Watut area was finalised. He said grievances were being addressed in consultation with the Local Level Governments.

Asian Development Bank report predicts growth in PNG economy

The National, July 20th 2011

THE Pacific's resource-rich economies of Papua New Guinea and Timor-Leste will continue to expand strongly this year as commodity prices remain firm but high inflation rate is a real concern, the Asian Development Bank said in its latest issue of Pacific Economic Monitor. Growth in the rest of the region was set to remain subdued, it said in the report, released on Monday in Manila, the Philippines. It projected growth in the Pacific region would reach 6.4% this year before moderating to 5.5% next year. The petroleum exporting economies of PNG and Timor-Leste are expected to grow by 8.5% and 10.0% respectively, boosted by the high international price of petroleum, and increased investment and employment associated with the construction phase of resource extraction. The ADB predicted growth of 7.5% this year in the Solomon Islands, driven by increased logging and the resumption of gold mining on Guadalcanal.

The other Pacific economies – the Cook Islands, Fiji, Federated States of Micronesia, Kiribati, Nauru, Marshall Islands, Palau, Samoa, Tonga, Tuvalu and Vanuatu – are expected to experience much lower GDP growth, at 1.5% this year and 1.9% next year. "The long term growth outlook for the Pacific region as a whole is very modest. If this trend continues, the region risks falling further

behind the dynamic economies of developing Asia, resulting in a widening gap in incomes in the two regions,” said Robert Wihtol, director general of ADB’s Pacific department. “To avoid this scenario, Pacific governments need to focus on the core functions of good government – investing in infrastructure, improving education and providing an enabling business environment that will encourage investment.”

The report raised inflation projections for this year, due to the sharp rise in commodity prices. It warned that high inflation rates in PNG, Timor-Leste and Fiji were of particular concern. For the region as a whole, inflation was expected at 8.4% this year, but would ease to 5.9% next year as commodity prices stabilise. The report noted that the smaller, more remote and heavily import-dependent Pacific economies, such as those in the northern Pacific, were particularly sensitive to rising international food and fuel prices and were expected to be hit hard by inflation. The depreciation of most regional currencies against the US dollar added to inflationary pressure across the region, it added.

SOLOMONS OPPOSITION WANTS NEW NICKEL CONTRACT

Says Aussie license falsely acquired, should terminate

HONIARA, Solomon Islands (Solomon Star, July 20, 2011) - Opposition Leader Hon. Dr Derek Sikua says the remedy to the San Jorge nickel prospecting deadlock is canceling the prospecting license erroneously issued to [Australian Axiom Mining Company](#) and re-awarding it to the Japanese company that won the international tender to carry out nickel prospecting on the island. [PIR editor’s note: [San Jorge Island](#) is the second largest in Isabel Province. The island lies at the southern end of Santa Isabel Island. It is approximately 200 miles in area and has less than 1,000 inhabitants living in four villages. An [Earlier report](#) states "Sumitomo was selected through an International Tender put out by the last Government of Dr. Derek Sikua. But, with change of Government this year, the new government without the knowledge of Prime Minister Danny Philip cancelled the International Tender through a cabinet meeting early this year."]

Hon. Dr. Sikua said the Opposition is disturbed by media reports claiming Axiom commenced its nickel prospecting operation on San Jorge last week. He said the Opposition welcomes the outcome of the investigation carried out into the erroneous awarding of the prospecting license to Axiom and the disciplinary action taken against those responsible for the action. The Opposition Leader however said finding out what went wrong and taking disciplinary action against those responsible is just one aspect of the resolving the issue. "The underlying concern is that due process, which has been high-jacked to the detriment of those who had complied fully be set right. If the Mines and Minerals Board awarded the contract to Sumitomo and that a license was granted to this company, then it must do everything necessary to ensure that Axiom does not proceed as reported," Hon. Dr. Sikua said. *Solomon Star*: <http://www.solomonstarnews.com/>

RUSSIAN COMPANY SEEKS TO MINE IN FIJI

Australian miner to start next summer

By Repeka Nasiko

SUVA, Fiji (Fijilive, July 17, 2011) - A Russian mining company that has shown interest in mining in Fiji is still looking for potential mining sites in the country. Permanent Secretary for Lands Filimoni Kau confirmed this to FijiLive. "Right now they are still trying to determine a potential area for them to mine. And once they do find one then they should meet all the requirements under the Mining Act before we can issue them a license," Kau said. However, Kau showed appreciation that mining interest in Fiji has stretched all the way to the European country. "The Russian investor

has shown considerable interest in Fiji. We are very pleased that a Russian company has shown interest in Fiji," he added. Meanwhile, another mining company from Australia is set to start operations in June, 2012. Although they have yet to receive a license, Kau said New Crest Company is in the process of meeting all the requirements of the local Mining Act.

Fijilive: <http://www.fijilive.com>

Ok Tedi spends K16m on 4 jetties

The National, July 15th 2011

THE Ok Tedi Mining Ltd is building four jetties worth about K16 million to boost shipping infrastructure in Western province. In a statement yesterday, OTML said the project was being funded under the company's tax credit scheme. Construction of the jetties was going on in Aiambak, Sturt Island, Aberegerema and Gesowa in the Middle Fly and South Fly regions along the Fly River. About 3,000 people lived in these low-lying areas and their main sources of income were rubber, fish, deer meat and trade store goods. Until recently, there had not been any facility such as jetties for people to use. OTML hoped that having such infrastructure would support the long-term growth of the local economy. Tom Nou, OTML regional engineering department team coordinator for engineering and project control said the main objective of the project was to encourage effective delivery of both government and OTML services to the people. "The project is also anticipated to trigger sustainable economic growth and prosperity within the impacted community mine continuation agreement (CMCA) trust village communities, especially in rubber growing and other cash activities," he added.

Nautilus: Pundari pleased with Solwara 1

The National, July 15th 2011

MINISTER for Mining John Pundari expressed satisfaction over the progress of Nautilus Solwara 1 project especially the technical aspect of the project. During a visit to Nautilus office in Brisbane, Australia last week, Pundari said: "I am particularly pleased to learn of the technology that Nautilus is implementing – the technology that is being adapted from machinery already in use in the oil and gas industry and in offshore diamond mining. That gives me great confidence," Pundari said. He told Nautilus chief executive officer Steve Roger that the PNG government was fully committed to supporting the project as indicated through its decision to acquire a 30% stake in the first deep sea mining project. "It is my intention to make an announcement on the fulfillment of the government's commitment in the next few weeks," he added.

WORKERS PAID \$1.50 HOUR AT FREEPORT'S PAPUA MINE

Company's workers get ten times as much around world

WELLINGTON, New Zealand (Radio New Zealand International, July 14, 2011) – Striking workers at Freeport-McMoran's gold and copper mine in Indonesia's Papua province have returned to work after their union said the firm agreed to its demands in the latest round of talks. The estimated 7-thousand workers had been demanding higher wages and were protesting against the dismissal of six union leaders. Their eight-day strike crippled operations at the remote Grasberg mine, which contains the world's largest recoverable reserves of copper and the biggest single gold reserve. Johnny Blades reports that Freeport's Papua staff work under uniquely difficult conditions: Freeport management has granted the reinstatement of the sacked unionists, and has agreed to further negotiations on wage rates. Nick Chesterfield of West Papua Media Alerts says no real concessions have been made to the workers who are said to be paid up to 10 times less than what

other Freeport workers around the world earn. "People who are working significant hours, and their welfare is not being looked after. They're only earning about a dollar-fifty (US) an hour for extremely dangerous conditions. They wanted their pay to be raised to three dollars.

Freeport are out there, making massive amounts of profit and not giving anything back to the workers or the people." Not all employees at Freeport were happy with the industrial action. One non-striking worker who wishes to remain unnamed warns that any wage increases would incur a cost for the local community. "It will be impact to other sub-contractors for Freeport. They will lose their jobs because their company cannot pay for the high salary in their company like Freeport. And the other people in Timika - like police, like local government, community - will get a problem because for meals, for transportation, for gasoline, the price will rise up like that." Freeport workers have recently been demanding guarantees of safety at Grasberg. An Indonesian human rights activist, Andreas Harsono, says the deaths of two staff in an attack in April are still fresh in workers' memories. "They also had a strike last year, demanding better security.

The problem with security in Freeport is not always coming from the West Papua guerilla fighters. Sometimes it also comes from Indonesian security forces. The Indonesian military police used to be bought earlier this year but the ones who shot (workers) at Freeport mine were actually three Indonesian soldiers." Andreas Harsono hears many complaints from Freeport personnel about the conduct of the Indonesian security forces around the mine. There are 3,000 of these forces in the area and the soldiers tend to act as a law unto themselves. "The solders sometimes go beyond their duties like selling protection, involved in illegal alcohol sales, prostitution, and of course hunting, because it is so difficult to control the soldiers in the jungle and mountains around Freeport." For the strike to end, the union wanted Freeport's Indonesia CEO Armando Mahler to be included in negotiations over pay. Union leaders say Mr Mahler will be involved intermittently in pay talks, which are due to start next week. *Radio New Zealand International*: www.rnzi.com

SOLOMONS OFFICIALS SACKED OVER MINING PERMIT

'Irregularities' found in Axiom Mining permit

MELBOURNE, Australia (Radio Australia, July 14, 2011) – Solomon Islands Prime Minister Danny Philip has sacked three top public servants and moved another in the latest twist in the Axiom nickel affair. Mr Philip acted after an inquiry found irregularities in the issuing of a mining licence to the Australian mining company Axiom despite a competing bid from the Japanese mining giant, Sumitomo. Axiom Mining has told the Australian Stock Exchange that it will begin drilling on a three-rig program that will run until December. The company expects to begin a study to test the economic viability of the mining operation on Isabel Island by January 2012. Axiom has a joint venture with landowners from the Kolosori and Bungusule tribes in Isabel Province.

The company's managing director, Ryan Mount, told Radio Australia that despite threats, there is no legal action outstanding against Axiom. Mr Mount says the land the project site is using has been registered by landowners through the High Court and cannot be deregistered. He says he is unconcerned about threats from the Japanese company Sumitomo, which won a tender process for the site but had not signed with landowners. Sumitomo is part-owned by the Japanese Government, which has raised the matter with the Solomons Government. "We have a mandate (to be) here from our shareholders, from the indigenous landowners and we've received a prospecting license," he said. "We are according to that and we are abiding by the law so we don't feel threatened by that at all."

AUSSIE MINER TO START DRILLING ON SOLOMONS' ISABEL

Axiom Mining outflanked competitor Sumitomo for license

MELBOURNE, Australia (Radio Australia, July 13, 2011) – An Australian mining company will begin drilling for nickel in the Solomon Islands this week amid continued ill-feeling from rival companies and landowners. Axiom Mining has told the Australian Stock Exchange that it will begin drilling on a three-rig program that will run until December. The company expects to begin a study to test the economic viability of the mining operation on Isabel Island by January 2012. Axiom has a joint venture with landowners from the Kolosori and Bungusule tribes in Isabel Province.

The company's managing director, Ryan Mount, told Radio Australia that despite threats, there is no legal action outstanding against Axiom. Mr Mount says the land the project site is using has been registered by landowners through the High Court and cannot be deregistered. He says he is unconcerned about threats from the Japanese company Sumitomo, which won a tender process for the site but had not signed with landowners. Sumitomo is part-owned by the Japanese Government, which has raised the matter with the Solomons Government. "We have a mandate (to be) here from our shareholders, from the indigenous landowners and we've received a prospecting licence," Mount said. "We are according to that and we are abiding by the law so we don't feel threatened by that at all." *Radio Australia:* www.abc.net.au/ra

Frontier to begin drilling for gold

The National, July 6, 2011

AUSTRALIAN-listed mining and exploration company Frontier Resources said that it will shortly begin a 10,000m diamond core drilling programme at the Andewa gold copper project on New Britain Island, following the mobilisation of heavy drill equipment to the site by barge and helicopter. The company said the initial hole would be to 400m into a strong, coincident gold and copper, conductivity and chargeability anomaly, and across a major northerly trending structure. The hole is near the eastern end of the Komsen structure where previous Frontier drilling returned mineralisation to 7.9m of 10.01 grams per tonne gold up to 320m below surface. A three dimensional induced polarisation (3D-IP) geophysical programme over a 21sqkm grid at the project on the island last year collected about 5,000 soil and rock samples. The 3D-IP survey showed three exceptionally voluminous and intense, chargeability anomalies indicating the presence of very large sulphide systems from on-surface to more than 800m deep.

Ramu: Scottish group checks Basamuk

Post-Courier 5.7.2011

By Harlyne Joku

A group of independent international marine experts have been engaged by the government to collect data for 12 months off the coast of Basamuk Bay in the Madang Province to monitor ocean movements related to the operations of the multi-billion kina Ramu nickel and copper mine. The experts are from the Scottish Association for Marine Science (SAMS). SAMS was established some 150 years ago in Scotland, United Kingdom, and is one of oldest and respected institutions. They started, last week, by deploying marine environmental monitoring equipment in the ocean which will be used to collect the data. The data will be used to interpret and monitor the possibility of "ocean upwelling" in relation to the mining operations. Ocean upwelling is movement of the water from the bottom of about 100 metres of the ocean which comes up to the surface. Team leader of the group Dr Tracy Schimmiel is a marine geochemist and an expert in industrial impacts on oceans.

Dr Schimmiel said yesterday that four moorings have been deployed off the coast of Basamak Bay last week where marine environmental monitoring equipment has been lowered into the sea to collect the data. Instruments will collect data related to measurement of temperature, salinity and ocean currents. Mining Minister John Pundari said the aim of the research is to make sufficient scientific measurements to ensure that the ocean movement surrounding the proposed tailings pipeline is fully understood. Mineral Resources Authority officer in charge Philip Samar said data collected is valuable and will also be given to organisations like the Department of Environment and Conservation to interpret and monitor. "The data collected will ensure that the proposed Deep Sea Tailings Placement (DSTP) at Ramu is managed effectively," Mr Samar said.

CHINESE 'TYCOONS' CHASED FROM BOUGAINVILLE MINE

Militant Me'ekamui soldiers say Chinese not welcome

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 5, 2011) – A group of Chinese tycoons invited by the Autonomous Bougainville Government were "chased out" of Panguna and denied access to the mine site over the weekend by the self-styled Me'ekamui Defence Force soldiers. Chris Uma, Me'ekamui Defence Force commander, told the Post-Courier from Arawa that the time was not right for outsiders to visit the mine, especially the Chinese. "We did not fight for the Chinese to come over," Uma said. "We are still in the negotiating process so let the landowners and Bougainvilleans decide." The ABG leaders refused to comment yesterday and the Chinese delegation, accommodated at a guesthouse in Buka, also refused to comment. But ABG Parliament officials said the issue was being politicised and resulted in the Chinese being locked out or chased out of Panguna when they went for a sightseeing visit. The group arrived in Buka on Saturday and travelled to Arawa with the hope of "sightseeing" on the Panguna mine. These are the group that are part of the business tycoons chain that signed part of the seven MOUs in China early this year to come and develop Bougainville in partnership with the ABG.

FOREIGNERS STIRRING TROUBLE IN BOUGAINVILLE

Momis says they're American 'carpet baggers'

WELLINGTON, New Zealand (Radio New Zealand International, July 5, 2011) – The president of autonomous Papua New Guinea province of Bougainville, John Momis, says a shadowy American group, with links to a militant rebel group, is de-stabilising his government. The rebel group calling itself the Me'ekamui Tribal Nation, which refuses to acknowledge the government's legitimacy, reportedly has the backing of the so-called Tall J Foundation. Mr Momis says he's met the Americans who he understands want to begin extracting alluvial gold in Bougainville. He calls them carpetbaggers. "I don't know very much about them. All I know is that they're a menace. They are trying to sabotage all our efforts to create unity and a sense of responsibility, to get ourselves prepared for re-opening of the [Panguna] mine. They are more or less carpetbaggers, you know, running around misleading ignorant people." A spokesperson for the Me'ekamui Tribal Nation says it has no links with the Tall J Foundation. Last month, the Tribal Nation failed in its attempts to set up a conference at the Hilton Hotel in Cairns to canvas issues it says are hampering a resumption of mining at the huge Panguna site. *Radio New Zealand International*: www.rnzi.com

Pacific seabed could be resource laden

Radio Australia News 4.7.2011



A new study suggests massive deposits of hi-tech minerals might be found in the mud on the floor of the Pacific Ocean. [James Cook University]

A new study suggests massive deposits of hi-tech minerals might be found in the mud on the floor of the Pacific Ocean. The findings could mean challenges to China's monopoly over the so-called rare-earth metals, which are used for electric cars, flat-screen TVs, wind turbines and MP3 players. China has one third of the world's rare-earth reserves while another third are in former Soviet republics, the United States and Australia. Research published in the journal *Nature Geoscience* by Japanese geologists suggests rich deposits of rare-earth minerals in samples taken from the central east and central north of the Pacific. While lab tests showed the deposits could be removed by simply rinsing the mud with diluted acids, it is not known if the technology exists to recover the mud at depths of four to five kilometres below the surface of the ocean.

8,000 WORKERS ON STRIKE AT PAPUA'S FREEPORT MINE

Union wants hourly wage increase

WELLINGTON, New Zealand (Radio New Zealand International, July 4, 2011) - About 8,000 workers at the huge Freeport-McMoran copper and gold mine in the Indonesia province of Papua began a seven day strike yesterday. The Reuters news agency reports Freeport saying it's not anticipating any impact on production at the mine. The workers want to re-negotiate their contract, including a wage rise of up to 3 dollars an hour. Reuters reports they're basing this on their understanding that workers at other Freeport plants get paid up to 30 dollars an hour. The organisational head of Freeport Indonesia's Labor Union, Virgo Solossa, says the workers deserve more. On Monday morning thousands of workers marched from Timika city to Kuala Kencana, the Freeport town complex. *Radio New Zealand International*: www.rnzi.com

Ramu: Equipment to be deployed

Post-Courier 4.7.2011

MARINE environmental monitoring equipment will be deployed this week off the coast of the Basamuk Bay in the Madang Province. Deployment of the monitoring equipment will be done through the Scottish Association for Marine Science (SAMS). It will be used to research the incidence of ocean upwelling in relation to the operations of the Ramu Mine. Mining Minister John Pundari said in a statement that the aim of the research was to make significant scientific measurements to ensure that the physical oceanography surrounding the tailings pipeline was fully understood. "This will guarantee that the proposed deep sea tailings placement at Ramu is managed effectively," Mr Pundari said. He confirmed that four moorings containing a number of instruments that will continuously measure temperature, salinity and ocean currents, have been deployed. The moor-

ings will be recovered every three months over a period of 12 months and the data obtained will be analysed by SAMS. A final report will be made in conjunction with the meteorological and satellite data on the physical ocean conditions that are operating during 2011 and 2012 at Basamuk.

The first recovery of the moorings is scheduled for October and will include the participation of officers of the Department of Environment and Conservation (DEC) and the Mineral Resources Authority (MRA) who will be trained by SAMS in the deployment, retrieval and operation of the monitoring instruments. Part of the training will include data analysis and interpretation for these officers at the Scottish Marine Institute in Scotland. "I am pleased to announce on behalf of the Government that as part of this contract, all the state of the art oceanographic monitoring equipment provided will now be owned and operated by PNG through the relevant agencies to monitor and regulate the mining industry," Mr Pundari said. The Scottish Association of Marine Science is a leading and oldest independent marine research organisation with five major research themes Arctic research, marine processes and climate; marine renewable energy; prosperity from marine ecosystems; and industrial impacts on oceans.

Letter to the editor

OTML's K5m doing little

Post-Courier 4.7.2011

I AM CURIOUS about what JTA International has done or achieved through its North Fly Health Development Program fully funded by Ok Tedi Mining Ltd. It is now four years and I have seen from the sidelines what JTA International is doing with a K5 million funding from Ok Tedi Mining Limited to run the North Fly Health Services Development Program. To be straight, I am a health worker here in the district and I have been wondering what they (JTAI) are actually doing because our health service indicators are worse and infrastructures are falling apart while JTA International is on the other side reporting excellent achievement of Health Services in the North Fly District of which I am sure it is even worse. How in the world is JTA International collecting its data to come up with this very excellent achievement in their program? JTA International is using our District Health Office and collects the monthly reports that we rural staff send and it creates sophisticated reports with graphs, convincing those that are on the ground, making them believe what they have achieved.

JTAI has a staff at the District Health Office at Kiunga and a computer where they collect all the data and are translating into their report. I heard them presenting the reports at presentations of which JTA International is achieving more than 75 per cent of immunisation coverage, more than 70 per cent of community health coverage of which I believe North Fly District is the best performing district in the country. In one health centre, JTAI has engaged a construction company to renovate the building but to my surprise, this particular company has done a two metres renovation to the 15 metres building and they left. Later, JTA International officials came around and reported to us that they had paid K120,000 to this company. How can you justify this payment for the amount of work done? This amount of money can be used to build a new building or a staff house but just for a two metre renovation work is something smelly and suspicious.

This is misleading because we are lacking in terms of health service delivery. I invite whoever is interested to tour the district and see the health services which is mainly supported and provided by churches. I also challenge the district health team, Ok Tedi Mining Limited and PNG Sustainable Program for turning a blind eye. Why is OTML believing that JTA International has achieved huge improvement in the health sector in the district and continue to fund K5 million a year to improve the health services in the district when it is doing very little. I invite every North Fly citizen to stand up and advocate against such organisations.

Peter Wallace, Ningerum Government Station, North Fly District, WP

RIFLES, GRENADES TAKE 30 LIVES IN PNG TRIBAL FIGHTS

Land disputes trigger violence in Enga Province

By Johnny Poiya

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 4, 2011) – Two separate tribal fights in Laiagam, Enga Province, have claimed the lives of more than 30 people. Sparked by land issues, the fights erupted near the Laiagam station and Pilikambi High School where combatants are engaged in guerrilla type tactics using high powered weapons which include grenades. In the latest ambush, two men and their wives were walking along the road when their enemies shot them dead, Provincial Police Commander Martin Lakari said. In the Pilikambi fight, two women and five men were killed in June while the number of deaths in the fight between the two factions from the Pyain tribe near Laiagam station is believed to be more than 20 as the hit and run battles occur in the jungles and banks of the Lagaip River. Nine people were killed by the end of May after the fight erupted in mid April. Village court officials, police and local MP Philip Kikala issued a preventative order to the warring groups with a strong warning that leaders from any of the faction that fired a shot again after an attempt peace mediation late in May would be arrested.

The preventative order seems to have drowned in the Lagaip River while the hostility continues. Many received injuries and were maimed for life, mostly through the use high powered rifles and hand grenades, properties worth millions of kina were destroyed while women, children and the elderly were displaced since the fight erupted following a National Court ruling over a piece of State owned land. The fighting in the area has unleashed an upsurge in roadblocks and holdups along the Laiagam-Kandep road. On the weekend alone, six PMV trucks heading back from Wabag were held up at gunpoint and the passengers from Kandep had all their valuables robbed. A local said the number of deaths in the fighting could be high because deaths were never reported to authorities or nearby tribes because of moral and security issues by all warring factions. The local who requested anonymity said: “People are gunned down in the area like animals. “We hear a lot of gunshots in the jungles but the numbers of deaths are never made known. “Definitely it’s more than what is being known outside.” Enga police are stationed at the newly established West Enga technical high school protecting government installations. Mr Lakari yesterday said a police unit was also monitoring the situation at Pilikambi.

Tiefseeschlamm birgt Metallschatz

SpiegelONLINE 3.7.2011



REUTERS

Metallhaltiges Erz: Alternative Quellen für Seltene Erden gesucht

Handys, Elektroautos, Solarzellen - ohne Seltene Erden kann die Hightech-Industrie diese Produkte nicht herstellen. Doch die Vorkommen sind knapp, China dominiert den Markt. Jetzt haben japanische Forscher neue Lagerstätten in den Tiefen des Pazifiks aufgespürt.

Hamburg - Die altertümlich anmutende Sammelbezeichnung Seltene Erden kann leicht darüber hinwegtäuschen, wie wichtig diese Rohstoffe für die Industrie sind: Computer und Handys, Elektroautos und Solarzellen, Halbleiter und Akkus - in allem werden Seltene Erden verbaut. Der Name für die Gruppe von insgesamt 17 Elementen ist zudem missverständlich, weil die Mineralien relativ häufig in der Erdkruste vorkommen. Das Problem ist aber die industrielle Förderung, weil die Metalle an Land nur in kleinen, weit verstreuten Lagerstätten abbaubar sind. Rund 30 Prozent der Reserven liegen in China, die Volksrepublik liefert allerdings 97 Prozent der Seltenen Erden für den Weltmarkt. Weitere große Lagerstätten gibt es in Ex-Sowjetrepubliken, den USA und Australien. Doch China dominiert beim Abbau. Zuletzt hatte das Land seine Ausfuhr auch noch stark eingeschränkt, allein 2010 ging der Export um 9,3 Prozent zurück.

Deshalb suchen viele Staaten nach anderen Quellen für die begehrten Metalle. Japanische Wissenschaftler stellen nun eine Alternative im Fachmagazin "Nature Geoscience" vor. Yasuhiro Kato von der Universität von Tokio und seine Kollegen haben auf dem Grund des Pazifiks große Vorkommen von Seltenen Erden entdeckt. Die Metalle lagern auf dem Meeresboden in einer Tiefe von bis zu 5000 Metern im Schlamm. Die Geologen hatten mehr als 2000 Sediment-Bohrproben untersucht und dabei in mehreren Gebieten umfangreiche Ablagerungen der Metalle gefunden. Sollten sie sich für die industrielle Förderung eignen, könnte das das Quasi-Monopol der Chinesen schwächen.

Proben aus dem gesamten Pazifikraum

Die japanischen Forscher untersuchten Proben aus 78 unterschiedlichen Regionen des pazifischen Ozeans. Die Sedimentbrocken stammten aus bis zu 50 Metern Tiefe unter dem Meeresboden. Besonders reich an Seltenen Erden waren dem Bericht zufolge Proben aus dem zentralen Nordpazifik sowie dem östlichen Südpazifik. Zum Teil enthielt der Schlamm einen höheren Anteil Seltener Erden als die Vorkommen, aus denen China die begehrten Rohstoffe gewinnt. Könnte man die Metalle aus einem ein Quadratkilometer großen Bereich gewinnen, wäre damit bereits ein Fünftel des jährlichen, weltweiten Bedarfs gedeckt, rechnen Kato und Kollegen vor. Laborversuche zeigten dem Bericht zufolge, dass die Vorkommen mit Hilfe von Säuren aus dem Schlamm am Meeresboden gewaschen werden können. Schädlich für die Umwelt sei das nicht, solange die Säuren nicht ins Meer gekippt würden, erklärten die Wissenschaftler. Fraglich sei vielmehr, ob es schon technisch möglich ist, den Schlamm aus einer Tiefe von 4000 bis 5000 Metern zu pumpen, und ob die Förderung wirtschaftlich ist. Ein Tauchroboter, der ebenfalls in Japan entwickelt wird, um Seltene Erden zu fördern, soll bisher nur bis in 2000 Meter Tiefe vordringen. Mit möglichen ökologischen Folgen solcher Eingriffe haben sich die Wissenschaftler in dem aktuellen Fachartikel nicht beschäftigt. *wbr/AFP*

Westpapua: Sea of trouble

Tom Allard, The Sydney Morning Herald, July 2, 2011



Strong currents that rush between the islands of West Papua's Raja Ampat (pictured) help seed much of the 1.6 billion hectares of reefs and marine life that spread from the Philippines to the Solomon Islands.

ABOUT once a month, a ship from Townsville makes the long journey to Raja Ampat, a seascape of astonishing beauty and diversity in the far western reaches of Indonesian New Guinea. Here, where the westerly currents of the Pacific Ocean flow into the Indian Ocean, hundreds of improbable domed limestone pinnacles rise from the sea, encircling placid, turquoise lagoons. And if the 612 islands and countless shoals and reefs of Raja Ampat take the breath away, they only hint at the treasures below. This remote part of West Papua province is the hub of the world's marine biodiversity, home to 75 per cent of its coral, as well as 1500 fish species, including huge manta rays, epaulette sharks that walk on the sea floor with their fins, turtles and an array of weird and wonderful fish. Yet the vessel that makes the regular trip to and from Townsville does not bring tourists or divers. There are no scientists on board to study this marine wonderland. Rather, it is in Raja Ampat to take a consignment of tens of thousands of tonnes of the red clay soil, rich in nickel and cobalt, and destined for the Yabulu refinery owned by one of Australia's richest men, Clive Palmer.

According to conservationists and marine scientists, this mining activity and the prospect of further exploitation puts one of the world's most precious ecosystems under threat. Raja Ampat's significance to the world is immense. It is the heart of the famed Coral Triangle, and the strong currents that rush between its islands help seed much of the 1.6 billion hectares of reefs and marine life that spread from the Philippines down to the Solomon Islands. "I'm appalled by what's going on," says Dr Charlie Veron, a former chief scientist from the Australian Institute of Marine Science who has surveyed the region on many occasions. "If you had a rainforest with the most diverse range of species in the world and people started mining there without doing any kind of proper environmental impact study, there would quite rightly be outrage. Well, that's what's happening here." The impact on local communities has also been devastating. What were once close-knit villages are now divided as competing mining companies offer financial inducements to residents for support. And, in a sadly familiar tale for the Papua region, where separatist sentiments linger, the benefits of exploiting its resources are largely flowing outside the region. Derisory royalties go to landowners, and minuscule salaries are being paid to locals who gain employment.

Deep fjord-like bays cut into the hinterland of mountainous islands, framed by vertiginous jungle-clad cliffs that drop steeply into the water. There are oceanic atolls, shallow bays with fine white-sand beaches, snaking rivers and mangrove swamps. The vessels sent to collect the nickel and cobalt for Clive Palmer's Queensland Nickel dock at Manuran Island, where the mining has continued unabated despite a decree by West Papua Governor Abraham Atururi banning all mining activity in Raja Ampat. "The mining started in 2006. There were protests, but the military and police came and they stopped them," says Yohanis Goram, from Yayasan Nazaret, a local NGO that opposes mining. The operator of the mine, PT Anugerah Surya Pratama (PT ASP), has promised environmental safeguards but, according to one local from nearby Rauki village, they are ineffective. "When it rains the sea turns red, sometimes yellow," says the village elder in a phone interview. "The runoff is supposed to go into a hole but it comes out [into the sea]."

Yosias Kein hails from Kapidiri, an island near Manuran that claims customary ownership. "The mining waste damaged the coastal areas and covered up the coral reefs. Besides, it is difficult for people to get fish now. Fishermen in Kabare village, also in Rauki village, saw the waste went down into the seas near Manuran. Now they have to go fishing a bit further to the east or to the west." The strip mining for nickel leaves the landscape barren, and the steep cliffs of Raja Ampat's islands mean heavy rainfall overwhelms the drainage systems and sends the soil into the water. The impact is twofold and nasty for coral, says Charlie Veron. "Sedimentation sinks onto the coral and smothers it. But worse is 'clay fraction', where very fine particles are suspended in the water, blocking the sunlight." Photos taken from Manuran and supplied to The Saturday Age show murky water and dead coral after heavy rains. PT ASP is a Jakarta-based mining company, and also owns PT

Anugerah Surya Indotama (PT ASI), another mining outfit that operates on Kawe Island in Raja Ampat, despite a court order to desist due to a conflict over mining rights with a West Papua-based company. The ownership of the companies remains a mystery, although West Papua is rife with speculation that senior politicians and military figures have a stake.

The speculation is easy to understand, as the Jakarta company seems to have extraordinary pull at the highest levels of government in both Jakarta and Raja Ampat. When rival mining company PT Kawei Sejahtera Mining (PT KSM), owned by local man Daniel Daat, began loading its first shipload of nickel in 2008 at Kawe, three gunships and an aeroplane were sent to stop the consignment after PT ASI, which also claims a mining licence for Kawe, complained. Daat was thrown into prison. The mines at Manuran and Kawe are guarded by military and police who locals say are on the company payroll. And, while 15 other mining companies have been pushed out of Raja Ampat since the Governor's decree, PT ASP and PT ASI have remained. At the very least, the two companies appear to have a cavalier approach to doing business in Raja Ampat. Police documents obtained by The Saturday Age reveal the companies allegedly bribed the bupati, or regency head, of Raja Ampat, Marcus Wanma, to gain mining licences. Wanma was paid \$36,000 to issue the mining licences in 2004, and a further \$23,270 for "entertainment" purposes, the documents say, citing police interviews with 16 witnesses, including Wanma's staff and Yos Hendri, director of PT ASI and PT ASP.

The documents record that about 670 million Indonesian rupiah (about \$122,000 on currency valuations at the time) was paid in 2004 to Wanma for nine mining licences, and only 197 million rupiah was deposited in the regency's bank accounts. "The rest of the 500 million [rupiah] was used for the personal interest of [official] Oktovanius Mayor and Marcus Wanma," the documents say. Wanma, in the end, escaped prosecution and remains the regency head. He has been incapacitated with a serious illness and is believed to be in Singapore recuperating. He was unavailable for interview, and Raja Ampat officials declined to comment. Whether the licences were corruptly obtained or not, the fees paid for them are desultory. The open-cut mining undertaken on Manuran is cheap and low tech. After clearing the vegetation, workers simply dig up the soil, haul it into trucks and take it to the docks, where it is sent to processing facilities where pure nickel, used in stainless steel, is extracted. The mine's wharf is nothing more than a tethered barge with no cranes. Costs for the company consist of little more than maintaining about 40 trucks and heavy-moving equipment and the simple wharf.

According to villagers and employees, most of the mine's labourers earn between \$170 and \$200 a month. Customary landowners also receive a royalty, but an investigation by The Saturday Age reveals that it is tiny. Soleman Kein, an elder from Kapidiri, says a new deal was negotiated last year increasing landowners' share of the mine's income from 1000 rupiah (11¢) a tonne to 1500 rupiah. An industry expert with knowledge of Raja Ampat's high-grade nickel laterite ore says PT ASP would be getting between \$US40 (\$A37) and \$US100 a tonne, depending on the fluctuating world prices. The average price would be about \$US60 a tonne, he says. A single 50,000-tonne shipload of nickel laterite ore earns the miner, based on average price of \$US60 a tonne, \$US3 million. The mine at Manuran Island typically does two shiploads a month. If a tonne of nickel laterite sells for about \$US60, the locals are getting less than a 0.3 per cent share. "These companies want a lot of money for not much effort," says one veteran miner with two decades of experience in Papua. They pay as little attention as they can to environmental standards and take the money and get out ... The amount the locals get is pitiful."

Yos Hendri, a director of both PT ASI and PTASP, pulled out of an interview at the last minute and declined to respond to detailed emailed questions. But according to one source, the local government gets another 3000 rupiah a tonne, while a further 2000 rupiah a tonne is devoted to infrastructure. All up, the source says about \$200,000 has been spent on local villagers in royalties and infra-

structure since 2007. In the meantime, the company has earned well over \$150 million from sales, although between 4 and 5 per cent of that revenue should flow back to the central government's coffers. To be sure, some of the villagers are happy with the arrangement. Soleman Kein is delighted with his new house, paid for from the infrastructure fund. "My house used to be made of sago leaves; now the company has renovated it, our walls now are made of bricks, we have a roof made of zinc and the interior part of the house is beautifully painted," he says.

But villagers from Rauki say only 10 of 76 homes promised in 2009 have been built. And disputes rage between clans over who gets the money. "Conflicts emerge because certain groups of families claim ownership of Manuran Island while others reject their claims," says Yosias Kein. "Sometimes, there have been physical conflicts, sometimes an exchange of arguments. The problem is the company does make some payments but the amount is not equal." The squabbles have torn apart what were once tight-knit communities. The simmering discontent is "like a volcano", says one Rauki native, that "will erupt one day". "Corporations are the ones that get the profits," says Abner Korwa, a social worker from the Belantara charity, who has closely tracked the mining. "Once the deposit is exhausted, the big corporation leaves and we will be left alone with the massively damaged environment."

Queensland Nickel has a sustainable development policy that strives for "minimising our impact on the environment" and commits to "pursue honest relationships" with communities. The company declined to be interviewed or respond to emailed questions. "We don't comment on the business of our suppliers," says Mark Kelly, Queensland Nickel's external relations specialist. Clive Palmer's publicist, Steve Connolly, also declined to comment. Korwa says companies such as QN should not shirk responsibility for the behaviour of their suppliers, given that they make considerable profits from the arrangement. "They don't have to invest too much in Raja Ampat. They don't have to be troubled by mining concessions, the way business is done here," he says. "But they can still get the nickel". Oxfam Australia, which runs a mining ombudsman, says there is a clear obligation for companies such as QN that process raw minerals to be held accountable for their suppliers.

"Australian companies need to make sure that they are only buying minerals from other companies that respect workers' rights, community rights and the environment. If there's a good reason to believe that a supplier is causing harm, the company should undertake a thorough assessment," says Oxfam Australia executive director Andrew Hewett. "If any issues are found, the company should, in the first instance, work with the supplier to try to rectify the problem. If this doesn't work, the company should reconsider its business relationship with the supplier." QN should be well aware of the issues in Raja Ampat. It bought the Yabulu refinery from BHP Billiton in 2009 when the mining giant pulled out of Raja Ampat, selling its mining rights for the region's Gag Island amid concern about the ecological and social impacts of mining. The simmering discontent is not restricted to the villages around Manuran, but is ripping apart other villages whose people have been the custodians of Raja Ampat's wonders for centuries. For them Raja Ampat — literally Four Kings — was created by eggs that descended from heaven to rest in the water.

The dispute at Kawe Island is particularly poisonous. It arises because QN's supplier holds a licence issued by Wanma that, it argues, supersedes one issued by the governor of West Papua to PT KSM, the company run by the unfortunate Daat, who, besides being a businessman and a politician, hails from Raja Ampat's Maya people. Korinus Ayelo is the village chief of Selpele, which has customary ownership of Kawe, and supports Daat's PT KSM. But rival company PT ASI engineered the highly contested elevation of another chief, Benyamin Arempele, who endorsed its rights to mine. Repeated legal cases have found in favour of Daat but PT ASI continues to develop its mine and conduct exploration. "They are still working today, guarded by the police," says Ayelo, adding that villagers who were previously close now don't talk to each other. "There's a distance between our

hearts," he explains. "The people are uneasy. PT ASI uses the military. There are TNI [armed forces] everywhere. People must face the presence of TNI every day."

Daat says high-level political and military support from Jakarta is behind PTASI's continued operations. "It is impossible to get such support for nothing. I believe the profits from Manuran Island are shared by several parties, parties that support this company," he says. "I won this case at the District Court, at the Provincial Court and at the Supreme Court. How great is the Indonesian law system? They are still in Kawe doing exploitation despite the courts' rulings." Regardless of which company has the legitimate mining rights at Kawe, there are many villagers and conservationists who want mining stopped outright at Kawe, and in the whole of Raja Ampat. Kawe is a place of huge environmental significance, close to the stunning Wayag archipelago of karst limestone pinnacles and host to 20 world-class diving sites as well as green and hawksbill turtle breeding sites and shark pupping grounds. Photos obtained by The Saturday Age show that earlier mining activity at Kawe led to the heavy red soils being flushed into the sea, covering the reefs, a problem that will only get worse once full operations resume. "We are very concerned about the potential for sedimentation and metal deposits to be transported by Kawe's strong currents and moved up to Wayag and down to Aljui Bay," says Mark Erdmann, senior adviser to Conservation International's marine program in Indonesia.

Raja Ampat is theoretically protected by seven marine parks and a shark conservation zone, but while enforcement against illegal fishing is actively conducted, land-based threats such as mining on nearby islands continue unabated. Indonesia's government has recognised the extraordinary habitats in Raja Ampat. It put the region on the "tentative list" to become, like Australia's Great Barrier Reef, a UNESCO world heritage area in 2005. But the application has stalled due to inaction by the government, many suspect because it wants to exploit the area's natural resources through mining and logging. In a deeply worrying development for conservationists, nickel and oil exploration restarted this year after the local government issued new exploration permits. "There is tremendous wealth in the natural environment from fishing, pearling and tourism," says Erdmann, citing a State University of Papua survey that found the long-term benefits from these eco-friendly economic activities outweighed the short-term gains from mining. "Mining and this precious, pristine ecosystem can't co-exist in the long term."

Ok Tedi: Governor unhappy with resumption of mining operations

The National, July 1, 2011

WESTERN governor Dr Bob Danaya is disappointed that the government did not consult his provincial administration about the resumption of operations at the Ok Tedi Mine. This follows the visit by Mining Minister John Pundari and Environment and Conservation Minister Benny Allen last week to the pyrite spillage site along the pipeline to the Bige dredge site. No comments could be obtained from the two ministers yesterday. Danaya said he first became suspicious when the Western leaders were not part of the delegation. He said North Fly MP Boka Kondra only got on the charter flight after he had "argued" with them at the airport. Danaya said he was disappointed that the government allowed the mine operations to resume without consulting the Fly River provincial government. "Is it all about money-making at the expense of the environmental damage?" he said. "Where is justice and when will justice be done to the people of Western? "The government continues to use a flawed piece of legislation using the indemnity clause in the Restated Ninth Supplemental Agreement to continue to operate the mine."

The indemnity clause states that no legal action must be taken against Ok Tedi mine for any environmental damage caused by the mine operations. "This is inhuman and suppresses the rights of the people affected by the mine," he said. "This is cultural genocide for my people. Ok Tedi mine with

its major shareholders BHP (PNGSDP) which now holds 62% and the State holding 30% are hell-bent on making money at the expense of the lives of the people and their environment,” he said. Danaya said he could not understand the logic behind the ministers’ approval for the Ok Tedi mine to resume operations. “I need to know whether the leaking pipes have been replaced to improve that bad piece of engineering in pipeline structure. There is no guarantee that the existing and new pipes would survive.” He said it was possible that the pipeline could have been damaged because it ran so close to the road which was used by heavy vehicles. He said the pyrite leakage had damaged the environment killing fish and other marine life which the people depended on. “No amount of compensation will rectify the current environmental catastrophe,” he said. Danaya said the time had come for the government and Ok Tedi mine to address the environmental issues instead of sweeping it under the carpet as it had been doing for years.

Government blamed for Landowner issues

Post-Courier 1.7.2011

By MAL TAIME

MOST of the issues and conflicts associated with the multi-billion kina LNG project in Hela Province can be attributed to the failure by the State and the developer to deliver to the landowners. Hela Community Development Facilitator Joseph Warai claimed that there were a lot of unrealistic expectations by the people about resource development in Hela Province and the government and the developer must address these. Mr Warai blamed the National Government for all the conflicts that had occurred in Hela by disgruntled landowners and the government must accept responsibility and find alternative ways to solve these issues. He said the State had failed to provide basic services like banking, postal services, electricity, proper markets, health and education, mediate land ownership, social mapping, land demarcation, settling outstanding royalty payments, seed capital and many more.

Mr Warai said the government had promised the resource owners of Hela that it would provide the people whatever services they needed in return for their LNG resource. He said the government had failed to keep its promise as well as address the people’s needs. They are therefore frustrated and were taking advantage of their frustrations by creating issues to pressure the government to honour its promises. Mr Warai said the government had failed miserably to help the people realise their expectations as well as to ensure accountability for expenditure of funds generated by the LNG resource project. “Throughout Hela, people believe that the money being generated by the LNG project is not being channeled back into the rural areas and this is an ongoing source of discontent,” Mr Warai said. He said the State had not only failed to resolve the landowners concerns about the existing gas agreement, but politicians and public servants had misused a lot of the funds generated by the project. “The pattern of mismanagement and misappropriation involving politicians, public servants, businessmen and friends of politicians in the Southern Highlands Province is now being adopted as precedent for the new Hela Province,” he said.

Mr Warai also said in the context of resource development, exchange expectations had also been inflated and this had made the management of exchange relations more difficult. He said store goods and garden foods, compensation and bride-price payments had risen exponentially, even outside of the immediate project areas. Mr Warai said the late Tuguba Chief Himuni Homogo of Hides 4, who championed the Supreme Court interpretation of the legality of the current gas agreement and proposed that the benefits be distributed to others who were out of the project areas, had won the heart of the entire Hela nation and his death is seen as a great loss of a true warrior for his people. Mr Warai said the failures of State and the developer in not addressing the root causes of the people’s concern had disappointed them. This could develop into ongoing conflicts and cause more distrust between all parties and lawlessness.

Australia: Rio Tinto must come clean on Bougainville war

Media Release | Spokesperson Scott Ludlam, Tuesday 28th June 2011

Rio Tinto must reveal the full extent of its involvement in the Bougainville war, the Australian Greens said today in the wake of revelations Papua New Guinea's Prime Minister has given evidence under oath on the decisive role of the company's subsidiary in the conflict. Greens Senator Scott Ludlam said the Australian Government must also explain its own role in the war, and what it knew about the role of Rio Tinto subsidiary Bougainville Copper Limited in the conflict that claimed 15,000 lives. "The out-going Prime Minister of Papua New Guinea, Michael Somare, while Leader of the Opposition in 2001, stated in a sworn affidavit that BCL was the driving force behind the military action in Bougainville, and the blockade of the island, to re-open the copper mine. His view has been backed by the former head of PNG defence Major General Jerry Singirok. In light of these revelations, as BCL's parent company, Rio Tinto must come clean on Bougainville," said Senator Ludlam. Mr Somare's evidence is part of an on-going class action in the US against Rio Tinto which began in 2001, brought by victims of the conflict.

"Mr Somare has said under oath that Rio Tinto demanded the blockade of Bougainville and military action, and that BCL provided helicopters, transport, fuel, barracks and pilots for the PNG Government's war against the Bougainville rebels. If this is found to be true, will Rio Tinto compensate the victims of this war? And what was the involvement of our own Government in this?" Senator Ludlam said the Bougainville copper mine provided the PNG Government with about 20 percent of its revenue while the Bougainville locals' gain from the mine was a derisory amount of income and a ruined environment. This led to local resistance and the PNG government responded with a brutal crack-down. "This war drove half the population of Bougainville from their homes. By 1995, 64,000 people were in refugee camps. Ten per cent of the population died. The Australian Government was supplying weapons and training to the PNG army while the PNG government vowed to kill anyone who broke a blockade on the island, a blockade that kept out medical supplies. This was a horrendous, bloody war on our own doorstep. It's time for the whole truth behind it to be known."

COOK ISLANDS TO ISSUE SEABED MINING LICENSES BY 2013

Government searching for technical advisors

By Eric Parnis

RAROTONGA, Cook Islands (Cook Islands News, June 25, 2011) – The Cook Islands government is aiming to begin issuing deep sea mining exploration licences by 2013, deputy prime minister Tom Marsters said yesterday. Marsters, the Minister for Minerals and Natural Resources, told Cook Islands News he expected the Cook Islands would be in a suitable position to begin offering licences in about 18 months. He said the government was currently searching for experienced technical advisors to help it develop its application process, and that by 2013 it planned to employ a commissioner to supervise determinations. Were looking for this person right now ... in places that already have a strong mining history, Marsters said. These people dont come cheap, but they are worth every cent. It is that point when we start looking at exploratory licences, which is what will lead into mining licences. The seabed mining advisory board established under the previous government will continue to operate with only minor changes.

We have retained the taskforce set up by Minister Robert Wigmore the chairman and everybody else. I might add one or two more, Marsters said. We see the need to maintain momentum by keeping those people on. To change at this stage is counterproductive to the cause. Marsters said the Cook Islands was entering an exciting time for deep sea mining and the government was aiming to make sure it established fair and equal procedures for processing permit applications. He said he

expected the relevant technology to be perfected by 2015, with full mining to start in about 10 years. By year 2021 there will be commercial mining, he said. Ten years is within our time, it is certainly within the time of our children and certainly within the time of our grandchildren. Its no longer a dream, no longer pie in the sky. This is real. The Ministry of Minerals and Natural Resources is planning to hold a number of community seminars in the near future. Full details of the public meetings have not yet been finalised, but the ministry expects to be able to announce more within the coming weeks. *Cook Islands News*: <http://www.cinews.co.ck/index.htm>

COMPANY OFFERS \$26 MILLION TO PROSPECT OFF COOKS

Canada's Endeavor Financial got no response

RAROTONGA, Cook Islands (Cook Islands News, June 23, 2011) – Canadian banking group Endeavour Financial has made a fresh, CA\$25 million [US\$26 million] offer to the Cook Islands government for an exploratory licence for manganese nodule mining. But the company appears to have been largely ignored by the government in its latest attempts to obtain a license. Cook Islands News was told by a source close to Endeavour that it had received no official response from the government in the months since it lodged its application. By the time of publication yesterday afternoon, the Ministry of Minerals and Natural Resources had not returned CINews requests for comment on the issue despite being approached multiple times over the previous two days. Endeavour Financial submitted its application to the government in early April, seeking a four-year exploratory licence in the Cook Islands with a proposed start date from today.

In the application, Endeavour estimates it would spend \$25 million of its own money over the next four years setting up a Rarotonga office, conducting environmental studies, collecting samples, testing nodule recovery and conducting feasibility tests. The application included no references to exclusive access to the Cook Islands exclusive economic zone (EEZ) or exclusive access to any minerals discovered during the exploration. Deputy leader for the opposition Wilkie Rasmussen said the government should have considered the Endeavour application and believed the government was holding out on the hope of receiving bigger offers from Asian companies. It seems like they are hanging out to see what money Chinese or Korean companies would bring into the country, he said. Its wishful thinking to wait. Rasmussen criticised the government for treating the possibly lucrative exploration deal as if it was trading the rights on the stock market. I think part of the governments problem is they are approaching it like a brokerage, trying to find the highest bidder. This is also wishful thinking. *Cook Islands News*: <http://www.cinews.co.ck/index.htm>