

**“Pressespiegel: Mining in the South Pacific“
Jg. 2, Nr. 3, Mai – Juni 2010, 112 Seiten**

Redaktion/compilation:

Deutsch-Pazifische Gesellschaft e.V., German Pacific Society
Dr. Roland Seib, Hobrechtstr. 28, 64285 Darmstadt
www.deutsch-pazifische-gesellschaft.de/bergbau

Copyright: The material is copyrighted by the media and authors quoted.

Abbreviations:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

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

PNG: Papua New Guinea

Bougainville: Momis rejects BRDC model
By ALOYSIUS LAUKAI

The National 30.6.2010



AUTONOMOUS Region of Bougainville President John Momis will order a full investigation into the deal with foreign firm Invincible that led to the establishment of the Bougainville Investment Corporation (formerly Bougainville Resource Development Corporation). Momis said yesterday that the deal was not only illegal but not practical for any government to attempt to make a contract that purports to tie the government's hands as to future policy. The president said he was concerned about these matters which strike at the core of Bougainville's efforts to revitalise and grow the

economy. He said he would seek his cabinet's approval to launch a fullscale review of this deal and related matters.

Momis said in his inaugural speech that corruption would find zero tolerance in his government. He warned that corrupt ministers, elected members, officials and investors could expect to face criminal prosecutions. He said there were many unanswered questions and issues relating to the BRDC and Invincible deal, and the review or investigations would put these questions to rest. After taking office two weeks ago, and studying documents presented to him concerning the development agreement between the ABG and the BRDC, Momis said he was not satisfied that the arrangement was in the best interest of the people of Bougainville. He said the agreement contravened significant provisions of the Bougainville constitution and parts of the Bougainville peace agreement and the PNG Constitution. He said, in essence, the agreement and its corresponding legislation bind the hand of the Bougainville government when it needed to urgently grow the economy and move towards fiscal self-reliance.

Momis said based on the documents provided to him, it seemed that BRDC was a company owned by four other companies or entities, namely:

1. AROB Equities Limited;
2. Bougainville Veterans Holdings;
3. Bougainville Pioneers Corporation Ltd; and
4. Invincible.

He said the agreement, in its substantive clauses, deal with exploration for and exploitation of mineral resources covering the whole of Bougainville. The agreement also called for investments in other areas of economic activities including a gold melt assay facility, bio-diesel, fishing, cattle production and other proposals including a tourism project. He said the people of Bougainville would be kept informed of the progress of the review of this deal.

PNG, AUSSIE MINISTERS TO MEET OVER GAS FUNDS

'Sovereign wealth funds' to protect gas revenues

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 30, 2010) - The first Papua New Guinea – Australia LNG Ministerial meeting will be held in Melbourne tomorrow to discuss the establishment of sovereign wealth funds as a vehicle for management of revenue flows from the PNG LNG Project. "I welcome this opportunity to work with the Australian Government to set up a framework for transparency and good governance in the management of future LNG revenue flows," the Minister for Public Enterprises, Arthur Somare, said yesterday. The official PNG delegation will include Foreign Affairs and Trade Minister, Sam Abal, National Planning Minister Paul Tiensten, Public Services Minister Peter O'Neill and Commerce and Industry Minister Gabriel Kapris. The Ministerial delegation will discuss possible Australian assistance for the creation of a transparent governance regime covering taxes and dividends received by the PNG Government from the LNG project. "The Government needs to have these measures in place before the LNG revenue starts to flow in about five years' time," Minister Somare said.

Under a Joint Understanding signed with the Australian Government late last year PNG requested that Australia help set up an effective and transparent governance regime for LNG project revenue to provide international credibility for a challenging undertaking. Besides creating "a transparent, robust legislative framework", the Australian Government has also agreed to co-opt a team of international economists to carry out economic modeling on the impact of the \$US15 billion PNG LNG Project. The specially created econometric model would provide the National Government with a clear picture of the likely development impacts from sectoral spending generated from LNG revenues. Mr Somare said studies by the Department of State Enterprises supported a proposal to place

dividends from the National Government's 16.6 per cent equity stake in the PNG LNG Project in an offshore Infrastructure Fund.

PNG PROTEST MARCH PLANNED DESPITE WARNINGS

Organizers rally against relaxed mining regulations

By Rosalyn Evara and Poreni Utau

PORT MORESBY, Papua New Guinea (PNG Post-Courier 30.6.2010) - DESPITE advice from police and Madang Governor Sir Arnold Amet against today's protest in Madang on the amendments to the environmental law, organisers say the event will go ahead. Sir Arnold during a press conference said he had advised the administration and police to inform the organisers that the event should not proceed because of the Supreme Court reference on the "constitutionality of the amendments". However he said he was available to discuss any matters community leaders and other civil society leaders might be concerned about. "I have made it clear that my office is open to discussing any issues of concern to our people and I have extended an invitation to all groups who have legitimate concerns to raise with government. "I therefore invite leaders of any groups of people if you have serious and important issues you may wish to discuss on behalf of our people to please come and discuss them with me and the government.

Madang provincial police commander Superintendent Anthony Wagambie (Jnr) also reiterated the stance by the Governor stating that because of the Supreme Court reference that was in place, it would be subjudice (in contempt of court) to stage this event. However, George Ireng from Karkar Island and Raicoast who in recent months has been vocal against the issue of deep sea tailings said organisers would still go ahead with the march. Mr Ireng said the event was supposed to have taken place last week but on request from police and the provincial administration in light of the visit by the Governor-General Sir Paulias Matane, organisers had agreed to defer the event. He said this was on the understanding the event would be held this week. He said they had obtained clearance from police on Monday again only to be told at the 11th hour to cancel. Mr Ireng said the event kicks off at 9am starting from Laiwaden. He confirmed that many will be participating including students from the tertiary institutions.

NEW CALDEONIA ACID SPILL TRIGGERS PROTEST

Environmentalists angry over lack of prosecution

WELLINGTON, New Zealand (Radio New Zealand International, June 29, 2010) – Environmentalists in New Caledonia are planning a demonstration against the lack of legal action for last April's acid spill from the Vale nickel mining plant. The leak killed thousands of fish and affected the World Heritage protected Prony Bay during a test run of Vale New Caledonia's new facility. Marina Kahlemu of the environmental group Corail Vivant says locals are also angry about an incident last week in which a worker was burnt by acid at the plant. Noumea's daily newspaper reported the 54-year old was flown to Sydney for treatment. Ms Kahlemu says a mass gathering of environmental groups and local people is planned outside the offices of the South Province authorities which has been under fire for delaying the legal process.

Radio New Zealand International: www.rnzi.com

Hindernisse für Metalle aus der Tiefsee

heise online, 25.06.2010

Während die Öl-Industrie darüber nachdenkt, wie man die Offshore-Förderung sicherer machen kann, arbeiten Wissenschaftler und Unternehmen mit Hochdruck daran, auch seltene Metalle aus der Tiefsee zu fördern. Doch die Ausbeutung der Tiefsee erweist sich als schwieriger als zunächst gedacht, berichtet *Technology Review* in seiner aktuellen Ausgabe. Seit 2002 haben sich die weltweiten Ausgaben für die Tiefsee-Exploration auf mehr als 13 Milliarden Euro versechsfacht. Im Unterschied zu den 1970er-Jahren, als man schon einmal die industrielle Erschließung der Tiefsee testete, scheint es nun ernst zu sein. Gold, Kobalt, Kupfer, Molybdän, Neodym oder Indium – all das ist in der Tiefsee reichlich vorhanden und für die moderne Elektronik unverzichtbar. "Anders als in den Siebzigern ist eine Metallknappheit eine realistische Aussicht", sagt Johannes Post vom Meerestechnikunternehmen Hydromod Service GmbH aus Hannover, Co-Autor einer neuen Studie für das Bundeswirtschaftsministerium zur Erschließung der Meeresressourcen.

Allein in der "Clarion-Clipperton-Zone", einem Gebiet 4000 Kilometer westlich von Mexiko, das Deutschland von der Internationalen Meeresbodenbehörde lizenziert hat und das etwas größer als Bayern ist, lagert in Knollen auf dem Meeresboden 50-mal so viel Kobalt wie weltweit pro Jahr verbraucht wird. Hauptbestandteile der Knollen sind Mangan und Eisen, sie enthalten jedoch auch in geringeren Mengen Kupfer, Nickel, Aluminium und Titan. Auf den ersten Blick scheint es recht einfach, diese Knollen vom Meeresboden zu ernten. Der Transport zum Mutterschiff könnte in einem sogenannten Airlift erfolgen, wie er bereits bei der Offshore-Förderung von Diamanten vor der Westküste Afrikas eingesetzt wird. In ein bis zu 60 Zentimeter breites Gestängerohr wird ein Stück über dem Meeresboden Druckluft aus einer Versorgungsleitung eingepumpt, sodass Luftblasen in der Röhre aufsteigen. Dadurch verringert sich das Gewicht des Wasservolumens im Rohr – ein Unterdruck entsteht, der Sand und Gestein am offenen Rohrende einsaugt und bis an die Meeresoberfläche befördert.

Ganz problemlos ist das Verfahren jedoch nicht. Denn mit den Manganknollen wird auch jede Menge Sediment vom Meeresboden angesaugt. Es mit an Land zu transportieren wäre wenig wirtschaftlich, es über Bord zu werfen ökologisch hochproblematisch: In den obersten 1000 Metern Meeresschicht würden die feinen Körner der Meeressedimente das Plankton schädigen, das den Anfang mariner Nahrungsketten bildet. Auch am Grund würden die Kettenraupen von Erntemaschinen Sediment aufwirbeln, das die Filter vieler sogenannter Strudler – dazu gehören Krebse, Würmer und Muscheln – verstopft. Doch auch am Meeresboden selbst würden Sedimentwolken zu einem Problem: "Im Knollengürtel im Pazifik herrscht eine starke Bodenströmung. Das antarktische Bodenwasser fließt dort nach Norden, schon seit Zehntausenden von Jahren", sagt Peter Herzig, Direktor des IFM-Geomar. Diese Strömung würde die Sedimente in kurzer Zeit im gesamten Nordpazifik verteilen.

Auch die kommerzielle Ausbeutung so genannter "schwarzer Raucher" hat sich als schwierig erwiesen: In Papua-Neuguinea hatte die kanadische Firma Nautilus Minerals von der Regierung bereits eine Lizenz bekommen, um das so genannte Solvaya-Feld abzubauen, dessen Erze mit einem hohen Goldanteil locken. Nautilus plant, ein Abbaugerät auf Stelzen zu verwenden. Der Abbau selbst sollte mit rotierenden Fräsköpfen erfolgen. Eigentlich wollte Nautilus schon in diesem Jahr loslegen. Doch die Finanzkrise und Bedenken von Umweltorganisationen machten dem kanadischen Projekt einen Strich durch die Rechnung. Nautilus stornierte vorläufig die Bestellung des Fördergeräts bei SMD und ließ ein Umweltgutachten anfertigen. Denn an den aktiven Schloten hat man komplexe Lebensgemeinschaften entdeckt, deren Bedeutung für die marinen Ökosysteme, aber auch für die Biodiversität der Meere nicht unterschätzt werden darf. "Nautilus hat daraufhin zuge-

sagt, nur die erkalteten, inaktiven Schlote abzubauen", weiß Ozeanograf Johannes Post von Hydro-mod. Nun will das Unternehmen 2012 starten. (*Niels Boeing*) <http://www.heise.de/newsticker/>

Government: 'No more comments on environment amendments'

National 25.6.2010

MINISTER for Justice and Attorney-General Ano Pala has announced that there must be no more public discussions on issues relating to the Environment Act amendments because the matter was currently before the courts. He said a Supreme Court reference has been filed by the referrers' lawyers Nonggorr and William Lawyers for clients and landowners of Madang's Rai Coast, Sana Melanbo, Eddie Tarsie and Farina Siga. In a public statement released yesterday, Pala said the referrers are seeking the Supreme Court to give its advisory opinion on whether or not the recent amendments were unconstitutional. "This is to advise the public that a Supreme Court reference has been filed on June 3 and copies have been served to the State on the same date," Pala said.

"Since then there have been two direction hearings. In the recent one, at which the state lawyers appeared, the Supreme Court raised concerns about the wide and extensive media comments raised by the public when the court had already seized the matter."

"By this notice, I advise the public that there should not be anymore discussions, comments or references conducted in the media or anywhere else in public as this matter is no subjudice. Pala added: "This means, there will be no more talk-back radio programmes and interviews, no more advertisements, no more letters to the editors, no more public meetings and above all, there will be no public demonstrations or protest marches. "Your right to freedom of expression is now subsumed into this court case. This means that you also have a right to be represented at the hearing of this Supreme Court reference. You can be represented by Nonggorr and William Lawyers or you can get your own lawyers to represent your interest at the hearing of this reference. "Police commanders of any metropolitan centre throughout the country should cancel or refrain from granting permits for any public meetings, demonstrations and protest marches. "Any person or media outlet which continue to run or publish commentaries and opinions or which coordinate and conduct meetings, demonstrations or public protests on the recent amendments runs the risk of being in contempt of court. "You are hereby, accordingly warned." Pala said yesterday.

Foreign group after gold in Mt Kare By JEFFREY ELAPA

National 25.6.2010

A REPUTABLE foreign company with experience in the country is in talks with the government on the development the Mt Kare gold prospects in Enga province and in the proposed Hela province. Executive manager regulatory and operation with the Mineral Resource Authority Nicholas Powrie made the disclosure during the unity assurance meeting of landowners and members of Parliament James Marabe and Philip Kikala at the PNG Institute of Public Administration yesterday. Powrie said the company (name withheld) had shown interest and wanted to be a long-term developer of the gold deposits. The interested company has a proposed mining presentation showing their interest in the Mt Kare gold prospect at the Mining Haus last Tuesday. Powrie said the company was a reputable group with successful operations in Thailand and had healthy record of finance. Powrie said the company had the expertise, capital, and experience. He said the company was looking at spending US\$500 million (K1.4 billion) in the project.

Former Prime Minister Sir Julius Chan says we have to learn from the devastation wrought by the BP oil spill in the US Gulf and speaks from PNG experience. He rose in Parliament this week to issue a warning, citing situations at local mines . . .

Environment, a higher calling

Post-Courier Focus 25.6.2010

I rise today for a simple purpose. I want to bring a cautionary tale to this debate on environment. I want to bring a cautionary tale to the Parliament, the country of Papua New Guinea and our people on rights to live in clean natural environment and in peace. We often seek to model ourselves after the West. We often seek to model ourselves after countries such as England or America or Australia that we think have become “modern” – that we think have become “developed”. Alright. That is not a bad goal. But sometimes the so-called “advanced” countries can provide us not only with lessons about how we should develop – sometimes they can provide us with lessons about how we should not develop. I have visited America more than most politicians in Papua New Guinea. I have come to know America over the years. And I have come to respect America. This is the country that has been in the forefront of promoting democracy around the world. This is the country that has elected a black man as President of the country – the first country in the West to do so. Germany has never had a black president. England has never had a black president. Australia has never had a black president. America has one. Now.

I respect America. But sometimes even those you respect the most make mistakes. Or maybe not mistakes. Maybe they just provide us with lessons. And that is what America is doing today. America is providing us with a lesson and we are foolish if we do not heed it. You might have heard that British Petroleum has had a bit of a problem in America recently. Specifically, BP has a deep-sea oil well in the Gulf of Mexico, just to the south of Texas in America that had what they call a “blowout”. The well was over two miles under the sea. They had a drilling platform floating in the Gulf of Mexico, and they had a pipe going two miles down to the floor of the sea, and going another two miles underneath the floor of the sea. But the connection at the link between the floor of the sea and the levels underneath the floor of the sea – well, it broke. And it broke big time. They now estimate that somewhere between five and fifty thousand barrels of oil are spewing out of the broken link every day.

Fifty thousand barrels! That is enough oil to cover downtown Port Moresby from the Yacht Club to Deloitte Tower by a foot of oil. Every day! And this is in the most technologically advanced country in the world. And it is not the first time. This event is being compared to the 1989 spill in the Prince William Sound in Alaska. That was a huge environmental disaster in which a ship broke up and spilled over ten million US gallons of oil into the sea, and that oil coated hundreds of miles of shoreline. So what do we learn from these disasters? I will give you a hint. In America, the most technologically advanced country in the world and the most democratic country in the world the Congress – the Parliament – has begun investigations into the BP disaster. And that is what it is. The BP disaster! Of course, BP says it is not their fault. It is not their fault because they only ran the oil well. But they had another company responsible for the systems that were supposed to prevent leaks. And they say that company failed. And what does that company say? Well, they say that the company that did the construction of the pad at the bottom of the sea is to blame.

So when things go badly wrong it appears no one is to blame. This should make us very cautious in Papua New Guinea. If no one is to blame when things go wrong in the most powerful country in the world, then what will happen when things go wrong here? Do you think ExxonMobil will think that a demand from the Parliament of PNG is as important as a demand from the Congress of the United States of America? One thing is clear – we need to be very certain that the companies that are coming into Papua New Guinea are going to be good partners. We need companies that are not only going to be our friends when the times are good, when they are making billions of dollars from LNG

that is being exported to Australia and China, but who will be dependable partners when things go wrong? Given what is happening in America today, I am not so certain. I think our government needs to be very careful we have a fail safe system in place to ensure that ExxonMobil will take care of problems when they arise. I am afraid that sweetheart deals might have been made that mean that the politicians in control right now benefit, but in the long run if things go wrong we will have no way of making certain that the company takes responsibility for its errors.

There is another aspect in which the American experience has lessons for us. In America, the granting of licences for offshore drilling, for mineral licences in general, is the responsibility of the Minerals Management Service. This is a government agency that grants licences for mineral exploration, and it also monitors the operation of mining activities. But the US Congress has been looking into the MMS in the past month, after the Gulf Oil Spill and they have found that the same division that is responsible for granting licenses to oil companies is also responsible for monitoring their activities. And guess what. They found that the Minerals Management Service was too close to the oil companies. They found that MMS did not require that the oil companies do all the work they should have done for environmental studies and impacts. They found that the MMS even allowed the oil companies to leapfrog the regulations – they let the oil companies start drilling years before they should have without proper environmental reports being internationally tested by independent group of scientists.

My friends, this is America. It is supposed to operate fairly. It is supposed to operate transparently. This reminds me of Mineral Resources Authority (MRA) here. Have you Minister filtered the Environmental Studies through competent, independent environmentalists? Can you give unequivocal guarantee on damages to my people on Simberi and whole of West Coast in which two thirds of the water is being dug miles underwater? If this is the kind of damages happening in America, then can you imagine what is happening here? Do you have any idea how big and influential the LNG project has become? And we cannot get information. We do not even have the power to ask questions about the LNG Project. Parliament is really helpless because it is so controlled by the sitting government. Never in the history of Papua New Guinea has a government controlled and gagged so many members of Parliament.

Think about it. The Prime Minister has managed to collect 89 of 109 members of Parliament into its coalition. This means that he is unassailable. He cannot be challenged. But how was he able to do this? Only by promising the leaders of 10 or 15 party's big ministries. Ministries where those big men stand to make big money. Let us be honest. The many members of Parliament who are in government have been promised goodies – and they have been bought with the promise of having ministries, five more are now available to dish out that they can run as they like, so long as they support the Prime Minister and refrain from a no confidence vote. So the Prime Minister has put people in charge of mining, of forestry, labor, foreign affairs, over whom he has no control. All he wants is to be immune from a vote of no confidence. Maybe he thinks he is immune. But the country is not. Papua New Guinea is being used. The LNG project is worth billions and billions and billions of dollars. Already much of that money has gone into the pockets of people who have no right to it ...The LNG project threatens to be the worst example open to abuse and malfeasance in the history of our country.

We need to take a step back. We need to be certain that ExxonMobil understands that the reason for the LNG project is to improve the lives of the people of PNG. I am not certain that they do understand this. I fear that they have engaged in sweetheart deals with various agencies and influential people of the country in order to smooth the way for the implementation of the project. I can only ask that they consider carefully how their actions will affect the people of the country. But ultimately it is not the responsibility of BP or of ExxonMobil or of any other multinational corporation to ensure that exploration and production are done in a responsible and efficient manner. America

has shown that when the political and bureaucratic structures do not demand compliance, then compliance will not occur. We need to demand compliance. We need to demand transparency. We need to demand accountability.

And to achieve this we need open and honest discussion. There is no discussion now because the Leader of Government simply closes the Parliament at his discretion. There is no discussion because the responsible ministries simply do not provide us with information. They are insulted that we even want to know where the money has gone and who has benefitted. I rose today to provide you with some information about what is happening in the most powerful country in the world. It is important that we know this as we are in the process of making some of the same mistakes America made with respect to the Exxon Valdez oil spill in Alaska and the BP spill last month, which continues as I speak. The LNG project must be closely examined. Nautilus must not be allowed to drill, destroy and disappear. Allied Gold has not compensated Simberi landowners for the ongoing environmental damages to water and the reefs. Government must provide us with full disclosure concerning investment and expenditure and environmental studies and ultimate responsibility for potential environmental disasters.

For example, does operating companies hold assets enough to compensate these damages. Through smart and legal savvy most of these giant companies split incorporation to escape liabilities. Can the government guarantee a security fund for such contingency? But I suspect Government will not provide us with that information. Because I suspect the LNG project has already been the source of great influence than any other project in the history of Papua New Guinea. But can we talk about this honestly and openly? ExxonMobil, Nautilus, Lihir Gold, all Forests and Fishing investors, you are working in Papua New Guinea. You are exploiting the resources we have here and you expect to make a major profit by working here. But we ask that you take the idea of corporate responsibility seriously. We ask that you refuse to pay those who ask to be paid. We ask that you refuse to enter into an agreement that will benefit the government, and the politicians who constitute government, at the expense of the people of this country.

Australia: Mining industry relents to Gillard

Post-Courier 25.6.2010

CANBERRA: The mining industry has softened its stance against the federal government following a call by new Prime Minister Julia Gillard for good faith negotiations over the proposed super profits tax. Ms Gillard has asked the mining industry to abandon its campaign against the resources super profits tax as she canned taxpayer-funded government advertising promoting the measure. "Today I will ensure that the mining advertisements paid for by the government are cancelled," she told reporters. "In return, I ask the mining industry to cease their advertising campaign as a show of good faith and mutual respect."

Mining giant BHP Billiton was the first to come to the party by announcing it would cease its ad campaign. The Minerals Council of Australia, which promised to wage war against the Rudd government over the tax, also shelved its ads. Labor in May approved a \$38 million advertising blitz to spruik its proposed 40 per cent tax on mining super profits. It followed the mining industry's own rollout of ads calling for the proposed tax not to proceed. Ms Gillard said consensus needed to be sought on the tax. "To reach a consensus we need to do more than consult, we need to negotiate," she said. "We must end this uncertainty, which is not good for this nation."

Ms Gillard said the government's door was open, and asked the industry to "throw open its mind". Asked if there would be a change to the proposed 40 per cent tax rate, Ms Gillard said: "I'm not going to canvass (that) through framework questions here. "I'm indicating a very clear predisposition to the mining industry about the best way forward," she said. Treasurer Wayne Swan and Resources

Minister Martin Ferguson will lead negotiations with the mining industry. Mining magnate Andrew Forrest, one of the most vocal opponents of the tax, congratulated Ms Gillard on her election, saying her appointment was a reflection of community concern about the tax. The billionaire said he appreciated Ms Gillard's offer to open government doors on negotiations with the mining industry. "As we had previously declared, the initial structure of the proposed RSPT is dead and buried." Minerals Council chief executive Mitch Hooke said the industry was looking forward to working with Ms Gillard.

The council board, meeting in Melbourne on Thursday, agreed to accept the prime minister's invitation to consult. "As a gesture of goodwill, the board determined to suspend its advertising in expectation of meaningful and constructive consultations," CEO Mitch Hooke said. The council is keen to discuss key issues of the tax including retrospectivity, the tax rate, sovereign risk and international competitiveness. The Queensland Resources Council has suspended its advertising campaign with spokesman Michael Roche welcoming Ms Gillard's offer of meaningful discussions over the tax.

Bougainville far from fiscal independence

Post-Courier 25.6.2010

By *GORETHY KENNETH*

THE prospect of an early independence for Bougainville is a worry for newly elected ministers of the second House of Representatives and authorities engaged to work on it. In Buka this week, 40 members of the House have been undergoing an induction course conducted by the Ombudsman Commission of PNG, the New South Wales Parliament, the administration, the principal legal office, the police, donors and the church leaders. Principal legal officer for the Bougainville Administration Chris Siriosi in his presentations covering the Bougainville peace agreement, constitution, the legal and constitutional structures of ABG, referendum on independence and other essential aspects of the autonomy arrangements bluntly reminded the members that Bougainville was far from fiscal self-reliance.

Bougainville does not have the financial capacity to sustain itself including until independence. The National Government budget allocation for Bougainville is an estimated K50 million a year. Bougainville generates K5 million for internal revenue a year. With only 10 per cent of this allocated budget compared to the funding allocation by the National Government, Bougainville seriously needs to work harder on its economy before independence. Members were also reminded that Bougainville was also surviving on donor funding from Australia, New Zealand, European Union and other non-government organizations operating in the region.

Public Service Minister, also in charge of Police, CIS and Law and Justice, Leo Hannett also said that the Bougainville economy was not steady to sustain the region, especially when the internal revenue of the region was only K5 million a year. Although several other members raised concerns that for over 16 years, Bougainville sustained the economy of Papua New Guinea with the Bougainville copper mine tax contribution of K300 million a year, they asked if the National Government could compensate the region for those years, especially in terms of major impact projects for the region. Several Bougainville Government members told the Post-Courier that the answer to the economy of Bougainville would be re-opening of the Bougainville copper mine and also heavy projects in agriculture and marine resources.

East Timor seeks Aussie aid

Post-Courier 24.6.2010

CANBERRA: East Timor has asked Australia to stand up for the fledgling nation in a high-stakes dispute over a gas plant in the Timor Sea. The Greater Sunrise plant will sit on an estimated \$100 billion in oil and gas reserves. Australia and East Timor - one of the poorest countries in the Asia-Pacific - are to share the spoils 50-50. But a standoff between East Timor and the Woodside-led consortium which is to build the plant has cast some doubt on the project. East Timor wants the gas piped onto its shores to provide jobs, while Woodside wants to avoid going onshore by using a floating platform. In a meeting in Canberra on Monday, East Timor's president Jose Ramos Horta asked Mr Rudd to personally intervene to press Woodside for a better deal for his nation. "Prime Minister Kevin Rudd with his persuasive intellect and charm might be able to persuade the consortium to talk with our government," Dr Ramos Horta said in a speech to the National Press Club. "Why not push the consortium yes, bring the pipeline to Timor-Leste because in the end a very prosperous Timor-Leste will be to the benefit of Australia."

Dr Ramos Horta said Woodside claimed the pipeline to Timor would cost \$19 billion, a figure which was "absolutely exaggerated". However, in a promising sign for the project, the president indicated East Timor could give ground on its demand the gas be piped onshore. "If the pipeline is far too expensive to bring to Timor-Leste ... then we have to think twice, we don't want a white elephant that we have to pay for." Mr Rudd said Australia was committed to the project, although he appeared reluctant to intervene with the consortium on East Timor's behalf. "This is a matter to be resolved between the government of Timor-Leste and the company concerned," he told reporters in a media conference after meeting Dr Ramos Horta. "Australia does not support any particular location for the processing of the LNG." Dr Ramos Horta, who is on a five-day visit, also said all Australian troops should be home from East Timor within three years.

Ok Tedi landowners want mine to go on

Post-Courier 24.6.2010

By HARLYNE JOKU

Mt Fubilan Resource Owners Association (MFROA), the umbrella group of Ok Tedi Mine's landowners, want the giant open cut gold and copper mine to remain in operation. The landowners said the mine continued to deliver millions of kina in benefits which had been successfully invested in certain businesses. "They do not want to think, believe or even accept the fact that the mine will close one day," MFROA executive officer Toby Martyns Yakumani said last Saturday. The Ok Tedi landowners totalling about 4000 from 12 villages in the OTML's mining lease area receive millions of kina annually through the 2.5 per cent equity and 19.5 per cent royalty paid to them by the mine. Under the MROA group, the landowners own businesses and have invested in properties in the Tabubil township and in Port Moresby and abroad.

Last year, they bought two hotels in Sydney and Brisbane and have a 50-50 joint venture with SVS in the Star Mountains Supermarket at Tabubil. Mr Yakumani said there is a proposal suggesting a three year partnership with SVS to own 40 per cent of its shareholding in all SVS supermarkets around the country. MROA also owns Star Mountains Clothing, Star Mountains Investment Holdings, Star HR, Azobelle Electrical, Star Mountains Furniture, Construction and Catering companies. The Weigh Inn Hotel in Port Moresby is also owned by the Ok Tedi Min landowners, a Twin Otter called Mountain Prince leased to Airline PNG. Mr Yakumani said that there was a Lamin trust account managed by the Department of Treasury to take care of environmental damages caused by the Ok Tedi mine.

Hides chief waits for his promised millions

Post-Courier 24.6.2010

By *MOHAMMAD BASHIR*

In a little corner of his dirty “un” (traditional Huli men’s bilum) is tucked away a little yellow passbook with less than a few kina showing as the balance. He carries it religiously as if his life depends on it. Although the passbook has been outdated since the sale of the former government-owned PNG Banking Corporation to BSP, chief Tabari Kolo who is in his 90s, grey all over and frail, still carries the book with all the care he can give. The wear and tear is evident but he carries it because of the promised money that were to go into that little yellow booklet. Chief Tabari is the principal landowner of the formerly disputed Hides gas to power plant that supplies the giant Porgera gold mine and has never got a toea as royalty for his land. Although the rival clans disputing the land where the gas power plant stands compromised in November 2009 and agreed to work together for the good of their people and the LNG project, old Kolo is still hopeful some day his old yellow book will burst with millions.

After more than 20 years of waiting, Chief Kolo of the Hiwa tribe has reconsidered his hopes of the promised money and wants no report of such ever again. Chief Kolo and two of the leaders of the disputing parties, Andagali Kurubugo also of Hiwa and Albert Hiwi, who were both chief signatories of the PDL1 Hides landowners, yesterday said they will not allow anybody else to manage their equity. Mr Kurubugo (chairman of Hides PDL People’s Association) and Mr Hiwi (former chairman of Hiwa Tuguba Hides Association) jointly said their equity will be managed by the Gas Resources Hides Ltd and not National Gas Corporation (NGC) as resolved by Tuguba clansmen in the media. “Our equity in the PNG LNG project will be held by Gas Resources Hides Ltd or a similar company established by MRDC in accordance with the Oil and Gas Act 1988 and in accordance with standard industry practice,” Mr Kurubugo said. The three men said NGC was led and patronized by the Tuguba clan and they can have their share managed that way if that was allowed by law.

Landowner funds start rolling out

Post-Courier 24.6.2010

By *JONATHAN TANNOS*

THE flow of massive financial benefits for landowners under the country’s first liquefied natural gas (LNG) project began pouring out yesterday. This started with the payment by the National Government of a first tranche totalling K60 million out of a promised K120 million in business development grants. The grants are separate from other payments yet to be honoured by the National Government, including project funds committed under the Memorandum of Agreement (MoA) funds for all impacted provinces worth several millions more. Prime Minister Sir Michael Somare paid the money to Southern Highlands Governor Anderson Aigiru, who received the money on behalf of landowners at a ceremony at his Parliament office. Others that witnessed the payment were the key players of the LNG project including State Enterprises Minister Arthur Somare, National Planning Minister Paul Tiensten, Commerce and Industry Minister Gabriel Kapris, departmental and State agency heads.

Suspended Finance and Treasury Minister Patrick Pruaitch was the only one absent. The grants, classified as business “seed capital”, will be paid into 17 trust accounts, according to Sir Michael where they will be kept until all leadership and registration issues are processed. The 17 trust accounts represent the current petroleum development licences (PDLs) and also the landowner umbrella companies in the project areas. According to the Prime Minister, these are areas without established landowner companies, which on final processing will be the only legitimate vehicle for distribution of seed capital. He said under the benefit sharing agreement (BSA) negotiations, all umbrella companies would invest 30 per cent of these funds in their respective operations.

Sir Michael said an additional 40 per cent of the funds would be distributed to clans and sub-clans with 30 per cent retained for internal purposes that would enable the umbrella companies to undertake their own capacity building and corporate governance. "Seed capital has been an issue of some contention but I am confident we can all now move forward with the urgent task of completing this massive nation building project," Sir Michael said. "The provision of seed capital represents a national government initiative to assist legitimate landowner companies to benefit from the LNG project and set up a structure for future business development activities."

Government won't back down on Environment Act

Post-Courier 24.6.2010

By JONATHAN TANNOS

THE Government is not going to repeal the amended Environment Act 2010 for the sake of "national interest." This was the message in Parliament yesterday during debate on a statement purporting to clarify the Government's intention made by Environment and Conservation Minister, Benny Allen. The Government's stance is that, if there are any legitimate grievances, redress should be sought through a Supreme Court interpretation of the new laws - not a repeal of the law in Parliament. The Government nevertheless allowed debate in order to clarify its position over the new changes, which Opposition MPs said was too late.

Among those that debated were Prime Minister Sir Michael Somare and former prime minister Sir Julius Chan, who accused the Government of making "sweet heart" deals with overseas investors. Sir Michael said he has been overly abused over the new law but defended his Cabinet, saying they had been briefed by knowledgeable legal advisers on its benefits for the country. He said there were no ignorant ministers in Cabinet. Sir Julius, however, tackled the Government over its gagging of debate until after passage of the new law using its numerical strength, saying it may be in the national but not in the people's interest. Sir Julius said the current Gulf of Mexico oil spill as a critical reminder of what could happen in PNG under such laws as the new one.

Ok Tedi: Tabubil Hospital ready for cholera

National 23.6.2010

By SHEILA LASIBORI

WESTERN'S Tabubil Hospital has a cholera response team ready but no outbreak or cases have been reported. This week, a doctor and a health extension officer will travel to Port Moresby to visit clinics and established bases for cholera treatment and observe how cholera cases are being handled and communities are dealt with. Hospital administrator Patricia Bayly revealed this last Friday. "There is no scare here but we have a cholera task team in place. So, we have preparedness," Bayly said. She said the hospital had expanded in the last three years with a new wing that could admit up to 26 patients from 12 formerly, two high dependency units for cardiac patients, four isolation wards, a laboratory, dental service, child health section, operating theatre, maternity ward and a general outpatient, plus health-related services. "We are a busy hospital because we get many patients from different areas and we are also open to anyone," Bayly said, adding the hospital served between 10,000 and 12,000 outpatients a month and delivered about 70 babies per month. She said Ok Tedi Mining Ltd (OTML) fully funded and supported the hospital in terms of logistics, equipment, transporting of referrals (OTML staff) overseas, among others, and the hospital staff were OTML staff with the exception being Bayly and a doctor who were contracted by OTML. The hospital manages five Aid posts and three outsourced clinics for OTML in Bige, Kiunga and at the mill site and is now building another one at the mine site.

Headlines have flared since the Government rammed through changes to environment laws with many claiming it's to protect the Ramu nickel project. Former politician and businessman Peter Barter argues the case for the Ramu mine going ahead . . .

Madang mine at risk!

Post-Courier Focus 23.6.2010

By *PETER BARTER*, former regional member of Madang

So many people are eager to provide views against the MCC Ramu Nico project in Madang, yet most of those arguing against the project have really not taken time to understand the difficulty in developing a project or read the many documents which began many years ago. Highland Pacific Limited (HPL) was the initial developer who had difficulty in finding a joint venture partner to make the project a reality. The Prime Minister in his wisdom invited the Chinese to become involved and ultimately an agreement was reached between the State and the Chinese Government who nominated MCC to become the major shareholder and manager of the project. Before MCC becoming involved, HPL spent many months if not years holding various meetings with landowners, business houses, the provincial government and the general community in awareness about all aspects of the proposed Ramu nico mine.

These meetings did not take place just in Madang or Waigani, the consultancy meetings took place in many villages along the Raikos, Upper Ramu, down the Ramu River and on Kar Kar. Meetings generally held in Madang were poorly attended. Noticeable was the absence of the Provincial Government and most churches and NGO's. Records show that in 1992 along Environmental Plan (EP) Patrols meetings took place at Mindre, Ganglau, Bibi, Marakum, Bongu, Ato, Naru, Usino station, Mundip, Kurumbukari, Wiavani, Daunagari, Enekwai, Usino Village, Ono, Ijure, Raikos High School and Dien. Later EP patrols visited Wara Laplap, Usaruk, Aiome Station, Sepu, Bogadjim, Yanglau, Kul, Mindre, Annaberg, Chungfribu, Kwanga, Tsumba, Brahaman, Walium, Mindre, Jangag, Ganglau, Kul, Saidor, Kulilau, Dien, Bobgu, Male, Bokadjim, Ato, Bibi Revisit, Tsumba, Wokam, Bagapela, Kaioma, Akurai, Gwaia, Aringen, Biwi, Abu, Bunapas, Nem Nem, Bulivar, Marangis. Many more villages were revisited two and three times in 1999 alone during which a total of 13,439 attended.

Where low attendances were experienced, the EP patrols returned and since 1999 many more patrols have taken place, not counting the various environmental meetings that have taken place in Madang and public forums. As a result of the awareness undertaken by HPL through independent consultants it is quite outrageous that NGO's are now saying the people were not aware of the project and the process use in extracting the nickel and cobalt. Ultimately the Environmental Plan (EP) was approved by the Madang Provincial Government and the Department of Conservation and Environment and at the time MCC agreed to become involved the EP was approved and it was on this basis that MCC accepted the challenge to develop the Ramu nickel. Let me put this another way, if the environmental plan had not been approved it is doubtful if MCC would have agreed to sign the State agreement.

Once the agreement was signed, little time was lost in developing the project which to date has cost more than K7 billion! Just months before production was to start, they have been issued with an interim court order to stop the Deep Sea Tailings (DST) and this delay is expected to cost Ramu Nico around K7 million a day, worse still, it could result in the entire project being scrapped with thousands of PNG people out of work and the potential of the resource along with the benefits being scrapped. PNG's image domestically and internationally is at stake as any future potential investors would be very cautious in funding similar projects in PNG. This is the scenario that need to be understood, now responding to the specific issues raised during the awareness patrols both in 1992 and more recently.

The EP presentation procedures began with a prayer, followed by introductory statements usually made by senior HPL officers. At each meeting, the entire EP document covering all main components of the project and their respective environmental impact implications were address in the EP document. This included the actual mine at Kurumbukari, the pipeline, processing plant, the Deep Sea Tailings and the Ramu River downstream from the mine. At no time were meetings closed until everyone present had the opportunity to ask questions and receive responses from the EP officers. The explanation covered the processing plant, its capacity, raw materials to be used, support infrastructure including power plant and the products at the end of the processing line including waste streams and how these will be managed and disposed of together with the monitoring requirements. It was explained that the plant will emit low levels of air pollutants and that the OEC will require the plant to meet air quality standards outside the refinery boundary.

It covered sewerage treatment and disposal and compliance issues to maintain environment quality. The questions asked varied from place to place but the main fears people had were about the air emissions over Basamuk causing acid rain that will damage plants, animals and even effect human health. EP officers explained that power produced with meet acceptable standards and be constantly monitored. The power plant at Kurumbukari would be hydro power and would therefore have no environmental impact, further more, the power could ultimately link up with the national PNG Power grid (hydro station at Kurumbukari). To understand that DST issue, it must firstly be understood that the mine simply extracts the mined ore which is mixed with cold water and is carried as slurry down the pipe line to Basamuk. Absolutely no processing takes place at Kurumbukari and it is therefore quite incorrect for NGO's to suggest the environment or Ramu River could become polluted beneath the mine site, or further downstream along the Ramu River.

Ramu River Sedimentation

In 1992/3 a series of earthquakes shook the Finnisterre Mountains for a period of almost three months. I was personally present during this period evacuating many people from villages in the mountains and caring for them at a Care Centre we built at Gusap. The mountains are extremely steep and hundreds of landslides took place, I recall seeing churches, villages sliding down the sides of mountains causing dams to form and when heavy rain followed the water in the dams caused the dams to burst, flash floods roared down the Gusap and other rivers loaded with logs and debris along with a mountain of water which wiped out everything in their way including the Gusap and other bridges. Since then, every wet season, further landslides have occurred and the sediment washed into the Ramu River causing it to silt up.

An example is the Walium/Brahman Road where almost every year the river changes course and bridges are wiped out isolating Brahman and Bundi. The original course of the river has changed and this silting up will continue for as long as the sediment continues to be washed down from the Finnisterre mountains. Sadly, many people along the Ramu River are blaming the Ramu Nico and Marengo mines, even before they have commenced production. This is a natural phenomenon that has been going on for thousands of years and it will continue after the mines begin production and this process was explained to the people along the Ramu River. Ultimately the floor of the Ramu and Markham valleys will continue to rise while the mountains become eroded. Baseline studies have already been put in place to monitor any environmental damage and be strictly monitored by the Government according to the EP.

Pipeline

There is fear about the actual pipeline breaking and according to engineering assessments this is highly unlikely, but even if there was a leak, the slurry is only sediment and cold water – there is absolutely no processing of the ore at Kurumbukari subsequently no chemicals or toxicity that could

cause environmental damage. In the event of a breach. The pipeline would be shut down and repaired.

Deep Sea Tailings

The main reason for designing the DST was to ensure that the tailings is disposed at a location where they are confident it will remain at depth and safe for everyone, both in the short and long term, without endangering the highly productive coastal marine environment that is utilised for subsistence. The entire DST system was planned and developed on the experiences gained from similar DST at Lihir, Misima and other parts of the world. The tailings will be chemically different for other mines in PNG in as much as poisonous chemicals such as cyanide will not be used by Ramu Nico and will not be present in the tailings. In regard to alternative on land tailing dam. This would require a vast landmass and landowners from Raikos have a stated they do not want anymore land alienated.

Report by PETER BARTER, former regional member of Madang on NGOs versus Ramu nickel.

Uncertainty exists ...

Continued from yesterday

Post-Courier Focus 24.6.2010

There is also risks in tailing dams build on unstable ground subjected to frequent earthquakes which could breach and cause destruction downstream. Before the tailings are discharged into the DST system, they will be neutralised residually acidity and precipitate metals out of a solution inside the processing plant. The tailings would then exit the processing plant via a pipeline to a mix tank near the shoreline when it would be then discharged at a depth of 150m below the surface. Anyone that knows PNG and in particular the Raikos realise that the mountains from the coast rise up to 12,000 feet. More than 600 inches of rain fall and due to the proximity to the coast, the rivers and creeks rage along the valleys carrying sediment, rocks and anything else in their way and discharge into the sea and frequently this brown discharge can be seen miles out to sea. It would be difficulty to qualify the amount of sediment being discharged along the river system, but it is fair to say that the discharge of the tailings is infinitesimal compared to the volume that comes down from the mountains.

If the tailings was toxic or contained cyanide there would be some reason for concern, but given that it is no worse than natural sediment coming down from the mountain it is absurd to suggest that the environment from tailings could be destructive, specially when you consider the tailings are discharged at a depth of 150m and the Vitiaz Basin has canyons of 500m – 1500m which already has the natural discharge from rivers far greater than the volume of tailings. Some of the reports prepared by the Lutheran Church and others geographically state the discharge is in 'Astrolabe Bay' others refer to Basamuk Bay. This is of course incorrect, the discharge is into the Vitiaz Basin. There is no doubt that the main concern expressed by the people during the EP Patrols by leaders related to the treatment and disposal of the tailings. Despite assurances from the people who supported the project continual reference was made of the tailings and irresponsibly promoted using scare tactics where it was said 'all your fish will be poisoned'.

I am not a scientist, like NGO's we are guided by scientists, it is extremely important that information being disseminated to the people is accurate and balanced keeping in mind it is in the national interest to determine a way forward over the deadlock that has occurred due to the interim court order which has not taken all the facts into consideration nor the national interest. Despite the assurances by the people for the project, uncertainties still exist as to whether their marine environment will be safe. This places the onus on the developers including the Government to ensure it works in

the manner described in the EP, more importantly that it will be monitor the behaviour, movement and ultimate deposition of the tailings at depth. This can only be only achieved through strict environmental management in the construction and operation of the processing plant and maintaining a stringent monitoring programs on the compliance conditions set by the Government.

If the project is stopped what will become of the entire project, what will happen in regard to future investment not only from the Chinese but anyone else wanting to invest in Papua New Guinea. Equally important what will become of the thousands of PNG'eans employed by the project who could easily lose their jobs, the local land owning groups all or whom have supported the projects and the companies established by Ramu Nico. It was not long ago that the Raikos was a forgotten part of PNG, roads, bridges collapsed and sea conditions did not permit easy access to Madang. Education and health services had deteriorated beyond an acceptable level and for several years have lacked political representation. The Ramu Nico project has changed the future, roads and bridges have been agreed, infrastructure including schools are beginning to be restored and the people are engaged in growing vegetables and other activities that have already made a difference to the economy. I recently said the Chinese were being victims of abuse over this development and I repeat again. The senior MCC executives that I have met have endeavoured to adopt a responsible approach, initially there were some problems but in time, most of the problems have been resolved, I am confident they are good corporate citizens that have largely met the terms of the agreement and more.

As an example, this week I believe they made a visit to Raikos High School which is in a very bad state of repair – they met the headmaster and I am sure the school will benefit, this is just one of many examples where MCC have gone out of their way to help the community. Language has been a problem but now their public relation and community relation division has begun more awareness and it is obvious that the landowners and most of the population are clearly in favour of the project. The PNG Government to a large extent has failed to support MCC in many ways. Given the cultural and communication problems this support was vital as I said at the beginning, when MCC accepted the invitation to develop the project, they were provided with an approved environment plan and it really up to the National Government to ensure that adequate monitoring is in place to ensure there is little of no damage to the ecological system of the Raikos. No one wants to be a party to the destruction of reefs and sea-life, with these in mind, it is time to sit down and talk face to face without the accusations and misleading information that could destroy a project and future investment in PNG.

It is time for PNG citizens to talk without outside help from overseas 'experts' who in most cases have much to protect themselves in their own countries. In a letter dated Mar 19, 2000 the then governor of Madang, Jim Kas, Sande Suang, chairman of Basamuk LOA, Clant Alok, provincial administrator and David Tigavu, chair of the Kurumbukari LOA, Pengau Mengo, Deputy governor and president Raikos council, Michael Yaras, President, Usino LLG and Wesley Sanarap, president, Madang Provincial NGO Forum stated that "we the stakeholders and concerned parties in the Ramu Nickel-Cobalt project approve and are in absolute support of the Environmental Plan." The concluding paragraphs stated "we the undersigned, once again, thank you for spending your time in Madang, while allowing us to review the Environment Plan and we hope to continue this working relationship with you and the Government of Sir Mekere Morauta" Clearly the provincial and national Government at the time gave approval after exhaustive consultation with the people. Subsequent reports readily available indicate that adequate awareness was made and from that I can see will continue.

*Letter to the editor***PNG must learn from BP oil spill in the US**

National 23.6.2010

PAPUA New Guinea must learn from the current oil spill disaster in the Gulf of Mexico in the United States. The spillage happened when an explosion occurred at one of BP's oil rigs resulting in massive pollution of the sea off Louisiana and Alabama. The pollution is spreading toward the Florida coastline. The PNG government need to make "common sense laws" that protects all stakeholders, especially the landowners who depend on the area to be mined for their livelihood. The PM is obviously taking sides with the miners, hence the passage of the amended Environmental Act. In the case of BP's oil spill in the US, BP is now paying a high price for the environmental damage. The damages include families who have lost their fishing business, resorts and laid-off workers of other oil companies who have suffered because of current moratorium against new offshore drilling in the area imposed by the US government. BP also has to pay for the clean-up of the oil pollution in the Gulf of Mexico.

Mel Kelepi, Port Moresby

*Letter to the editor***Not so bright as it seems, Tolukuma**

Post-Courier 23.6.2010

ON June 22's publication in the Post-Courier business section, report say that Tolukuma recorded a profit of 33 per cent. This obviously is a lot of money and puts Petromin Holdings on its way to bigger and better things ahead in terms of its finances. I would like to take this opportunity to congratulate the management of Petromin and Tolukuma on a job well done in such a short period of time since the acquisition. However, while all the hype goes on surrounding your success, may I bring your attention back to the main contributing factors in your success in as far as Tolukuma productions is concerned. I am referring to the work force, the local Goilala work force, especially the underground miners, who are the main driving force behind your colourful short history. The local work force sleep in canvas housed accommodation which they built themselves using bush materials, without electricity, one main proper water supplying tap and the food from the mess is called lunch-pack, which is equivalent to a K7.00 takeaway pack from a Chinese restaurant in Port Moresby. Breakfast and Dinner is an issue TGM management does not want to discuss.

Hired employees are housed in the main camp, which has access to hot water, proper accommodation, proper food, proper security, and roughly live a luxurious life out in the middle of wilderness. The poor locals, the Goilalas who work their butts off to produce you 33 per cent of profit are living in conditions not far off from the animals back at their village huts. Tolukuma Gold Mines Ltd came into operations in 1995. It's now 2010, exactly 15 years of operation in Goilala District and if one thing is for sure, its the non-existent spin off developments, no roads, no school developments, no aid post developments funded and developed by TGM. According to the media, NEC has approved K10 million for a road link which will connect TGM with Port Moresby. This is good news, however is this road aimed at extending into connecting Woitape, Chirime, Ononge, Kosipe, Sopus, Kerau, Kamurau, Guari, Erume and Tapini?

As is the style in other mining areas, you will only come in to harvest our gold and leave as soon as the gold deposits are exhausted. Because if you were concerned for the people, you would start by initiating some tangible and sustainable developments for the people of Goilala. It is a known that Saki and Olom are targeted to come online as soon as the highways connects TGM to Port Moresby, Petromin and TGM, do not forget the local work force as they are the main people who are

delivering you result you are now celebrating while they are silently suffering. So long as these basic needs of the local man power are taken care of, sure enough you will continue to celebrate profits year in, year out. Otherwise, be informed that PNG is a land of the unexpected, hence expect the unexpected.

Underground miner, Tolukuma

Ok Tedi to extend mine life

Post-Courier 23.6.2010

By *HARLYNE JOKU*

OTML (Ok Tedi Mining Limited) is pursuing an extension of the giant copper gold open cut mine life to 2020. OTML's managing director Alan Breen confirmed this at a media briefing last Friday at Tabubil organised by Mineral Resources Authority (MRA). OTML is a one-mine operation located in the Star Mountains of the Western Province. It was scheduled to close in 2013. OTML plans to further mine two underground gold and copper deposits called Gold Coast and Paris; and the Berlin open cut on the West of the giant Ok Tedi mine pit. Mr Breen said the mine life extension (MLE) is planned for another seven years up to 2020.

He said the mining company had had a strong financial and operating performance during the 2009 Financial Crisis which has continued on to this year. The daily production at Ok Tedi mine is about 450 tons of copper concentrate and 1500 ounces of gold. Mr Breen said the MLE decision is subject to the outcomes of a feasibility study and OTML shareholder approval. Major OTML shareholders include the State, 30 per cent, PNG Sustainable Development Program Limited (PNGSDPL) 52 per cent and Inmet 18 per cent.

Government told to repeal changes

Post-Courier 23.6.2010

By *Simon Eroro*

THE OPPOSITION yesterday called on the Government to withdraw the amendments to the Environment and Conservation Act 2000. Yesterday in Parliament, Bulolo MP Sam Basil told the Government to withdraw the amended Act and reintroduce it to Parliament for withdrawal.

Mr Basil's electorate is home of the Hidden Valley and Wafi gold mines. There are allegations surfacing of environmental destruction caused by the mines. In response, the Government defended the amendments to the Act in Parliament. Minister for Environment and Conservation Benny Allen told Parliament that the amendments were done to save the existing permits for projects like Porgera gold, Simberi gold and Ramu nickel mines. "The processes in which a permit is issued to developers and like all other government departments...the Department of Forestry, any submission must reach the Environment Council which is made up of experts in the field, advise whether or not a permit should be issued," Mr Allen said.

He said the changes would not affect the LNG project or any future projects. But he did not explain the true content of the amended Environment Act section 87(D), sub-section (4) where it states that the director's decision is final and may not be challenged or reviewed in any court or tribunal, except at the instigation of an aggrieved holder of a authorisation instrument. He said all government stakeholders including the landowners were consulted in the process. Mr Allen also blamed the media for blowing the issue out of proportion. He repeatedly said: "Those people sitting up there...media blew it out of proportion, although we met with the press and outlined the Government's reasons as to why the Environment Act was amended." He said the media must be blamed for the misreporting that had raised a lot of controversies on the amended Act.

FIJI GOLD MINE TRACKING TOWARDS RECORD YEAR

Company cites steady increase in production

SUVA, Fiji (Fijilive, June 23, 2010) – Fiji's Vatukoula gold mine is on track to achieving a planned annual production level of 100,000 ounces of gold during 2011, the London Stock Exchange-listed Vatukoula Gold Mines Plc (VGM) has announced. VGM made the comment while announcing preliminary operational results for the gold mine for the third quarter ended May 31, 2010. The company said that it is very encouraged with the steady increase in underground ore mined and in total gold production. It said it was very confident about achieving the 100,000 ounces result next year. At the recent Accountants Congress, Reserve Bank of Fiji governor Sada Reddy said Fiji's gold production needed to be raised from "the current levels of around 35,000 ounces to our potential of 150,000 ounces per annum", as part of the drive to increase the country's exports.

Among the mine's operational highlights, gold recovered increased to 38,402 ozs for the nine months (2009: 26,313 ozs) and 13,306 ozs for the third quarter (Q2: 12,869 ozs). Gold sales of 35,391 ozs were recorded for the nine months (2009: 26,629 ozs) and 11,299 ozs for the third quarter (Q2: 15,267 oz). Third quarter underground production increased to 71,534 tonnes, (Q2: 62,606 tonnes). Mine net earnings for the nine months increased to GBP 7.3 million (FJD\$21.4 million) compared to a loss of GBP 1.2 million (FJD\$3.52 million) for the same period in 2009 (unaudited). Cash costs per ounce of gold recovered was US\$679/oz for the nine months and US\$751/oz for the third quarter, compared to US\$927/oz for the first nine months ended 31 May 2009 and US\$684/oz in the second quarter (unaudited). Fijilive: <http://www.fijilive.com>

Geplante Abgabe:

Streit um australische Rohstoffsteuer

Handelsblatt, 22.6.2010, von Urs Wälterlin

Der Konflikt spitzt sich zu: Die australische Regierung beharrt auf einer Gewinnsteuer auf Rohstoffe, die Bergbauindustrie versucht die geplante Abgabe mit allen Mitteln zu verhindern. Nach Berechnungen von Bloomberg-News lähmt die Steuer die Übernahmeaktivitäten im Minensektor Australiens.

CANBERRA. Der Konflikt zwischen der Bergbauindustrie und der australischen Regierung um die Einführung einer Gewinnsteuer auf Rohstoffe spitzt sich weiter zu. Politik und Unternehmen werfen sich gegenseitig Panikmache vor. Craig Emerson, ein führendes Mitglied der Regierung von Premierminister Kevin Rudd, nahm sich zuletzt Xstrata vor. Der britisch-schweizerische Rohstoffgigant verunsichere die Bevölkerung, indem er mit Minenschließungen drohe, sollte die geplante Steuer kommen. Das Unternehmen hatte bereits die Expansion einer Kupfermine in Ostaustralien aufs Eis gelegt. Doch hat Xstrata laut Emerson am selben Tag mit einem Minendienstleister einen neuen Millionenvertrag für die Anlage abgeschlossen. "Das ist ein Beweis dafür, dass Xstrata eine Kampagne der Fehlinformation führt, die zum Ziel hat, die von der Mine abhängigen Menschen zu verängstigen", so Emerson.

Der Vorwurf ist nur eine von vielen Attacken zwischen der Bergbauindustrie und Canberra. Xstrata ist eines von gut 20 Rohstoffunternehmen, die von der Regierung fordern, Inhalt und Ausführung der geplanten Gewinnsteuer mit der Industrie neu zu verhandeln. Die Rudd-Regierung hatte ab 2012 eine 40-prozentige Steuer auf Gewinne von Bergbaufirmen angekündigt. Die Regierung erhofft sich von der Steuer innerhalb der ersten zwei Jahre zusätzliche Einnahmen von über zehn Milliarden australische Dollar (rund sieben Milliarden Euro). Seit Bekanntgabe der Steuerpläne im Mai stoßen diese auf Widerstand der Rohstoffindustrie. Die australische Bevölkerung wird beispielsweise täglich mit Anzeigen bombardiert, dass die Steuer das wirtschaftliche Fundament der Nation gefährde. Dutzende von Unternehmen haben in den letzten Wochen zudem gemeldet, sie hätten Pläne

für die Expansionen von Projekten aufs Eis gelegt. Xstrata ist führend in der Opposition; die Steuer habe "deutliche Unsicherheit für die Zukunft von Investitionen im Bergbau" geschaffen. Ähnliche Worte kommen vom Bergbaugiganten Rio Tinto. Dessen Chef Tom Albanese warnt, Australien könne seine Position als attraktiver Standort für Investitionen verlieren.

Nach Berechnungen von Bloomberg-News lähmt die Steuer auch die Übernahmeaktivitäten im Minensektor Australiens. Das Land gehört zu den größten Exporteuren von Eisenerz und Kohle. Im zweiten Quartal habe sich die Zahl der Transaktionen auf 47 im Wert von 914 Millionen Dollar verringert. In der Vorjahreszeit gab es noch 89 Deals im Wert von 9,11 Milliarden Dollar. Canberra zeigt sich gegenüber den Attacken bisher bemerkenswert robust. Zwar büßt die Regierung als Folge der Kampagnen im Volk inzwischen an Unterstützung ein, doch beharrt Premierminister Rudd auf seiner Position, Australien habe in den Jahren des Rohstoffbooms zu wenig von den Rekordgewinnen der Firmen profitiert. Rudd rechnet damit, dass die Verhandlungen noch "Wochen und Monate" dauern können. Gleichwohl zeigt sich die Regierung in Canberra hinter den Kulissen wohl kompromissbereit. Laut Medienberichten besteht die Möglichkeit, dass die neue Steuer erst bei einem Gewinn von zehn Prozent - statt der bisher vorgesehenen sechs Prozent - fällig wird.

Ok Tedi study almost done

National 22.6.2010

By SHEILA LASIBORI



THE feasibility study on extending Ok Tedi mine (above) in Western, beyond 2013 is nearing completion with much of the technical requirements completed. According to the general manager for business development for Ok Tedi Mining Ltd (OTML) Ian Sheppard, the mine was a huge asset for the country not as just a mine but a business. "The problem we have is that under the current mine plan in place, the operation closes in 2013-14 ... unless you do something differently, then you will lose this tremendous asset called Ok Tedi mining and the asset is people, systems, the remaining equipment, and about essentially the corporate knowledge on how to do mining business. "If in 2014 Ok Tedi mine closes, then Ok Tedi as the business separate from the group of employees that we have and the system that supports, them disappears ... that is a tremendous loss for PNG."

OTML managing director Alan Breen added the extension proposal would depend on the board's approval and much of it would depend on how OTML will handle its wastes if granted approval to extend mine life. Sheppard said in terms of mining concepts, they were concerned about the envi-

ronment impact and impact on community, among others. “We have to do it commercially because we are a mining business, not a social benefit society ... we need to do this commercially,” he said of the mine as a business. “So the objective of business development is what can we do now until 2014, or extend the life of that business. “Part of that is trying to extend the life of the current operation,” Sheppard said. The strategy is firstly, OTML must look after its home base, which includes current operations, Mt Fubilan open pit and the remaining mineral resource surrounding the pit ... options to make it last longer at least by seven to eight years.

Australia: China sign billion dollar mine deal

Post-Courier 22.6.2010

CHINESE companies will build mines, railways and port facilities in Australia under a series of billion-dollar resources deals signed in Canberra. Chinese Vice-President Xi Jinping inked the deals in meetings with Prime Minister Kevin Rudd. China is Australia’s largest trading partner, and its thirst for iron ore and natural gas helped keep Australia out of the global recession. Mr Rudd said the 10 deals focused on resources and energy. “This demonstrates the dynamic relations between the two countries in this sector, and the strong complementarity of the two economies,” he said. Under one deal, Chinese companies will help fund a \$US8 billion (\$A9.1 billion) coal mine, railway and coal-loading terminal near Bowen in Queensland.

Mr Rudd said that deal would yield \$A4 billion in exports each year for 25 years. Another deal commits Chinese experts and engineers to work on the expansion of Fortescue’s iron ore projects in the Pilbara region of Western Australia, which Mr Rudd says will be worth \$A5 billion a year in exports. Fortescue boss Andrew “Twiggy” Forrest is a vocal opponent of the Government’s proposed new mining tax. China Development Bank will provide \$US1.2 billion for a joint venture to build a new port and rail facilities at Oakajee in Western Australia, and invest in Aquila’s coal and iron ore projects in the Pilbara.

‘GHOST’ LANDOWNERS LAY CLAIMS IN PNG GAS BONANZA

Some complain of unreasonable documentation requirements

By Mohammad Bashir

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 22, 2010) - Despite a strict 10-point screening criteria set by the Department of Trade and Industry (DTI), several landowner (lanco) companies earmarked to be paid millions of kina as Business Developments Grants (BDG) in the PNG LNG project were actually “ghost” names. Since the transfer by the Government of the grants from the Department of Petroleum and Energy (DPE) to Trade and Industry in March, several millions of the K120 million approved by the Government have already been paid. The DTI is now in the process of paying another K63.676 million to landowner companies, according to a summarised list obtained by the Post-Courier. A company search with the Investment Promotions Authority (IPA) yesterday, however indicated that some of the companies and groups on the list of 23 were not registered.

The biggest slice will go to duly registered companies Hides Gas Resources Ltd (K20 million), Angore Corporation (K7 million) for Hides and again another K3.98 million for Moran. Nevertheless, some of the companies approved and included on the list to be paid millions but are not registered as a company or group with IPA, including South East Manada Lanco (K2.5 million), Foe Lanco (K1 million), Mubi Valley Lanco Ltd (K1 million), Kasua Lanco (K1m) and Moran Lanco (K1 million). The rest of the recommended duly registered lanco companies to be paid include; Yasuku Oil and Gas Ltd (K875,000), Kutubu Security Services Ltd (K875,000), Kawaso Ltd (K875,000), Maka Investments Corp. Ltd (K875,000), Bayson Investment Ltd (K1million), Kobs Engineering Ltd

(K1.64m), Kiki Resources Ltd (K4.1m), Civpac Ltd (K2.45m), Papa Resources Development Ltd (K3.494m), Boera Holdings Ltd, (K3.494m), Porebada Holdings (K3.494m), Bure Rea Rea Caution Bay Ltd (K3.494m), Morn Dev Corp Ltd (TBA) and Moran Huli Umbrella Company (TBA). Maka Investments Ltd will get an additional K620,000 under Moran PDL5 besides what it will get from Kutubu PDL2.

One of the 10 guidelines set by DTI after transfer of the BDG was for landcos to be fully registered with IPA and to also have a registered office. The guidelines also required that failure to meet one or any of the guidelines will render an applicant for BDG void. At a meeting on March 28, prominent landowner leader Jacob Sekewa said the 10 criteria set by the Government was making it very difficult for landowner companies to access the funds under the BDG. Under criteria 5, landowner companies must attach evidence of landownership by providing a copy of social mapping by DPE, reports of genealogy studies and a letter from ExxonMobil. Several landowners said social mapping, ILGs, genealogy studies and landowner identification studies were never done. "How do they expect copies of those reports when they have never been done?" Mr Sekewa questioned. Other criteria included requirements for tax registration and GST file number from IRC, trading account number and valid postal address and contact numbers. The DTI was mandated in the famous Wabag cabinet meeting, well before the UBSA and LBBSA to manage and administer the disbursement of BDG impartially, transparently and in an accountable manner.

Bougainville Copper Limited shares rise on mine rumours By ERIC TAPAKAU

Post-Courier 22.6.2010

SPECULATION about reopening the Panguna copper/gold mine has resulted in shares of Bougainville Copper Limited hitting an all-time high of 80 cents (K2.02) on the Australian Stock Exchange. This is the highest share price level reached since the mine closed 20 years ago. The Australian Stock Exchange moved quickly to question Bougainville Copper Limited as to why there was a sudden surge in share prices and BCL said it was not aware of anything concerning the company which would explain why there had been a rise in the price. New Bougainville Autonomous Government (BAG) President John Momis said in Port Moresby that he would like to see the mine reopened but that would be done in close consultation with the landowners and the BAG. Panguna landowners have also opened up for any discussions on the future of the mine which was once ranked among the top 10 mines in the world.

Awareness programs are being carried out in special mining lease areas to elect the executives of Panguna Landowners' Association, a body that would take up any matter with the ABG and the PNG Government on behalf of the Panguna landowners. The Australian Stock Exchange sent a "please explain" letter to Bougainville Copper Limited after the company's shares suddenly rose from 65.5 cents at close of trading on Friday week to a high of 85 cents last Thursday. BCL was then asked to announce anything that might have caused a sudden rise in its share prices. "Is the company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the company?" the ASX asked in its letter to BCL. BCL replied no and said, "the company is not aware of any reason for the price change. The company refers to its recent announcements made on May 14 (tax update) and on April 29 (chairman's address to the annual general meeting)".

Bougainville: Reopening of mine possible: Momis

National 21.6.2010

By BOSORINA ROBBY

THE reopening of the Panguna mine in the Autonomous Region of Bougainville is a good possibility under the new regime, newly-elected president John Momis said last Friday. "I want the mine to reopen. However, this issue will depend mostly on the outcome of consultation and consensual meetings between the landowners and the administration," he said in his first official trip. Momis said the landowners would be consulted and their consent sought as this was the Melanesian way of decision-making. "Realistically, this reopening will help generate money for the people to participate in the economy," he added. Quoting from his inaugural speech, Momis said one of the plans was for the people to pay tax to enable the new government to develop their region and to work towards achieving full autonomy and fiscal self-reliance under the peace agreement.

"Although my plan is to eventually reopen the mine, the final say rests with the landowners," he said, adding that the only way his people would know and understand the new changes was for more awareness to be made regarding his principal tasks outlined in his inaugural speech. He said with the massive awareness conducted, the people would be able to understand and participate in what the government was doing and be empowered. Momis said the need for weapons disposal, full achievement of autonomy, democracy and good governance could only be achieved through information and awareness, as many lacked proper schooling.

He also said the new government would be looking at investments, seeking credible partnerships involving credible investments and credible resource owners. "The credible donors are also welcome to Bougainville but all will have to work together to discourage stand alone organisations. This will enable the region to develop a sufficient capacity to become subsidiary economic activities such as mining, etc. "Otherwise spin-offs will flow out of people's pockets," he said. Momis had arrived in Port Moresby for a weekend of official activities as the newly-elected president.

Editorial

BOUGAINVILLE's new ray of hope

National 21.6.2010

BOUGAINVILLE President John Momis' desire to reopen the Panguna copper mine sends us back two decades to 1987 when he wore a different hat. He was the regional member for Bougainville and campaigning for re-election to the PNG Parliament. Frustrated that the Bougainville copper agreement had not been reviewed after the second deadline for the review had fallen through, Momis took his anger out, not on the government but it seemed at the time, on BCL. His supporters – mostly women of Panguna – demonstrated at what was then called the Pink Palace, which contained the offices of the Bougainville Copper Ltd. He called the mine the "BCL pig" and threatened to kill it (close it down) and get a new deal for it. Fortuitously, or perhaps driven by such sentiments, Panguna landowners, under the leadership of the late Francis Ona, in December of that year broke into the BCL armoury and took off with a large amount of explosives which they used to start falling power pylons.

The resulting unrest led to the closure of the mine and the 15-year unrest on Bougainville. Momis, returned as president in the Autonomous Bougainville Government, has now come full circle. Perhaps, the time for his "new deal" has arrived. There was an anxious moment when Momis was announced president that, perhaps, he might have retained the angry sentiments of 1987 but, with his reassurance that he wants the mine to re-open, it seems the way is clear. That, he insists on a reopening of the mine being conditional upon landowners' agreement, is also a step in the right direction. He will find his landowners concur with him fully and will find them most willing on this

course of action. To re-open the Panguna copper mine, he will have to consult the “BCL pig” which holds the lease title over the mine.

Last Friday, Momis said a reopening of the mine was a good possibility but that such an event would depend entirely on what the landowners want. He is ready and willing to consult with chairman of BCL, Peter Taylor, once this issue moves from possibility to prospect. Momis will find a ready and willing landowner group. Under former president James Tanis, very impressive progress has been made in preparing the landowners to come to the negotiation table as a unified body speaking with one voice. The landowners have initiated a number of important reconciliation ceremonies among themselves to iron out outstanding issues from the crisis days. Reconciliations have been conducted between the old and new landowners at Panguna, as well as a reconciliation at Guava village over the murder of a principal landowner Mathew Kove, murdered at the height of the crisis.

Reconciliation ceremonies have been completed at Pinei valley over outstanding issues to do with the road, mine and tailings leases trust. Most of the lower tailings area villages have been covered in reconciliations ceremonies. All that remains are the villages from Kupe valley and the upper tailings villages. Following all these tailings, the Panguna Landowners Association supports the re-opening of the mine as well. Already in March, the landowners and ABG agreed to have a joint supervisory body meeting in Port Moresby for consultation between landowners and the ABG on issues surrounding the reopening of the mine. The landowners’ position, from what we gather, is very firm on the long neglected review of the Bougainville copper agreement and call for a new deal to emerge from this review.

They are adamant that outstanding compensation for the year 1990 be paid to the landowners along with interest. It is understood an amount of K1.46 million is owing and is believed to be held in trust with BCL for the purpose. The landowners are claiming the money with cumulative interest charged at normal treasury bill rates for the years to 2010. It seems all that remains is the review of the agreement. That too should not be too hard as we expect all have been tempered by the events of the past 15 years. As the president said, “this reopening will help generate money for the people to participate in the economy”.

Miners accuse Australian government of bullying

Post-Courier 21.6.2010

CANBERRA: Relations between the federal government and the mining sector appear to have reached a new low with both sides accusing each other of bullying tactics in the row over a super-profits tax. On a day of claim and counter-claim, the treasurer Wayne Swan accused some big miners of using “strong-arm” tactics to silence others from voicing support for the resources super-profits tax (RSPT). “Some companies are not behaving in an honourable way,” Mr Swan told Network Ten on Sunday. “They are saying to companies you should not comment in a favourable way about what the government is proposing.” The industry countered by demanding Mr Swan “name names” so that his allegations could be tested properly.

The treasurer said consultation with the industry was being stunted by a campaign of misinformation and bullying on the part of elements of the resources sector. “Unfortunately, behind the scenes a small number of companies are using strong-arm tactics to silence other companies ... from commenting favourably.” When pressed to name the offending companies, Mr Swan refused, citing confidentiality. “But it’s only a few companies,” he said. The Minerals Council of Australia described the treasurer’s claims as “unspecified and unsubstantiated”. “I’m not aware ... of any kind of strong-arm tactics going on within the industry and I’m not aware of any strong-arm tactics outside of the industry,” CEO Mitch Hooke told reporters in Canberra.

Ok Tedi Mine announces waste plans

Post-Courier 21.6.2010

By HARLYNE JOKU

Ok Tedi Mining Limited (OTML) has announced plans to construct a huge waste dump in the valley of Harvey Creek, west of the giant Mt Fubilan's open cut gold and copper mine pit in the Western Province. The announcement was made last Friday by OTML managing director Alan Breen to a media crew who were on a two-day visitation program to the mine site organised by the Mineral Resources Authority (MRA). Mr Breen said unlike the past developer, OTML's new management believed that responsible waste treatment and sound environment practice was a pre-requisite for the company before it seriously considered an extension of its current mining permit. Mr Breen also confirmed that OTML had discovered further remaining gold and copper deposits in Mt Fubilan and surrounding areas and will ask for approval from the Government to mine for another seven to 10 years although its closure was planned for 2013.

In May OTML signed a joint venture agreement with Frontier Gold Resources Limited in Port Moresby for exploration Licences near the mine site and in Central and East New Britain. OTML general manager Ian Sheppard also supported Mr Breen, saying that feasibility studies were underway and the waste dump if approved by the OTML board would be constructed in the next few years. The waste dump will use limestone to neutralise acids from stockpiles of rocks blasted to get to the gold and copper. He said the Harvey Creek Cave Spring will be diverted to the underground tunnel and its base used as the foundation of the dump. OTML, one of PNG's first and largest open cut mines was incorporated in 1981 and started production in 1984. Its full development took eight years and cost \$US 1.4 billion. OTML initially produced only gold with copper production beginning in 1987 contributing almost 30 per cent GDP to PNG's economy.

But the direct dumping of mine waste into the Ok Tedi River system resulted in adverse environmental impacts downstream where after 10 to 15 years of the mine's operations, trees, vegetation and marine life were dying. The mining company responsible, BHP Billiton, was sued by landowners for environmental damage and left the mine. The new shareholders of OTML are the State of PNG (30 per cent), PNG Sustainable Development Program (PNGSDPL) — 52 per cent and Inmet Mining Corporation — 18 per cent. Mr Breen said the dump will be stable enough to stockpile hard rocks and mine waste into the Harvey creek valley west of the mine pit, while the rest of the tailings that contain mine slurry of pyrite (sulphur) would be piped down to the mine waste treatment plant 100 kilometres down stream of the Ok Tedi River.

Mr Ian Sheppard supported Mr Breen, saying that the foundations of a tailings dam initially constructed to contain the fine sulphur rich waste stream from the mill were destroyed by a landslide in 1984 resulting in a decision by the then mining company BHP Billiton and the PNG government agreeing to dispose of the mine tailings directly into the river system. The proposed dump is part of OTML's new waste management program embarked on by the new OTML board costing about \$US200 million. The other mine waste tailings project to mitigate sulphur and copper impacts is currently being carried out at a mine waste tailings plant at Bige 90 kilometres downstream from the mine site.

Ok Tedi Landowners: Mine closure a dilemma

National 21.6.2010

By SHEILA LASIBORI

THE Mt Fubilan Resource Owners Association is now faced with the challenge of making sure its businesses continue operating even after the Ok Tedi Mine closes in 2013. Already, the 12 village-member association has started investing outside Western. However, executive officer Toby Yakumani said they still need to do more especially in moving those businesses operating in Western,

particularly those contracted to Ok Tedi Mining Ltd (OTML) in Tabubil, to venture out. “One of our major challenges is to keep our businesses going now and after the mine,” Yakumani said. MFROA’s business arm Star Mountain Investments Holding (SMIH) Ltd owns several businesses, the main investments being in real estate where it now owns two hotels in Brisbane and Sydney, respectively. MFROA gets its investment funds from OTML through the 19.5% royalty and 2.5% equity. The 2.5% is from the national government’s 30% stake in OTML comprising 15% direct equity, 10% on behalf of the people of Western, 2.5% on behalf of Fly River provincial government, then the MFROA’s 2.5% equity.

Yakumani said from the 19.5% royalty payment to impacted villages, 20% was set aside as investment funds. And only this year, the management of the 19.5% royalty has been moved to MFROA by OTML which had managed it since 2004 when the memorandum of agreement (MoA) was signed between the impacted landowners and the company. Yakumani said at present, SMIH was worth about K80 million and they aim to reach K100 million by 2013, while in the 2.5% equity, they had about K160 million and hope to reach between K200 million and K300 million. Last year, MFROA received K2.8 million royalty, of which 5% was paid to impacted landowners.

FORESTRY GROUP JOINS PROTEST OF PNG AMENDMENT

Calls for repeal of recent easing of environmental regulations

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 21, 2010) - ANOTHER non-government organisation has joined groups opposing the Environmental (Amendment) Act 2010. The PNG Eco-Forestry forum has released a statement calling on the Government to repeal this law after it was passed in the last session of Parliament. Chairman of Eco-Forestry forum, Kenn Mondiai said: “The Somare-Temu Government is passing a number of controversial laws almost in every sitting of Parliament claiming that they are of national interest. “In doing so, the Government is violating the true spirit of the Constitution which the Prime Minister himself help draft. “It is sad to see that the fundamentals of the Constitution that protect the rights of our people and promote freedom of expression are being recklessly eroded through continuous amendments to the laws, for instance, the current amendment to the Environment Act 2000 which removed the review procedures stipulated in Sections 65-69 of the Environment Act 2000, and gives the powers to the Director.”

He said the forum and its members would like to emphasise that it was the right of the landowners and indigenous people to protect their resources and environment against multinational corporations by working with associations or groups that were willing to help protect their environment and redress their grievances if the Government, mandated to protect the interests and the welfare of its citizens, was not listening to them. Mr Mondiai said that the people ended up in court simply because their concerns were not properly addressed. There are more similar cases in court. It was not that they do not want development. “It is the responsibility of the Government to address these concerns because these concerns impinge on their livelihoods for the current and future generations. We need to leave a future for our children.”

He said the forum called on the Government to repeal the amendments because they had serious implications. They also claim that Parliament may be in contempt of court by knowingly pushing the passage of the amendments to protect the Ramu nickel project against attempts by landowners and people of Madang to stop a proposal to dump tailings into Basamuk Bay. They stated that this amendment gave absolute powers to the Secretary for the Department of Environment and Conservation which might open the door to corruption. This amendment removed the court’s power to review the issuing of the permit process. The Government’s intention to protect the interests of the Ramu nickel project and mining would also set the precedent for other natural resource develop-

ment, such as forestry, fisheries, the LNG project and others now and in the future. “We therefore call for the Government to repeal the Environment Act 2000 Amendment,” Mr Mondiai said.

PNG UNDERWATER GAS PIPELINE ‘RECIPE FOR DISASTER’

Geologist says Exxon’s plan poorly conceived

By Todagia Kelola

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 21, 2010) – A GEOLOGIST says the proposed LNG Gas pipeline to be laid across the Gulf Province sea has a potentially unstable geological condition and should be abandoned. That’s the recommendation of a study carried out by a geotechnical engineering company that stated the proposed offshore submarine LNG pipeline to Port Moresby is a “poorly thought out” proposition. The study was carried out for the Gulf Provincial Government to reinforce their call for the State and the developer Esso PNG to rethink their plan for laying the pipeline through their waters to Port Moresby. The report has been filed in the National Court as part of its affidavit challenging the State and Esso PNG by the provincial government. The report by an experienced Papua New Guinean geologist Sigl Samson Dorugl through his company Geosite Management Limited stated that the geological evidence provided by the developer indicated strongly that the proposed pipeline would cross an area of cross faulting between the translational fault that traverses from beyond the Gulf of Carpentaria, north of Australia to Lae in PNG. There is convincing seismic evidence suggesting that this fault is still active.

It also stated that the offshore submarine LNG pipeline proposal is a hangover of the aborted PNG – Qld gas pipeline proposal. The proponents of the Kikori Port Moresby submarine LNG pipeline route grossly underestimate the potential geological risks along the defined route, he claims. “This misinformation has been widely circulated to all stakeholders and the public. We are of the opinion that this oversight is unwarranted and is a recipe for disaster for a project with projected life span of 30 years,” the report says. It went on further to criticize the whole project saying “It does not make any sense to bring any petroleum product out from a few underdeveloped provinces like Southern Highlands, Western and Gulf, especially by by-passing Gulf and Western provinces and concentrate development in Port Moresby. “All socio economic commentators have grossly overlooked this point. “All socio-economic benefit studies to date seem to have seriously over looked tangible physical development on a province by province basis.

“The benefit sharing monetary terms that have been agreed, like the Kokopo Benefit Sharing Agreement, do not address the issue of infrastructure development distribution therefore is so defective a proposition and represents an egocentric Waigani Government and a few short-sighted political activists hiding behind the cloak of ‘landowners’. “For the cost of survey and construction of the pipeline; Construct a project town or alternatively Kerema or Daru towns can be expanded to project town status.” Gulf Governor Havila Kavov said this report and another one by a Papua New Guinean environmental scientist that reviewed the Environment Impact Study (EIS) report conducted by Coffee Natural System (CNS) will form the basis of their legal battle for the State and the developer to compensate its people. He will be making an appointment to see the Prime Minister Sir Michael Somare, Minister for Environment Benny Allen and Minister for Petroleum and Energy William Duma to discuss the contents of this report.

PNG GOLD MINE RECORDS \$24 MILLION PROFIT

Production up 33 percent at Tolukuma

By Eric Tapakau

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 21, 2010) - PAPUA New

Guinea's Tolukuma Gold Mine Limited has made a major turnaround in the last 12 months, recording a massive net profit of K68.5 million last year. Petromin Holdings (PNG) Limited managing director Joshua Kalinoe said at the company's annual general meeting on Friday that gold production increased by 33 per cent and with increased gold prices, "our only operating mining asset, Tolukuma Gold Mine recorded an increase in income of K54,080,000. "This was about 52.5 per cent increased from 2008". "The turnaround from a loss situation in 2008 to a profit of K68,588,000 in 2009 was attributed, apart from the favourable gold prices, to the level of efficiency achieved through our mine assessment and re-development strategy," Mr Kalinoe said. "While this is the most pleasing and exciting result for us as we have been the operator of the mine for under 24 months at end of December 2009, a lot more has to be done in the short to medium term to ensure that the cost per ounce is reduced from its current levels to more manageable levels."

Mr Kalinoe said that Petromin's share of production in the Moran oil asset was 577,472 barrels for the period. He said due to reduced oil prices compared to the previous year, oil revenues for the period under review declined by 44 per cent. The total income for the period was K103,832,250.00. Mr Kalinoe said this loss however was compensated by a profit of K68,588,000 from their mining income and the group recorded a net profit of K78.2 million, a decrease of 16 per cent when compared to the 2008 net profit of K93.3 million. The decrease was largely due to lower oil prices in 2009, an increase in income taxes as excessive capital and exploration expenses were written back in and also an increase in Petromin's investment activities. "The path ahead in both the short and medium term is both exciting and challenging for the company as well as our shareholders. "Movements in the oil and gas market will continue impact on our business and we have to be prepared operationally, financially, administratively as well as through a prioritized and risk averse investment strategy," Mr Kalione said.

Ölindustrie

Ein Ozean voller Probleme

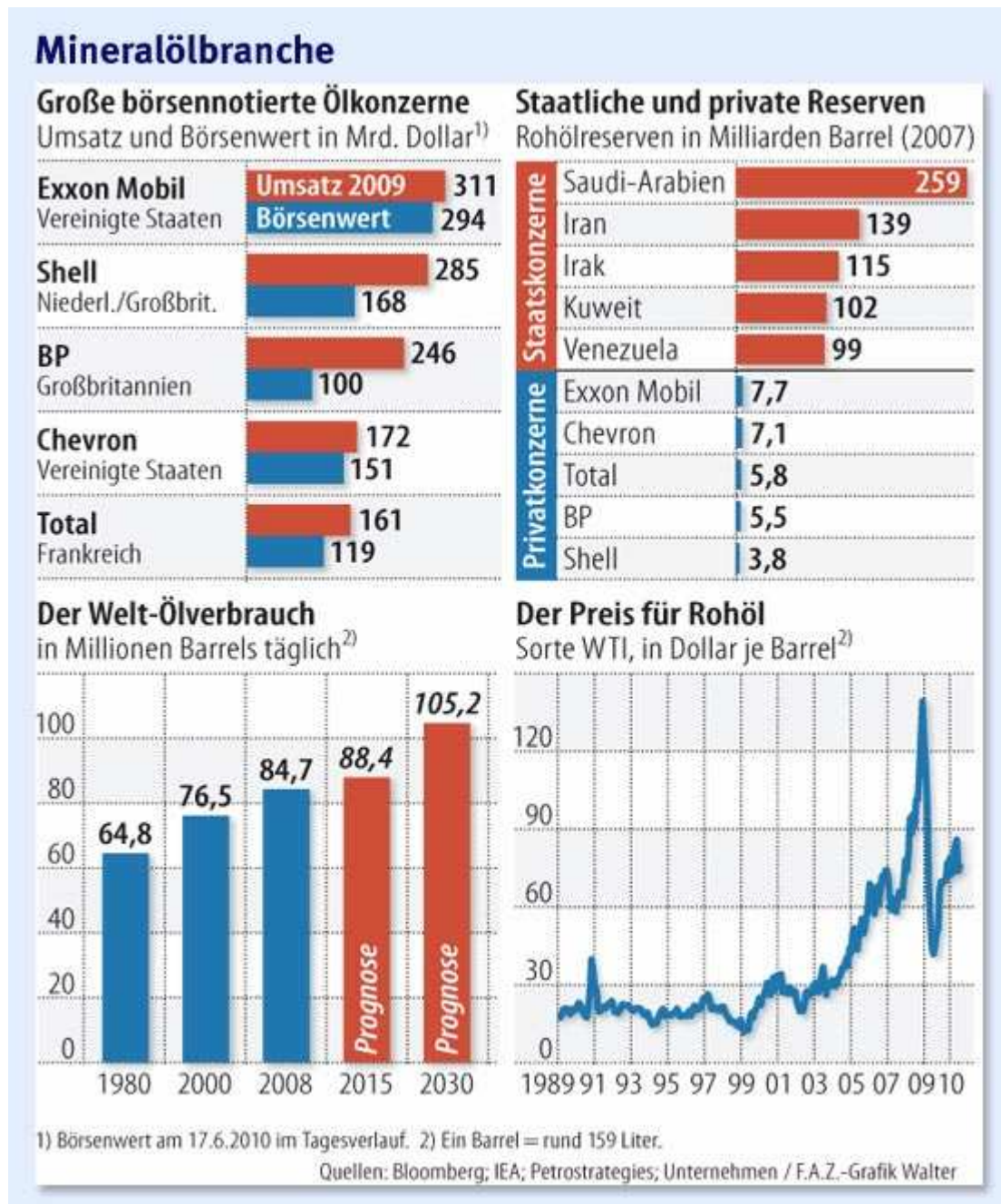
Frankfurter Allgemeine Zeitung 18.6.2010

Die Katastrophe im Golf von Mexiko verunsichert die Energiebranche. Die Krise von BP wirft ein Schlaglicht darauf, dass die Jagd nach dem schwarzen Gold immer schwieriger und riskanter wird. Doch die Zukunft der Ölriesen hängt von der Tiefsee-Förderung ab.

18. Juni 2010, Von Marcus Theurer

Anfang März war die Welt von Tony Hayward noch in Ordnung. Der Ölkonzern BP hatte Analysten und Investoren zur alljährlichen Strategiekonferenz eingeladen, und in der Unternehmenszentrale im noblen Londoner Westend spulten Vorstandschef Hayward und seine Kollegen routiniert ihre Präsentationen ab. Über den bunten Charts prangten Überschriften, die das "sichere, zuverlässige und effiziente Betriebsmodell" des Ölriesen priesen. Stolz legte Produktionsvorstand Andy Inglis ein Balkendiagramm auf, das BP als "das führende Unternehmen" in der Tiefsee-Ölförderung auswies - mit weitem Abstand vor den Konkurrenten wie Shell, Exxon-Mobil und Chevron.

Nur ein viertel Jahr später klingen die Botschaften wie Zynismus und schrille Warnungen: Wer will heute schon noch gerne führend sein, in einer Fördermethode, die zur schwersten Ölkatastrophe in der Geschichte der Vereinigten Staaten geführt hat? Vor den Augen der ganzen Welt mussten Hayward und seine Ingenieure in den vergangenen zwei Monaten weitgehend hilflos zuschauen, wie Millionen Liter giftiges Rohöl sich im Golf von Mexiko ausbreiteten, ohne dass sie die fatalen Lecks mehr als 1500 Meter unter dem Wasserspiegel hätten abdichten können.



Das Perdido-Feld hält den Rekord

Die von der gesunkenen Plattform "Deepwater Horizon" aus vorgenommene Bohrung war kein technisches Kuriosum, sondern alltägliches Geschäft in diesem Hightech-Bereich der Ölindustrie. Im Golf von Mexiko und vor den Küsten Südamerikas und Afrikas wird in teilweise noch viel tieferen Gewässern nach dem schwarzen Gold gesucht. Den Weltrekord hält zurzeit das Perdido-Feld im Golf von Mexiko: Um an das Öl dort zu kommen, hat ein Konsortium unter der Führung von Shell, an dem auch BP und Chevron beteiligt sind, in 2500 Meter tiefen Gewässern noch einmal Tausende von Metern in den Meeresgrund gebohrt.

Der Wasserdruck dort unten ist so hoch, dass Autos wie Streichholzschachteln zerquetscht würden, das Wasser ist eiskalt, das geförderte Öl kochend heiß und die geologischen Verhältnisse sind schwer einschätzbar. Noch vor wenigen Wochen konnten die mit solchen Superlativen aufwartenden Ölriesen auf Bewunderung hoffen. Seit der "Deepwater Horizon" gelten sie Kritikern als gefährlicher Größenwahn auf Kosten der Umwelt. Was treibt die Konzerne in diese technischen Wag-

nisse? Möglich geworden sind die Vorstöße in die Tiefsee erst durch den technischen Fortschritt. Noch in den neunziger Jahren galten Projekte, wie sie heute von vielen Ölgesellschaften realisiert werden, als unmöglich. Doch wirtschaftlich tragfähig ist die extrem aufwendige Tiefsee-Ölförderung erst durch einen kontinuierlich gestiegenen Ölpreis geworden, der wiederum die Folge eines rasant gewachsenen weltweiten Energiehungers ist.

1998 kostete ein Fass Rohöl (159 Liter) je nach Sorte teilweise nur neun Dollar. Kurz vor Beginn der Weltwirtschaftskrise im Sommer 2008 war der Preis auf rund 140 Dollar geklettert. Die Rezession führte zwar vorübergehend zu einem starken Rückgang, doch notiert der wichtigste Energierohstoff trotz einer in vielen Ländern schleppenden Konjunkturerholung inzwischen bereits wieder bei rund 70 Dollar. Nach zwei Jahren eines sinkenden Ölverbrauchs dürfte die Nachfrage dieses Jahr nach Einschätzung von Experten schon wieder steigen. Die Internationale Energieagentur (IEA), das zentrale Forschungsinstitut der Industrieländer im Energiesektor, rechnet damit, dass die Nachfrage bis 2030 im Schnitt jährlich um knapp 1 Prozent steigt. Eine Fortsetzung der Rally am Ölmarkt ist damit vorgezeichnet, denn die Erschließung neuer Ölquellen wird immer schwieriger. Für die westlichen Energieriesen ist der Vorstoß in die Tiefsee langfristig eine existentielle Frage. Unternehmen wie BP, Shell und Exxon-Mobil stecken in einer "Identitätskrise", sagt Fatih Birol, der Chefvolkswirt der IEA. Beispiel Shell: Bei dem niederländisch-britischen Konzern fallen jedes Jahr rund 5 Prozent der bisherigen Ölförderung weg, weil alte Quellen ausgeschöpft sind. Der Schwund muss durch die Erschließung neuer Felder ausgeglichen werden, und das ist gar nicht so einfach.

Die Macht der OPEC

Mehr als drei Viertel der noch vorhandenen Ölreserven lagern in den zwölf Staaten, die der Organisation erdölexportierender Länder (Opec) angehören. Bei deren Ausbeutung bleiben die privaten Ölriesen des Westens oft außen vor. Die wahren Herrscher im Ölgeschäft sind deshalb längst Staatskonzerne wie die saudi-arabische Ölgesellschaft Saudi Aramco. Im Vergleich zu deren Förderreserven nimmt sich der Ölnachschub der westlichen Konzerne gering aus. Als Ausweg gibt es für die börsennotierten Ölkonzerne des Westens nur zwei Alternativen: Sie können sich entweder auf Kooperationen in politisch wenig berechenbaren Förderländern einlassen oder wie etwa in der Tiefsee mit hohem technischen Aufwand bisher unerreichte Vorkommen anzapfen. Shell hat zum Beispiel 2009 eine langfristige Fördervereinbarung mit dem Irak geschlossen, BP kooperiert in Russland.

Doch solche Partnerschaften gelten als zu instabil, als dass sich die Unternehmen auf sie verlassen wollen. Das ist der Grund, warum der Konzern zugleich auf kühne Tiefwasserprojekte wie Perdido setzt. Das ist zwar technisch schwierig und - wie die Ölkatastrophe im Golf von Mexiko der Welt vor Augen geführt hat - riskant. Aber dafür liegt Perdido 200 Meilen vor der texanischen Küste und damit in einer politisch stabilen Weltgegend. Umso härter würde es nicht nur BP, sondern alle westlichen Ölkonzerne treffen, wenn die Regierungen rund um den Globus nach der Ölpest im Golf die gewagte Hightech-Förderung durch eine restriktivere Genehmigungspraxis ausbremsen oder gar abwürgen würden. Bei BP und Shell machen Tiefsee-Ölquellen heute bereits mehr als 10 Prozent der Produktion aus - mit stark steigender Tendenz. Die amerikanische Regierung hat im Golf für zunächst sechs Monate neue Bohrungen untersagt, bis die Unfallursache auf der "Deepwater Horizon" geklärt ist. Auch für Alaska, wo die technischen Herausforderungen ähnlich groß sind, gilt das Moratorium.

Die Ölriesen hoffen darauf, dass die Tiefwasser-Blockade nicht von langer Dauer sein wird, und viele Experten halten diese Erwartung für realistisch: Zu wichtig ist etwa der Golf von Mexiko inzwischen für die Ölversorgung der Vereinigten Staaten. Der amerikanische Präsident Barack Oba-

ma mag zwar gegen BP wettern, doch auch er weiß, dass ohne die riskanten Bohrungen vor der eigenen Küste Amerikas Abhängigkeit vom ausländischen Öl gefährlich steigen würde.

Text: F.A.Z., Bildmaterial: F.A.Z.

Land registration vital: Kimas

National 17.6.2010

THE registration of customary land is to help better living standards. It is not about selling land to the government. Lands and physical planning secretary Pepi Kimas told a radio talkback show yesterday that registering customary land gives legal value to the land. With the titles in hand, landowners can invite investors to work their land and benefit from it while, at the same time, owning the land. "The registration does not and will not take the ownership away from the people," he said in response to queries from people who phoned in from all over the country yesterday. He told the programme that the department had also stopped registration of customary land under company names and/or landowner-registered company names. "This leaves room for corruption or whereby the company, as an entity, can sell the land to someone else and the people miss out," he said.

Kimas said the department wanted customary land to be registered under incorporated land groups so that the titles remained with the landowners. He said in some of the cities and towns, physical planning had been decentralised and the powers now rest with governors and town and city authorities. In NCD, the physical planning powers are with City Hall. Therefore, Kimas said the Lands Department cannot be blamed for the rezoning of the city land. One caller asked who was responsible for rezoning the city as schools and clubs were popping up everywhere, even in high covenant residential areas. Kimas said respective authorities should not hide behind their decisions and blame the Lands Department. He said the government's national land development programme was aimed at opening up customary land for more development and better the living conditions of the people. He told listeners good things were happening and the people were appreciating the government's intentions.

EU SURVEY FINDS WEALTH OF MINERALS IN PNG

Major mining companies buy survey results

WELLINGTON, New Zealand (Radio New Zealand International, June 17, 2010) – A European Union funded geological survey has found relatively high mineral potential in Papua New Guinea's Highlands region. The National newspaper says the survey, covering Eastern Highlands, Chimbu, Western Highlands, Enga and Southern Highlands, was conducted by GEOMAP and the Mineral Resources Authority. The survey data shows 48 elements including copper, gold, silver, zinc, chromium and nickel among other minerals. The Foreign Affairs Minister Sam Abal says the information is vital because PNG wants to participate in mineral wealth. GEOMAP chief geologist Dr John Aspden says eight mining companies, including Barrick, BHP and Rio Tinto have bought the data which is strategic information needed to mine the resources. He says the mineral potential is very high based on the results have so far. *Radio New Zealand International: www.rnzi.com*

Editorial

A conscience at last in Parliament

Post-Courier 17.6.2010

AT long last we are seeing a parliamentarian on the Government side who is showing a conscience about the hastily sneaked through amendment to the environment laws! Sumkar MP Ken Fairweather has announced his resignation from the Government so he can sit on the middle benches

and voice his displeasure at the legislation. He represents an islands electorate in the Madang Province, not that far from the site of two major projects which could be major contributors to industrial pollution in that formerly beautiful province. Mr Fairweather belongs to a party that is in the government and is to announce its stand on the new law later this week. He is worried about what the Ramu nickel deepsea tailings scheme will do to the area and also what will happen if the Pacific Marine Industrial Zone goes ahead full bore.

The proposed seven fish processing factories are a big worry, not only to the Sumkar MP but to a lot of other people who think the Madang environment, on land and sea, will be severely affected. Mr Fairweather described the changed law as “dictatorial”. Based on the explanations offered so far by both sides, we agree with the opponents of the law. It seems certain from what lawyers and others are saying that the new law will be subjected to severe screening in the judicial system. It’s just a pity that it will have to go that way, because the law has been rammed through by virtue of the Government’s mammoth domination of Parliament and there is hardly any chance of the law failing the last reading at the next sitting.

In other words, it appears that opposition to the deprivation of the peoples’ rights to voice opposition to the tailings scheme or to take action for damage caused, will have to be through the courts or public protests. All the PR puff about transparency and open government disappeared down the Waigani sewers when the amendment was pushed through on that Friday morning before the pollies rose and headed off to their electorates or their other places of retreat. There was no consultation with the people; there may have been chats with big business and diplomats behind close doors but certainly not with the MPs own people! Shame on them!

A veteran observer of the PNG scene says ‘Government funds are already confirmed as a successful cargo cult that keeps on giving, with little downside for the beneficiaries ...’

Where’s all the money?

Post-Courier 17.6.2010

By Rowan Callick

PAPUA New Guinea’s assistant Auditor-General Gordon Kega has discovered \$2 million was paid to 87 people “for unknown services” out of relief funds given to Oro Province following cyclone Guba in November 2007. His investigation urges criminal charges against those who “fraudulently and illegally paid themselves”, often simply by shifting money from the relief funds into their personal bank accounts. A further \$800,000 was paid to businesses and other organisations for goods and services that were unverifiable. Those involved included “disaster officials, senior government officers, bank officers”. A few days ago, Oro’s provincial administrator Owen Awaita urged AusAID to build a permanent bridge in the province after its predecessor was washed away by cyclone Guba, since temporary alternatives have also collapsed. “The sooner AusAID steps in, the better it will be for the bulk of the population who depend heavily on the bridge,” Awaita said.

The connection is palpable. PNG has been undergoing a transition through which an extraordinary proportion of public funds have been purloined by members of the elite, while 40 per cent of Papua New Guineans live on less than \$US1 (\$1.19) a day. This gap is being accelerated by the prospect of instant wealth around the corner from ExxonMobil’s \$16.5 billion liquefied natural gas project, still four years from operation. The stress on the LNG deal has helped build a climate in which corruption appears to be viewed by some beneficiaries merely as booking private spending against future national earnings that are expected to be bottomless. At the same time, government services have been declining, putting increased pressure on aid, especially from Australia, which the Rudd government is increasing in the next financial year, to \$457m.

The Rudd government meanwhile has cancelled the annual ministerial forum with PNG, due to limitations on ministerial travel in election year. PNG Prime Minister sir Michael Somare, lionised globally as a Third World champion against climate change, a fortnight ago attended a conference on that issue in Norway. Last month while visiting New Zealand, he told the University of Auckland that LNG projects would “increase our revenue to an unprecedented level and transform PNG”, and that as a “big brother” to other Pacific island nations, PNG would be “in a position to provide development assistance within our region”. But the country has been suffering widespread outbreaks of cholera during the past nine months, with more than 2600 cases so far, including 56 deaths, indicating poor sanitation and inadequate access to safe drinking water. Sales of fresh seafood have plummeted as people grow nervous of the disease, which has hit 573 people in Port Moresby.

Recently, the Post-Courier newspaper reported the pathology section of the main Angau Memorial Hospital in Lae, the country’s second city, is on the verge of collapse. Francis Bannick, the doctor in charge, describes the situation as desperate. Lae has been unable to buy equipment needed urgently to enable pathology work to be carried out there, costing about \$500,000, replacing obsolete or broken machines. And medical specimens and biopsies instead sent to Port Moresby General Hospital for analysis have not received any response since September last year. Recently, life expectancy has begun to decline and infant mortality to rise. Yet Health Minister Sasa Zibe has committed \$9 million towards a new high-end public-private Pacific Medical Centre in Port Moresby. A recent survey of nine local government districts in PNG has found that apart from in the immediate vicinity of the local MP’s core support base, most services and new projects are provided by churches, non-government organisations and aid donors, but not by the Government.

The country’s chief road artery, the Highlands Highway that links the most populous region to the coast at Lae is in dire straits. Bafinue Roika, managing director of 14-vehicle trucking firm KK & Sons, says: “If nothing is done to fix the highway, we may head for disaster because the only thing to do is to shut down operations.” Opposition Leader and former central bank governor and prime minister Mekere Morauta told Parliament last month: “People are tired. People have lost faith. People are sick of secret deals. People are craving for services.” At the same time, he said: “The Government, and many people, have been intoxicated by the anticipated wealth and opportunities of LNG. The nation is now feeling the effect of the early stages of the project. “The domestic cost structure has increased markedly. Many bad side effects will flow from the LNG-driven price inflation. Poverty will intensify, leading to other social problems.”

Many people have flown to Port Moresby from Southern Highlands, where the main gas field is located, seeking cash from various grants available from the government. Self-styled consultants are eagerly signing up such clients and representing them to government agencies, for commissions. “There are enormous expectations,” says PNG Chamber of Mines and Petroleum executive director Greg Anderson, who stresses the need to manage them carefully. “There are dangers this could emerge as a huge cargo cult in the minds of many.” Government funds are already confirmed as a successful cargo cult that keeps on giving, with little downside for the beneficiaries. Mowana Ugwalabu, general secretary of the PNG Teachers Association, said recently the teachers’ payroll list contains thousands of ghost names whose pay is going to outsiders while teachers struggle to get paid at all.

In March, Sir Micheal tabled in parliament the 818-page report of a separate commission of inquiry into corruption at the top levels of the bureaucracy, which was chaired by retired PNG judge Maurice Sheehan, a New Zealander, with fellow commissioners Cathy Davani and senior PNG businessman Don Manoa. But an injunction was granted banning the report’s publication and implementation as soon as it was tabled. And extraordinarily, the government has not sought so far to have the injunction lifted. The government, however, has moved rapidly to pass legislation shelter-

ing resource projects from all litigation over the destruction of the environment, labour abuse or landowner exploitation. This follows the growing anxiety of China's Metallurgical Construction Corp, the developer of the \$1.5 billion Ramu nickel mine, about the effect of injunctions especially, recently, those granted to halt its construction of a pipeline to slurry tailings into the sea.

Deputy Opposition Leader Bart Philemon, a former treasurer, says the new legislation protects the interests of investors at the expense of the resource owners and the environment. Governor of the National Capital District Powes Parkop says it delivers "almost absolute power to the government" on such matters. Philemon says Somare is "dangling five carrots before the eyes" of backbench MPs to secure their support. Parliament last week approved the establishment of five new ministerial portfolios, thus bringing to 32 the cabinet positions, out of 109 MPs. Somare this week justified the new legislation, however, saying: "We cannot get mining going while this is in court. The Prime Minister's Department has been held to ransom by the judiciary. The government will lose a lot of money." This is even though he has granted the Ramu project a 10-year tax holiday.

A clamour had arisen demanding the suspension of National Planning Minister Paul Tiensten over claims of corruption. Tiensten returned to his constituency. But Somare then sent the government's Falcon jet to bring Tiensten back in triumph to Port Moresby. The Supreme Court chalked up a win over the Government recently, however, in insisting on the suspension of Treasurer Patrick Pruaitch following his indictment by the Ombudsman Commission for corruption. Justice Nicholas Kirriwom said in awarding the decision against Pruaitch, overturning an earlier stay order that "for a leader to remain in office when he has been referred [to a leadership tribunal] is a mockery of the constitution". Legislation to water down the powers of the Ombudsman Commission, which polices corruption, has been backed by the government. But it was postponed to later in the year following mass demonstrations.

Sir Mekere warns: "If the Ombudsman Commission goes, there is no country." Sir Michael says there is no intention to remove the commission, describing the demonstrators as "ol long long" (they're mad). Paul Barker, executive director of the Institute of National Affairs, PNG's independent think tank, says: "The few reformers within the government seem to have inadequate political and bureaucratic backing to push through the massive changes needed for government to contribute rather than be a dead weight to a productive and inclusive economy and society."

Member of Parliament resigns from government

Post-Courier 17.6.2010

Sumkar rep quits Government in protest over 'bulldozed' environment amendment Bill

By *PETER SEA*

THE controversial amendment to the Environment Act 2000 passed recently by Parliament has struck a sour note in the Government backbenches. Sumkar MP Ken Fairweather said yesterday he had resigned from the Government because he did not like the amendment. "As Member for Sumkar, I do not want people in later years to say I did not safeguard their rights when I was in the seat," he said on his way to Jackson's Airport to board a plane for Madang. Mr Fairweather said he had notified the National Parliament Speaker Jeffery Nape that he would be moving to the middle benches. It is understood Mr Fairweather's Peoples National Congress Party caucus will meet shortly to clarify the party's position in regards to the controversial law. "It is a controversial law. Procedures were not followed in the passage of the bill. I do not want people 70 years down the line to say that their forefathers did not do the right thing by them," Mr Fairweather said.

"I am not against mining but I am against environmental damage that may affect the people of Sumkar in the future." In a newspaper advertisement, Mr Fairweather said he did not vote for changes to the Environment Act. He said: "The change, bulldozed through Parliament, takes away

the right of the people to see justice in court. This is dictatorial and against every principle a democracy stands for. “Sumkar is a maritime district. We are under the threat of environmental destruction:

- From tailings;
- From pollution from the Pacific Marine Industrial Zone (PMIZ); and
- Any residue pollution from the Ramu River. “The life of Karkar and Bagabag is centered around the sea. We see less fish and marine life every year. We are pristine islands – leave our environment alone.” Mr Fairweather said his position was clear on the PMIZ and the deep sea tailings project.
- PMIZ – stop it – perhaps we can have one more factory or double RD size. But not seven factories. Give the rest to other districts who have nothing. Pomio is a good example.
- Tailings – No to the deep sea system. Compromise and find an alternative even if the Government pays over time from royalties. Surely we can learn by the mistakes of others.

The Peoples National Congress Party led by Public Services Minister Peter O’Neill will have “a special meeting to form our policy on the environment. Our party leader will announce our decision this week”. “I realise that my stand is against the position of National Alliance, PAP and others so be it,” he said in the advertisement. Attempts to get comments from the Prime Minister’s office yesterday were unsuccessful. His media office did not return email and phone queries.

More MPs oppose environment amendments By *TODAGIA KELOLA*

Post-Courier 17.6.2010

MORE opposition to the Environment (Amendment) Act passed recently by Parliament has come in. Two Members of Parliament have come out publicly calling for the amendments to be rescinded and a number of legal experts have raised concern on the law, criticising their colleague lawyers who drafted it. Member for Sumkar and a Government backbencher Ken Fairwether has taken out a paid advertisement opposing the Act and calling on his fellow MPs to repeal it while outspoken Bulolo MP Sam Basil wants the law to be repealed. Two senior constitutional lawyers who reviewed the law said the Environment (Amendment) Act 2010 was a very “tyrannical” law. “It makes our Government of the people now for the miners,” one said. The legal implications of the Environment (Amendment) Act 2010 (EAA) are on Property rights [s.1(2) EAA] “Landowners of Basamuk and other areas of PNG have customary land ownership, possession, use of land and can do transaction within the same customary group. “This property is protected by the Constitution. By merely stating this right is compulsorily acquired for public purpose without providing for just compensation, the law amounts to expropriation of property. “This makes the Environment (Amendment) Act 2010 unconstitutional as it contravenes Section 53 of the Constitution.”

For Public purpose [s.1(2) EAA] they argued that, “Mines are money business. No money, no mine. Private investors will invest if the investment will yield a certain financial rate of return. If taxes were collected then mines would be of economic importance to a nation.” They also disagreed that mines were public purpose business activities. Public purposes are service oriented. Transport infrastructure, recreation, accommodation and towns are examples of public purpose. Utilities like telecommunication, power, water and sanitation can be public or private depending on object. Profit will mean private and service, mining is a private business for profit. It is not a public purpose activity. The new law according to the experts is also an encroachment on other laws [s.69A EAA] The section on extinguishing cause of action [s.69B EAA] also derides PNG as a Western democracy. “An important principle is checks and balances for excesses of power and authority by any person. The rule of law and due process are to give effect to checks and balances. The Environment (Amendment) Act 2010 gives more powers to one person without checks and balances,” they said.

CHINESE NICKEL MINER THREATENS TO LEAVE PNG

Lawsuit seeks to forbid waste disposal in sea

By Rosalyn Evara

PORT MORESBY, Papua New Guinea (PNG Post-Courier 16.6.2010) - CONCERNS have intensified over the possible closure of the Ramu nickel project and attempts have been made to get the people who have taken out the injunction on an developers to withdraw their case. The attempts were made during a meeting which Madang Governor Sir Arnold Amet organised last week in the provincial capital between the Prime Minister Sir Michael Somare and leaders from the four mine impact areas. Also present was Sama Mellombo, who is the fifth plaintiff in the case, who was the last of the appointed speakers to officially address Sir Michael with his grievances. Mr Mellombo reiterated yet again that it was not the project they were up in arms over rather the method of mine waste disposal the Chinese Metallurgical Construction Company (MCC) and the State were adamant on pursuing.

Mr Mellombo, who had been employed by Highlands Pacific Limited (HPL) for eight years before leaving, said there were four options which had been recommended for the tailings disposal, three of them land-based. He questioned why they were so adamant on pursuing the Deep Sea Tailings Placement and even prepared to risk the lives of so many people when there was a lot of evidence already indicating how detrimental this would be. "DSTP is the cheapest option compared to the options that have been suggested and do we (the people) want to cop the shit that will come with it? No! "No-one of you (leaders) will be here to live with the effects if it is allowed to go ahead. We are the one and we say no to it," he stressed. Sir Arnold said from his assessment as a judge the court battle could take over three months before it is over. He said there had already been indications from the developer that if they were not allowed to go ahead with the DSTP there would be no project.

He said should this happen the Chinese, who were understood to be losing millions with the delay, would most probably leave and all the work they had done would go to waste. Sir Arnold alluded to the fact that this could all be avoided if the necessary experts could put to rest all the doubts the people had, including those heading the charge against the company, and the case be withdrawn. "You (respondents) can withdraw the case or continue to pursue it, this is not being said to undermine your rights. "I believe the way forward would be to ensure that more awareness is carried out while this is happening," he said. Kurumbukari landowner chairman David Tigavu cut in while Sir Arnold was concluding his address to the people to also appeal to the non-government organisations to withdraw the case. Mr Tigavu said over the 85 days that the company had stopped work it had cost them \$US85 million. He said if the project was forced to close down the people would suffer the most. He urged that whatever their grievances were that they speak to the Governor and other leaders and just allow the project to progress.

State owned firm for LNG cash

Post-Courier 16.6.2010

Govt sets up company, separate from IPBC to control LNG windfall

By ERIC TAPAKAU

LOBBYING is intensifying for the positions of chairman and chief executive officer of Papua New Guinea's newest state entity - Kroton No.2 Limited. The National Executive Council recently approved the separation of Kroton No.2 Limited from the Independent Public Business Corporation (IPBC) entity to manage the country's windfall from the Liquefied Natural Gas Project. The Government's view is that its LNG equity is too large and important to remain within the normal IPBC portfolio and that it needed an independent board and management so it could contribute effectively in its role as the joint venture partner as well as looking after the Government involvement in the

project. It is likely Papua New Guineans will be appointed to these two top positions however, with the significance of the PNG LNG project active consideration is being given to these positions before to their appointments are announced.

LNG projects are new to the country and the top management teams of the company will have to properly understand the operations of such a project. The State has a 19.6 per cent interest in the PNG LNG project led by Esso Highlands Limited, a subsidiary of ExxonMobil and 16.6 per cent will be held by Kroton No. 2; an additional 2.8 per cent is held on behalf of landowners by the Mineral Resources Development Company (MRDC) Ltd; and 0.2 per cent by Petromin PNG Holdings Ltd through its subsidiary Eda Oil Ltd. The overall \$US15 billion (K40 billion) cost of developing the PNG LNG project, which excludes shipping costs, will enable PNG to export 6.6 million tonnes of LNG annually to customers in China, Japan and Taiwan. Prime Minister Sir Michael Somare said cabinet recently endorsed the establishment of Kroton No. 2 Ltd as the fully functional petroleum company with the appropriate resources to adequately represent the State's interest in the PNG LNG project.

Total revenue to the country through different interests would be in the vicinity of K25 billion over the 30 year life of the project and this will increase if the project reports an additional profit after an agreed period of time. Sir Michael said since Kroton No.2 Ltd was wholly owned by the State, through the General Business Trust, it was imperative that Kroton played the leadership role in the commercial development of the hydrocarbon industry in the country. "To facilitate this, cabinet has endorsed the functional separation of Kroton No.2 Limited from the Independent Public Business Corporation (IPBC) to allow the former to develop into a national hydrocarbon development corporation while IPBC focuses on value-adding and management of the General Business Trust," Sir Michael said. "IPBC will remain as shareholder in Kroton No.2 Ltd until the maturity of the existing funding arrangements with the International Petroleum Investment Company (IPIC) of Abu Dhabi. Thereafter, the shareholding will be reviewed."

Minister for Public Enterprise Arthur Somare, the Department of Public Enterprise and IPBC have been directed to speed up the necessary logistical requirements to enable the office to be fully functional and report back to the NEC. Landowners from Hides and Portion 152 yesterday called on the Government to consider them directly on the board of Kroton and they also wanted the chairman of the board to come from the landowners. "The Government has been unfair on us all this time and we are requesting the Government to seriously consider us by allocating up to 50 per cent of the seats on board if possible," they said yesterday.

Porgera landowners slam amendments to bill

National 15.6.2010

By YVONNE HAIP

ENGA'S Porgera Akaili Tange Association has condemned the amendments to the Environment Act bill passed in Parliament recently. Association spokesman Karath Mal said the bill was not in the best interest of the six million Papua New Guineans. He was responding to The National's front page story last Wednesday highlighting Prime Minister Sir Michael Somare's clarification and justification for the amendments. Somare said the amendments were done after getting the best advice from three best brains in the chief secretary to the government, secretary to the PM's office and the attorney-general and also from a Scottish consultant. The prime minister also said the deep sea tailings were also the best for the Ramu nickel project.

Mal said he was concerned that the bill did not serve national interest but the government and foreign multi-nationals. He said the bill would also promote corruption, while the disadvantaged people in the mining areas would face massive social impacts. "It is time for the government to learn

from past mistakes like the Bougainville conflict and environmental issues in Ok Tedi and Porgera which had claimed lives. "The bill is a national shame. The prime minister should not credit himself for securing funding agreement of US\$800 million from China to start the mine. "The deal has sold the customary land rights of people to foreigners. "All MPs should wake up before it's too late and revoke the bill," he said.

Foreign flagging of offshore rigs skirts U.S. safety rules

The Marshall Islands, not the U.S., had the main responsibility for safety inspections on the Deepwater Horizon.

By Tom Hamburger and Kim Geiger, The Los Angeles Times, Tribune Washington Bureau
7:28 PM PDT, June 14, 2010, Reporting from Washington

The Deepwater Horizon oil rig that exploded in the Gulf of Mexico was built in South Korea. It was operated by a Swiss company under contract to a British oil firm. Primary responsibility for safety and other inspections rested not with the U.S. government but with the Republic of the Marshall Islands — a tiny, impoverished nation in the Pacific Ocean. And the Marshall Islands, a maze of tiny atolls, many smaller than the ill-fated oil rig, outsourced many of its responsibilities to private companies. Now, as the government tries to figure out what went wrong in the worst environmental catastrophe in U.S. history, this international patchwork of divided authority and sometimes conflicting priorities is emerging as a crucial underlying factor in the explosion of the rig.

Under International law, offshore oil rigs like the Deepwater Horizon are treated as ships, and companies are allowed to "register" them in unlikely places such as the Marshall Islands, Panama and Liberia — reducing the U.S. government's role in inspecting and enforcing safety and other standards. "Today, these oil rigs can operate under different, very minimal standards of inspection established by international maritime treaties," said Rep. James L. Oberstar (D-Minn.), chairman of the House Transportation Committee. Some offshore drilling experts, as well as some survivors of the explosion that led to the massive spill, say foreign registration also permitted a confusing command structure and understaffing — factors that may have contributed to the disaster.

Senior members of Congress — including Oberstar and House Natural Resources Committee Chairman Nick J. Rahall II (D-W.Va.) — have begun looking into the inspection and staffing issues. The House Subcommittee on Coast Guard and Maritime Transportation will hold a hearing Thursday on foreign-flagged rigs in the Gulf of Mexico. Different types of rigs are classified differently, and the Marshall Islands assigned the Deepwater Horizon to a category that permitted lower staffing levels. "Over the years, the manning dwindled down and down," said Douglas Harold Brown, chief mechanic aboard the Deepwater Horizon, who had been assigned to the floating drilling rig since shortly after it was manufactured in 2000. "I believe that safety was compromised by this," he said in an interview.

Brown's lawyer and others say the Marshall Islands licensed the Deepwater Horizon in a way that allowed rig operator Transocean Ltd. to place an oil drilling expert — the so-called offshore installation manager — ahead of a licensed sea captain in making decisions on the day of the explosion. The dual command structure created confusion that delayed an effective response to the growing crisis aboard the Deepwater Horizon, he and others allege. Officials at Transocean and the Marshall Islands reject the claims. They say they fulfilled all requirements of the law and met the highest industry standards, and those of the Coast Guard.

Brian Kennedy, a spokesman for Transocean, called the complaints "egregiously unfounded and inflammatory." The disorganization reported by crew members who survived the Deepwater Horizon explosion was the result of a tragic and unexpected disaster, not deficiencies in manning or safety

standards on the part of Transocean, Kennedy said. "At the end of the day, I think the fact that 115 people got off the rig that night will be viewed as a testament to the training, skill and heroic acts of dozens of crew members," he said. The Marshall Islands deputy maritime minister, Thomas Heinan, said the manning requirements aboard the Deepwater Horizon were "equal to those of the U.S. and in accordance with international standards."

A deepwater oil rig floats above the well, connected by thousands of feet of pipe, and is kept in position by thrusters and elaborate navigational systems. Since World War II, thousands of ships and rigs from the U.S. and other industrialized countries have been registered in less-developed nations like the Marshall Islands. Some members of Congress are expressing concern about the Marshall Islands and other countries that outsource their inspection responsibilities to private companies. Coast Guard officials confirm that more rigorous inspection procedures apply to the relatively small number of rigs registered in the U.S. A foreign vessel will be reviewed by the Coast Guard, but the inspection is relatively cursory, relying on inspection reports prepared by outside firms that have been paid directly by the owners of the vessel.

The federal Minerals Management Service, which also has a role in overseeing offshore oil operations, deals only with issues "below the waterline" of the floating rig. It was not responsible for rig staffing, command structure or other above-water operations. John Konrad, a licensed captain who publishes a maritime blog and is consulting with survivors, said oil rigs should be under the command of licensed sea captains. "On the Deepwater Horizon you had the guy who does the drilling plans able to make the call on safety," Konrad said. Such dual command structures would not be accepted for U.S.-flagged operations, experts say.

The Deepwater Horizon captain testified to investigators last month that he conferred with the drilling manager before he attempted to disconnect the rig. By the time a crew member decided on his own to push the emergency disconnect, it was too late. Kennedy, the spokesman for Transocean, said, "Having two complementary positions that reflect the dual functionality of the rig, as the Horizon did, provides a clear but collaborative chain of command that has been employed by the industry for decades." But Steven Gordon, a maritime lawyer in Houston representing Brown, six other survivors and the family of one of the 11 workers killed in the blast, said, "This course of action cost men their lives." "It led to a jumble of disorganization on the Deepwater Horizon at the moment when organization was needed the most," he said.

tom.hamburger@latimes.com, kim.geiger@latimes.com,
Copyright © 2010, [The Los Angeles Times](#)

Letter to the editor

East Sepik: Basamuk landowners, we support you

Post-Courier 15.6.2010

THINK, judge and act came to mind as I picked up Wednesday's Post-Courier newspaper June 9 in Wewak town, East Sepik Province. We the people of the project area have known from the beginning that the consultation process was never properly conducted and as a result landowners were not active participants from the start of the partnership negotiations. I support the Basamuk landowners for their bravery and wisdom in considering the livelihood of their future generation. Advice from experts and international organisation are not welcome when the government does not respect local knowledge. The people of Papua New Guinea should not be blamed but the Government should shoulder the blame. I would like to urge the people of Basamuk to stand united for what they believe and not to give in to any so-called leaders who are not for the people but for some multi-billion companies who serve their own interest now and are gone tomorrow.

Despite the world class tailing method reported by the Government your reefs and fish and other marine life will not be safe. I learnt from Wewak Tuna Cannery that the best method of controlling smell was used but still Wewak town along Kreer, Caltex and Windjammer road is affected by the bad smell from the factory. Do not believe anybody but yourselves and always consider your future. I would also like to point out to the Government that there is no such thing as a speedy process to carry out the activities of Ramu Nickel. Peoples concern and interest must come first, not the company and the Government's interest. While the Basamuk people are concerned about their marine life, the people of Usino Bundi, especially the Kurumbukari landowners, are disappointed in the manner in which the Government is not seriously addressing the land dispute by speeding up the hearing of the Lands Title Commission. That means the Government cannot take a shortcut as it wishes.

The infrastructure developments are developed according to a timeline but the Government failed to facilitate the landowners land dispute before the major developments. That leaves the landowners missing out on contract benefits. The company and a few individuals seem to benefit while the majority of legitimate landowners are missing out. The Government must understand that the nickel will be dug and piped from Kurumbukari after it settles the landownership issues. The Government is interested in the company's concern but seems to turn a blind eye to the landowners' issue. My advice to the Government is to firstly sort out the Kurumbukari landowners land dispute by directing the three land title commissioners who were reported earlier this year to be engaged, to speed up the court hearing. Second, meet with local landowners from Basamuk and hear their concerns and take into consideration their advice. For Ramu nickel to proceed with it's operation without any interference, the Government must consider the two points being pointed out above. Otherwise, no nickel will be dug and piped from Kurumbukari.

Augustine Koroma, WEWAK ESP

PNG CENTRAL BANK EXECUTIVE WARNS OF WASTED WEALTH

Points to Bougainville conflict, squandered resources

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 15, 2010) – PAPUA New Guinea cannot afford to go through another "lost decade" of the sort that the country experienced during the years of the Bougainville Conflict, says Bank of PNG deputy governor Popoitai. He told business executives recently that instead of taking full advantage of the very substantial income flows from the mineral developments and investing them in improving the social areas of health, education, physical infrastructure maintenance and construction of roads, airstrips, sea and river ports to open up the rural areas to markets, and law and order, the resources were squandered and wasted. Mr Popoitai said it was very encouraging that the National Executive Council (NEC) decided to set up a joint working group of very senior staff from the Department of Treasury and the Bank of Papua New Guinea to assess and evaluate the applicability of the Sovereign Wealth Fund model, to prepare the country toward the times that the LNG project will move into the operation stage of production and export.

"In the early 90s the misguided policies of the Government of the day by reducing taxes and increasing the recurrent expenditure, at a time when the country was in a major, very costly armed conflict, resulted in the loss of public confidence, a run on the kina and a state of insolvency after losing all its foreign exchange reserves," Mr Popoitai said. "Looking at the numbers in the 'lost decade' after the very strong growth in the 1991 to 1993 period, the rest of the period to 1999 has had an annual decline in growth of negative 1.1 per cent per annum. The result was that for the whole period from 1989 to 1999, a period when some of Papua New Guinea's very large mineral

developments took place, the per capita growth in GDP was negative 1.6 per cent. "The period from 2000 to 2006 can be defined as a period of consolidation after the restoration of responsible macroeconomic management. Fiscal responsibility was re-established. The understanding that any increase in public debt places an unsustainable burden on the National Purse was accepted by all policy makers." Mr Popoitai said when the LNG project moves to the its operation stage, the country would benefit from very large taxation, dividend, and royalty income and it was of outmost importance that the mistakes of the late 1980s and 1990s were not repeated.

OIL SPILL RAISES CONCERN AT BOUGAINVILLE MINE

Environmentalists warn of potential catastrophe

By Liam Fox

BOUGAINVILLE, Papua New Guinea (Radio Australia, June 15, 2010) – Environmental groups are warning of a catastrophe in Papua New Guinea, as two large oil tanks leak fuel oil close to the sea on the island of Bougainville. The tanks once powered the abandoned Panguna copper mine, which stopped operating more than 20 years ago because of Bougainville's civil war. South Pacific Environmental has offered to clean up the leak but the mine's Australian owner, Bougainville Copper Limited (BCL), says it is too dangerous and wants to send its own workers back to clean up the spill. Ron Blenkiron, from South Pacific Environmental, says it is only a matter of time before the fuel leaks out of a pit and into the sea. "During the wet season when we first came here this pit was basically full of water and the oil was about 50 millilitres from running into the sea. It was pretty close." "You're living on the edge of a catastrophe here the whole time."

Mr Blenkiron says the oil isn't the only potential hazard left behind when the mine was abandoned in the late 1980s. A few hundred metres up the road are the rusting remains of a storage area for chemicals used in the mining process. Mr Blenkiron has written to the mine's Australian owner Bougainville Copper Limited, or BCL, and offered to clean up the area for a price. But BCL has declined. Mr Blenkiron says he believes BCL is morally responsible for the spill. "I mean, sure they may have got chased out of here rightly or wrongly a number of years ago but there's no danger in coming down here. The people are welcoming. They're easy to work with," he said. However BCL's chairman Peter Taylor says he doesn't believe the leaking tanks pose a danger to the environment. "There's no disaster there. There is what I call a relatively minor oil spill that's been contained by the safety systems that were put in place," he said. "It really seems to me, it's just a case of going and cleaning that up."

Mr Taylor says vandals caused the leaks and most of the oil has already been stolen. He rejects the claim there is other toxic chemicals in the area, saying New Zealand peacekeepers assessed the port in 1997 and removed anything dangerous. Mr Taylor says BCL wants to clean up the spill but more than a decade after the civil war ended, he believes Bougainville is still not safe for his employees. "Unfortunately there are a few people, and I think they're now well and truly in the minority, who refuse to allow us access and some of these people unfortunately have got guns." There's no doubt law and order is still a problem in Bougainville. Twice this year foreign ships have docked at Loloho without Customs clearance and pumped oil out of the tanks without approval from BCL.

There are also plenty of guns on the island that are yet to be disposed of in line with the Bougainville Peace Agreement that ended the civil war. But despite offers from South Pacific Environmental to clean up the spill, Mr Taylor says he believes the group doesn't have the experience in such work. "We've done some research to try and find out what their credentials are and as far as I can see they have no experience in actually doing any sort of environmental remediation work." Mr Taylor is hopeful Bougainville Copper will be able to return to the island soon, not only to clean up but also to resume mining. "The landowners are now approaching the

company and saying 'We'd like you to come back. We'd like you to do various things' including the remediation of anything that might be in anyway dangerous." Radio Australia: www.abc.net.au/ra

Prime Minister defends Ramu deep sea tailings

Post-Courier 11.6.2010

By *ROSALYN EVARA*

THE PEOPLE'S interest is paramount to government and it would not have given the Ramu nickel/cobalt project the nod had it thought it would be detrimental to their lives. This came from Prime Minister Sir Michael Somare who travelled to Madang yesterday to meet landowners of the four mine impact areas and to address issues relating to the project. The meeting had been organized by Madang Governor Sir Arnold Amet to allow Sir Michael to hear first hand the grievances of the landowners regarding the project particularly the Deep Sea Tailing Placement method, which is now being contested in court. In what was a very packed and lengthy meeting which got under way after 1pm and lasted over three hours at the Madang Provincial Assembly hall, Sir Michael said Government had not blindly okayed the project but that it had considered all aspects before reaching such a decision.

He said with Highlands Pacific Limited unable to develop the project after they were given the permit, he took it on himself to travel to China and to invite them to come in and progress it. He said he had done this with the people's interest genuinely at heart. "No other country was interested in developing the project and so I went to China and asked them to because at the moment the Momase region does not have any big project. "I wanted this to be progressed because I want the project to bring some tangible developments to the people, especially in places like Raicoast and Usino/Bundi where this has virtually been non-existent. "Despite these efforts I have been accused by people who have gone to the media and not only questioned my purpose of bringing the Chinese here but stated I have done so to destroy this country," he said

Sir Michael said while the project might have been rushed and some things including awareness and public relation not properly addressed, it was Government's intention to see these being fixed so that this development could be progressed. The provincial assembly was packed by landowners who had turned up in the droves. Despite a no-show from the Department of Environment and Conservation, other leaders were present including Sir Arnold, Raicoast MP James Gau Gelak, Mineral Resources Authority managing director Kepas Wali and Mining Secretary Nellie James. The general consensus, especially among the landowners association chairmen of the mine impact areas, was that the project was vital and should continue.

Lae: City leaders challenge Environment Act

Post-Courier 11.6.2010

By *FRANK RAI*

Local community leaders including prominent businessmen in Lae City, are continuing their campaign against the passed Environment Amendment Bill. The leaders say the bill was rushed through parliament on May 28 and the leaders want the Government to withdraw the bill on indications that disaster would hit PNG, if resource owners were barred from battling environmental disputes. They claimed the bill was controversial in nature but politicians went ahead to pass the bill, alleging there were clear indications of politicians having hidden agendas behind the Ramu nickel mine in Madang. "This would obviously trigger civil unrest if resources owners are barred from battling environmental issues in court. The Bill had already built frustration among the resource owners and we are calling on the Government to recall the bill," local businessman Fred Wak said.

Mr Wak on behalf of the other leaders said the Government would come up with genuine reasons for the bill but still resource owners will fight “tooth and nail” for better environmental plans from developers. He said PNG had experiences of massive environment destruction caused by previous mining companies in Misima, Ok Tedi and Bougainville copper mine, noting that people would not allow this to happen to their environment. “The Environment Amendment Act passed last week is a clear indication of politicians deliberately selling the country offshore. Parliamentarians have sold Papua New Guinea to foreigners,” Mr Wak said.

He called on the Government to recall the amendment. “Environment and land are one. You cannot distinguish land from environment which means that the bill has restricted indigenous rights to their own land,” Mr Wak said. “When the Government sells our environment, it is selling our land. Our environment is on our land where it feeds our people with fish, fresh food and vegetables, firewood, water, fresh air and river,” Mr Wak said. He said our flora and fauna, savanna grassland, mangrove and beautiful mountains will go down the hands of those who only care to exploit resources and not to protect.

Rudd faces off with mining boss

Post-Courier 10.6.2010

PERTH: The boxing gloves weren't exactly off, but the sparring was strictly verbal when Prime Minister Kevin Rudd and mining magnate Andrew “Twiggy” Forrest faced off yesterday. Mr Rudd was in Perth to sell his government's controversial resources super-profits tax, saying he wanted to listen to miners and their concerns. Mr Forrest, the Fortescue Metals Group chief, turned up at a Perth Press Club luncheon at the Hyatt Regency hotel, taking an opportunity to put questions to Mr Rudd from the floor. Wearing a bright yellow mining work shirt and fresh from a rally of protesting mining industry workers at a park behind the hotel, Mr Forrest said he had heard “syrupy words from Canberra” about assisting WA. But, he said, the 40 per cent tax meant he could not continue to grow his business. “Fortescue Metals Group would not be here today if this tax was imposed back in 2003 and 2004,” Mr Forrest said.

He told Mr Rudd that the “elegance of this tax”, as described by Treasury Secretary Ken Henry, was lost. “It is, in fact, one great big tax take.” Mr Forrest referred to a 40 per cent bankruptcy credit guarantee rolled up in the tax, saying it was a useless incentive for the financing of mining projects. During his long question, the mining chief referred to a pair of boxing gloves he had given Mr Rudd. “When I gave you those boxing gloves, I wasn't entirely joking,” he said. From the lectern, the prime minister replied: “They're a good fit by the way”. Mr Forrest asked Mr Rudd if he would consult with his Labor colleagues about “how you've taken your government from having a great chance at the next election to not having a great chance at all now”.

FIJI LANDOWNERS FEAR POLLUTION AT COPPER MINE

Fears conveyed to military commander

By Ifereimi Nadore

SUVA, Fiji (Fiji Times, June 10, 2010) - Concerns of the landowners at Namosi Copper Mine will be included in a draft Memorandum of Understanding to be presented to head of Government Commodore Voreqe Bainimarama soon. This follows a meeting between representatives of the Native Land Trust Board, Mineral Resources Department and NEWCREST (Fiji) Ltd-managed Namosi Joint Venture. Ministry of Lands head Netani Sukanaivalu said the MoU included landowners' concerns that exploration work carried on their land had adversely affected the environment. Mr Sukanaivalu said the MoU would have to be sighted and authorised by Commodore Bainimarama before it was taken back to landowners for further deliberations.

The military council recently went on a fact finding mission to Namosi to find out more on the landowners' complaints on how copper mining had impacted on the environment for the past 30 years. Mr Sukanaivalu said Government was excited about the prospect of copper mining in Namosi and other mineral findings throughout Viti Levu and Vanua Levu. Meanwhile, Government will have to wait for the result of the analysis carried out on the samples of oil which was recently found near Malake in Rakiraki. Permanent secretary for Lands Lieutenant Colonel Neumi Leweni led a team to the site in the province of Ra last week. The team gathered samples of oil villagers reported had been seeping into the sea. *Fiji Times Online*: <http://www.fijitimes.com>

OIL DRILLING TO BEGIN IN PNG'S WESTERN PROVINCE

First rig arrives at Panakawa

MELBOURNE, Australia (Radio Australia, June 10, 2010) – New Guinea Energy says the arrival of its first oil rig in Papua New Guinea's Western Province is an exciting moment for the company and the people of the province. The rig arrived on Thursday and will be erected on the company's Panakawa site, east of the western province capital, Daru. It is expected to be ready to drill its first well within two weeks. New Guinea Energy Executive Chairman, Michael Arnett, says it has taken more than four years to get to this point. Mr Arnett says it is an exciting moment for the people of Western Province. "The Western Province has missed out the benefits of the oil and gas sector to date," he said. "And I hope that we and the other participants in the Western Province can obviously contribute substantially over the coming years to both the exploration program and hopefully, eventually exploitation of the oil and gas for PNG and obviously our own shareholders."

Radio Australia: www.abc.net.au/ra

MAORIS COUNSEL PNG LANDOWNERS ON PROFITS

Delegation offers advice on managing resources

PORT MORESBY, Papua New Guinea (The National, June 10, 2010) – SEVEN Maoris from New Zealand are visiting PNG land and resource owners to share their experiences in turning land-based resources into thriving businesses. The Pacific Cooperation Foundation (PCF) of New Zealand is leading the delegation and has set up meetings in Port Moresby and Madang with representatives from the PNG forestry and fishery sectors as well as other community groups to discuss how natural resources are utilised for maximum economic benefit. The group combines extensive experience in fisheries, forestry, agriculture, horticulture, geothermal energy, land investment, logistics, communications, funds management and banking. The companies and trusts they represent manage business assets worth billions of dollars.

They were in Port Moresby on Monday and left yesterday for Madang where they will be until Saturday before they return home on Sunday. In Port Moresby, the group talked to LNG project landowners from the villages of Lealea, Papa, Porebada and Boera among others. Members were formally welcomed at a function in the New Zealand High Commission on Tuesday evening. Delegation leader from PCF Rino Tirikatene said it all started in 2008 from a request by former prime minister Sir Rabbie Namaliu. "We are responding to a call by Sir Rabbie Namaliu at the Melanesian Symposium that we hosted in 2008. He said there should be greater engagement between Maori and PNG resource owners because there may be things we can learn from each other," he said.

"In addition to Sir Rabbie's call, the prime minister (Sir Michael Somare) visited New Zealand about a month ago, met the Maori, and made the same call. We are here to listen, learn and share

experiences. And hopefully, we want to sustain this. We do not want this to be a one-off thing," he added. The PCF seeks to foster better relationships between Maori and Melanesia, especially PNG, whereby well-developed and successful Maori enterprises make valuable contributions towards improving asset management and resource utilisation in PNG. Maori, the indigenous people of New Zealand, are now significant stakeholders in the country's primary sectors such as fisheries, forestry, land and agriculture.

Letter to the editor

Let's preserve our environment Post-Courier 10.6.2010

We the Yandera landowners envisage that the new Environment Act before the Parliament is one act or proposed law that stands to deprive landowners rights, is unconstitutional and simply doesn't represent the interest of the nation. The common interest of the people, their good and the good of the future generation of PNGeans is overlooked. We think we now have a government represented by leaders in Parliament who are hellbent on using the legislative system to make way for transnational co-operation to come in or without having to face liability or consequences of their action. Thus the government under Sir Michael Somare's leadership is paving the way for exploitation of the nation's resources, while oppressing the citizens rights to fair hearing and fair compensation for environment damages. Now if a new Act stipulates for a director (who is a single individual appointed by the State, the PM will direct him constantly to do and undo at will), is he God over the environment in PNG? We have heard of great leaders like JF Kennedy who once said: "Do not ask what the country can do for you but ask what you can do for the country. On this note why are you leaders selling off the country for your own gains. We pray that the leadership ask direction from God to lead our blessed nation to greater heights of development.

Landowners of Yandera mine, Madang Province

MALAITA PREMIER CALLS FOR MINING LAW REVIEW

Solomons landowners must see benefits

By Eddie Osifelo

HONIARA, Solomon Islands (Solomon Star, June 9, 2010) – MALAITA Province Premier Richard Irosaea calls on any new Government to review the Mining Act. Mr Irosaea made the call after seeing the logging industry reaping the country's resources and leaving landowners with little benefits. "The new government needs to immediately look at the Mining Act before allowing more mineral explorations in the country," Mr Irosaea told the Solomon Star in an interview. "It must make sure resource owners get the big returns from the explorations or otherwise we will end up like what the Malaysians did to Vangunu in Western Province," he said.

Mr Irosaea said the logging industry has set a bad history for the country especially on Vangunu where the company logged the areas and left the country, leaving behind the resource owners high and dry. Now that normalcy has returned after the recent tensions, overseas companies are eye the country's minerals, he said. The normalcy has also attracted small companies like Pheonix International to do alluvial mining in the country. Pheonix is currently extending its wings from Guadalcanal to East Kwaio on Malaita to explore potential mineral resources there. Mr Irosaea said the logging industry should taught future leaders more lessons to take tighter measures against aspiring mining companies coming here.

Transparency International PNG backs Madang activists

National 9.6.2010

By JEFFREY ELAPA

CORRUPTION watchdog Transparency International Papua New Guinea (TIPNG) supports the rights of Madang communities to voice their concerns on the operations of the Ramu nickel mine and the potential impact of the project on their lives. “The concerns raised and the growing number of citizens in Madang and the rest of PNG in relation to the possible environmental damage related to the use of the deep sea discharge of mine tailings are genuine and it would be prudent for our elected representatives to consider their views,” TIPNG chairman Peter Aitsi said. “It is regrettable that just less than a month after the protest march and petitions against the Maladina Amendments, we see yet again the abuse of the parliamentary process to amend laws without proper debate and proper consideration of the long-term impact on the wider community,” he said.

He said the changes made to the environmental laws by Minister Benny Allen and supported by the ruling coalition led by the National Alliance, was a clear sign that Parliament had become a rubber stamp for vested interests and those with money. Aitsi said it was very clear that the process of Parliament had been misused and undermined. “Where was the debate? Where was the wider public consultation? Where was the well-informed research and legal grounds for these changes? “What we have is a knee jerk reaction based on a development at any costs attitude.”

He said the lack of transparency in the way these changes were tabled and passed implied a sinister motive, or worse yet, a naivety of the consequences of these actions. Community leader and marine resource owner of the Pacific Marine Industrial Zone in the south coast of Madang, Hood Kassaz, said the landowners were unhappy with the bill. He said the government was contradicting itself by killing the tuna industry and then setting up a tuna factory, the biggest in the Asia-Pacific region. What logic is it? They probably have no thinking and reasoning powers before making such selfish and greedy laws.”

Fisheries Minister says tailings won't affect fish stock

Post-Courier 9.6.2010

By MOHAMMAD BASHIR

The Government does not believe that tailings from the mines dumped in the sea poses any threat to fish stocks and humans. It is reliant on past experiences to substantiate its assumptions. Fisheries minister Ben Semri said this when questioned by the Post-Courier yesterday after the signing of a Memorandum of Understanding (MOU) between Filipino companies Trans Pacific Journey Fishing Company (TPJ) and TSP Marine Industries, the National Fisheries Authority and the Morobe Provincial Government in Port Moresby. “From experience, gold mines like Lihir and Misima have had no effects so we do not believe it is a concern at this stage,” Mr Semri said. When asked about the effects the tailings from the Ramu nickel and cobalt mine would have, Mr Semri said, “Gold mines tailings which include cyanide are more toxic unlike nickel and cobalt, so it is not an issue now.” NFA managing director Sylvester Pokajam however said he could not comment because tailings relating to the Ramu nickel mine was currently before the courts.

Nevertheless, an independent research by the Post-Courier indicates tailings from nickel and cobalt can have a detrimental effect on marine life as well as humans. Studies over nickel tailings in Ontario, Canada indicate low-ph waters and high levels of iron and metal oxides which can kill and last up to 50 years. It can also affect marine life in its guts, skin and the rest of the anatomy. The agreement however paves the way for Lae to become bigger than Santos in the Philippines which is a progressing tuna city. According to Frabelles' Engr Augusto C. Natividad, Lae will churn out 700 metric tonnes per day as its capacity was much bigger.

“Tuna is a migratory fish, so if you don’t catch it here, it will be caught in Micronesia but we are happy to be within our total allowable limit,” Mr Natividad said. Both companies have been fishing in PNG under bilateral access arrangement through the NFA with seine vessels in the Exclusive Economic Zone and tranships in Lae. TPJ and TSP’s fishing vessels are leased to Frabelle (PNG) Ltd and Luminar Fishing Corporation as locally-based foreign operations. Both companies now intend to comply with PNG’s domestication policy to build a shore-based processing facility in Lae. They intend to build a 120 metric tonnes per day tuna processing plant.

Landowners: ‘Environment Act driven by greed’

National 9.6.2010

By JEFFREY ELAPA

LANDOWNERS of the world-class Porgera gold mine have joined landowners of the Ramu nickel mine to challenge the amendments to the environmental law passed recently in Parliament barring third party intervention to resource development. The landowners said the sudden rush to amend the Environment Act was driven by greed, removing a basic and fundamental right of every Papua New Guinean’s landownership. They said the National Alliance-led government had by-passed the mandate of the people with greed-control powers, claiming that the current government was far more evil than any other governments since Independence.

PGM Landowners Association chairman Mark Tony Ekepa said although the landowners appreciated the presence of foreign investors and the right to profits, extraction of resources must be sustainable. “There must not be absolute power to undermines the rights of indigeneous peoples. “The government MPs, with greed and undue influence, have amended the law to give foreigners absolute right and permit to destroy our motherland. “Why is the prime minister in Oslo, Norway, talking about climate change while his own government at home passed laws that permits foreigners to destroy our environment and land?

“There is no logic when his government supports the drive for climate change awareness and yet passes laws to destroy it. “The law has removed our birth right and the selfish politicians’ bill cannot be allowed to ruin our life,” Ekepa said. He said Porgera landowners would join hands with their Ramu counterparts in Madang and other like-minded Papua New Guineans to challenge the constitutionality of the bill for a Supreme Court review.

Nickel miner to fight court order

Post-Courier 9.6.2010

By JOSHUA ARLO

The Ramu Nico Management (MCC) Limited will press ahead with its appeal against a court order refusing to set aside an injunction against the disposal of tailings from the proposed Ramu nickel mine in Madang Province. This follows the unanimous three-man Supreme Court bench decision to dismiss competency objections against MCC’s appeal. The court found it was not necessary for MCC, the Mineral Resources Authority (MRA), the Department of Environment and Conservation and its director Dr Wari Iamo, and the State (appellants) to obtain leave to appeal that order. The court also dismissed the application for leave to appeal, and proceeded to dismiss an objection to competency to that leave application. The Supreme Court, presided over by Justice Catherine Davani, clarified that its finding did not in any way affect the injunctive relief presently in force granted by the National Court against the tailing disposal.

The appellants want to expedite the hearing on grounds that, among others, the orders appealed are causing them immense financial loss. The respondents, who yesterday had their objections to competency dismissed, say the appellants are not suffering any loss, and if they are, then those losses

are being exaggerated. The respondents are Eddie Tarsie and other Raicoast landowners and land groups who obtained the injunctive relief. They are being represented by Mrs Tiffany Nonggorr. The court said that because it is in the overall interest of justice, this appeal will be heard and ordered yesterday that the matter be set down for the June sittings at the Supreme Court in Waigani. The court also ordered that the matter come for directions today before the Supreme Court.

Ramu nickel a must – Prime Minister
'Closure could be a fatal investment blow'

Post-Courier 9.6.2010

PAPUA New Guinea will be liable to repay the Chinese Metallurgical Construction Company (MCC) and its partners if the Ramu nickel/cobalt project does not proceed as scheduled. Prime Minister Sir Michael Somare said yesterday that the Ramu project was important for Papua New Guinea and if it did not move forward, the country's reputation as an investment destination would be at stake. He also said that Parliament passed the law on environment to ensure that the project proceeded while the courts dealt with the opposition by non-government organisations on the deep sea tailings. He said he got advice from all legal experts including the Chief Secretary to Government Manasupe Zurenuoc and Attorney General Ano Pala. The Government even got advice from a Scottish firm that advised that the deep sea tailings would not have any impact on the marine environment.

The Ramu project is being developed at a cost of \$US800 million (K2.4 billion) and the major partners include Highlands Pacific Limited and Mineral Resources Development Company Ltd. The Ramu landowners are also partners in the project. "We had to make changes to get speedy process to carry out the project," Sir Michael said. "If delayed, it is going to cost us money. We cannot get mining going while this is in court." He did not reveal how much it would cost the State but he said "the Government will lose (lot of money)". And on top of this he said, "Our reputation will also be at stake. So it is in the best interest of the country." He said there had been no other company that was interested in developing the Ramu project at a time when no investor wanted to enter the country and the Chinese Government offered to do it. "I went and talked with the Chinese and they freely offered to come in and invest their money in the Ramu project," he said.

Deep sea tailings report ready

National 8.6.2010

THE Scottish Association of Marine Science will be submitting an evaluation of its findings on deep sea mine tailings placement to the National Government, says one of its leading scientists. Dr Tracy Shimmield, associate director of business development and theme leader of industrial impacts on oceans, indicated from Argyll, Scotland, last Friday that the organisation was about to complete its report of the Basamuk Bay in Rai Coast, Madang. The project would evaluate existing deep-sea tailings placement practice in order "to establish a consensual, clear, environmentally defensible, enforceable policy on the disposal of deep sea tailings in PNG". The study at Basamuk Bay was prompted by the disposal of Ramu Nico mine tailings. The study, independent of an environmental assessment, which has been accepted by the Government, had been taken up as a research project funded by the European Union through its 8th Development Fund.

The researching organisation, the Scottish Association of Marine Science, is one of the oldest oceanographic organisations in the world, founded in 1884 by Sir John Murray. Its main objectives were to critically assess all existing information on past Misima and present Lihir mine operations using deep sea tailings placement (DSTP) and provide guidelines for future DSTP marine environment monitoring in the context of international best practice. It believes that PNG and the world

will benefit immensely from the findings of the research, which is also a Mining Sector Support Programme (MSSP – an EU initiative).

\$8 BILLION TAKEOVER OF PNG'S LIHIR GOLD NEAR

Melbourne-based Newcrest behind deal

MELBOURNE, Australia (Radio Australia, June 8, 2010) – The gold miner Newcrest Mining says it has finished due diligence investigations on one of the biggest companies operating in Papua New Guinea. A takeover deal for Lihir Gold worth \$US7.78 billion (\$A9.5 billion) is expected to be completed by September.

[PIR editor's note: According to its website, Melbourne-based Newcrest Mining Ltd. is Australia's biggest gold producer and among the world's top ten. Lihir Gold Ltd., based in Port Moresby, Papua New Guinea, has operations in Papua New Guinea, West Africa and Australia. It is also among the world's top gold mining companies.]

Newcrest says the two companies have now entered the part of the process that prevents Lihir from holding any talks with third parties about a competing proposal. Newcrest says the merger will create one of the world's largest gold reserves, with operations in five countries. Lihir's largest mine is in Papua New Guinea. *Radio Australia:* www.abc.net.au/ra

Worst to come for PNG

Post-Courier 8.6.2010

By *FRANCO NEBAS*

THE amendment of the Environment Act is a sign of worse things to come for Papua New Guinea if nothing is done to stop it, a former politician said. "What has happened now is a sign of dictatorship which means that parliament is not a parliament," former deputy prime minister and Markham MP Andrew Baing said. Mr Baing, who has stayed out of politics, came out for the first time to raise concerns over the Act. He said Parliament had already turned into a rubber stamp. "This legislation is a sign of worse things to come in future where we have to put a stop to it," he said. He said legislation was the rights of the people in terms of protecting them and environment. Mr Baing said the amendment of the law would also wipe out most of the long term renewable marine resources. He said the Government failed to carry out research into what the effects of the law may bring to the people.

Mr Baing said all MPs who had supported the bill had no idea nor did they have the country's best interest at heart. He said the Government had thrown the country and its people "to the dogs". "The Government has thrown the country outside over the gates to make us become spectators of the destruction that will take place after mining, oil and gas activities are over," he said. "The Government has allowed the resource developers who are literally destroying our environment, just to extract our resources from our land. "I am calling on all citizens of this country, NGOs, anti-corruption groups, including churches to come together and stage a nationwide demonstration," Mr Baing said.

He said the demonstration will demand the Parliament to resolve the Bill or Parliament should be dissolved. "Parliament has to be dissolve because they no longer have the confidence of the people. The Members of Parliament have not acted in the interest of the people but to the interest of foreign companies," Mr Baing said. He said the people had voted for MPs to protect their interest and resources but it had turned the other way. "I am prepared to lead the demonstration to see the Bill repealed and Parliament be dissolved.

Community takes stance against environment Act

Post-Courier 8.6.2010

By *FRANK RAI*

A river community affected by a major gold mine in Morobe Province has cried foul over the recent Environment Act passed by Parliament last week. Upper Watut River Impact Priorities Committee raised concerns that the 2010 Environment Act was not in the best interest of the mining impact areas but only to protect foreign interests. The committee representing more than 500 people living beneath the Hidden Valley gold mine in Bulolo expressed concern that the bill would protect foreign interest to exploit their environment. Committee chairman Riggo Nangan said the move by the Government was nothing more than “hitting one more nail to the coffin” of PNG resource owners. “It is clear the Government is doing this for money and not for the rights of the people. Two months ago we were stirred up with the Maladina Bill on the Ombudsmen Commission and now we are crying for our environment,” Mr Nangan said.

He said the Government had passed two controversial bills within a month’s span, adding that the Government had lost its focus. Mr Nangan said the river was directed impacted by the Hidden Valley Gold mine upstream, adding that it would affect the surrounding environment in the coming years. “We have the liberty to question the government and the developers on the environmental impacts in our rivers, landscape, mountains, grasslands and the general environment but where do we go with this new bill in place,” Mr Nangan asked.

He urged human rights enforcers around the country to come together and fight for the rights of Papua New Guineans and their land. Mr Nangan said the move of passing the bill was “clear corruption to the core” and needed to be addressed or stand down by the government. Mr Nangan claimed the National Government was promoting neo-liberals or free market fanatic philosophy which will not help Papua New Guinea but rip the country from its natural resources. He has called on the Government to reconsider the Environment Act saying it was not passed in the best interest of the people. Mr Nangan said a review into the law was vital.

Editorial

Muddied waters in environment row

Post-Courier 7.6.2010

THERE’S a lot of muddy waters in the debate after the Government’s ramming job on amendments to the environment laws of the country. Landowners immediately condemned the amendments when they were rushed through Parliament as the last business before the House rose to end the sitting. Members were caught unawares. The Government used its majority numbers to slip the matter through quickly and without much debate. It was obvious that the catalyst for the amendments was the legal abyss trapping the Ramu nickel project in Madang Province. certainly the Government would also have had an eye for future problems with the liquefied natural gas projects also. But the Government while mastering in strategy on the floor of Parliament, flunked the course on human relations with a minor in public relations.

People upset about dumping millions of tonnes of waste into the ocean nearby were stunned by amendments that appeared to take the Ramu nickel environment issue away from the neutral, independent hands of the judges and put it into the hands of politically influenced public servants. Naturally, they erupted in anger. The effect of the amendments appears to be that once the environment approval is given, there will be no comeback for the landowners. And people were not sure as to what safeguards will be there to ensure that the landowners’ wellbeing is provided for. Prime Minister Sir Michael Somare said public reaction to the legislative changes had been “confused and misinterpreted”.

He said: “No landowner rights have been curtailed by the introduction of this recent amendment to the Environment Act of 2000. Project developers must still comply with PNG’s strict environment regulations before permits can be issued by the Department of Environment. This rigorous process of compliance safeguards in the first instance the interest of landowners, their land and the environment.” He urged people to read and understand legislation before issuing “misleading statements that cause unnecessary anxiety. Good to hear PM: But where are the government spokesmen to spell out the procedures in simple English. It hasn’t been done!

Letter to the editor

Prof Kalinoe’s explanation on bill not accepted

Post-Courier 7.6.2010

I write in regard to the recent Environment Bill passed in Parliament which is nothing but a Government reaction in haste to ensure an investor confidence is maintained at the price of all PNG. Live on FM 100 talkback show on Wednesday June 3, Professor Joshua Kalinoe explained the pros and cons of the Bill in haste as it was done in Parliament and the deputy secretary for Environment could not explain to the people of PNG in Tok Pisin when a caller from Lae asked him to reiterate his speech in Pisin! How funny? Yet these people advise the Government to enact the bill.

Simply you all live in glass houses and do not understand the grassroots and our way of life with our land and its natural environment. My point is directed to Professor Kalinoe and I quote him: “mining must continue to protect the mining agreements and licences and when damages are caused, only then can landowners sue for damages!” It is commonsense that we must know first hand what damages will be caused to lives when our environment is being exploited for mining or any other projects. It is our right to know what my tribe and those near me will enter into when our land is leased out. Come back and explain to us. Affected communities must be addressed in their own lingo and made aware. I would like to thank those who are supporting all the disadvantaged “papa na mama graun blo PNG” in all resource sectors who are fighting for the course of true justice of environmental protection for our future generations.

Paul Konia, AMC Madang

Australia: Mine in safety scare

Post-Courier 7.6.2010

WORKERS at BHP Billiton’s Olympic Dam are being exposed to unsafe levels of radiation, according to a company whistleblower. BHP Billiton has been warned about the risks at Roxby Downs, but according to South Australian Upper House Greens MP Mark Parnell, the company has failed to take action. Mr Parnell says the levels of polonium-210, the toxic by-product of uranium production, have breached health standards. The whistleblower produced documents that show BHP uses manipulated averages and distorted sampling to ensure the figures are below the maximum exposure levels set by Government, he said. “It’s a uranium mine, it’s radioactive, it’s dangerous and people work there and there will always be questions around occupational health and safety in a uranium mine,” Mr Parnell told AAP. Although he’s been aware of the situation for some years, Mr Parnell said until the whistleblower, who works in the plant, came forward late last year there was no evidence of the practices. The company had managed to manipulate the sampling by transferring workers, whose exposures were escalating, to a different area, he said. According to Mr Parnell there could be a number of different reasons for the exposure including insufficient smelter ventilation, humans working in areas where robots should be used and airborne contaminated dust.

Mining robbery foiled, villagers nab criminals and hand to cops Post-Courier 7.6.2010

VILLAGERS in Western Highlands arrested six members of a gang after a five hour gun battle two days ago and handed the badly wounded men over to police. The gang had invaded the exploration camp operated by Harmony Gold - the developer of the Hidden Valley and Wafi gold mine in Bulolo, Morobe Province — and after failing, they shot at a helicopter hired by the mining company. The pilot escaped unhurt but was reportedly left traumatised by the drama that unfolded at Kuranga in the Dei District of Western Highlands Province last Friday. TEPKA and Wuli villagers caught six members of a fully armed gang and handed over the badly wounded gangsters to police at Kotna on Saturday in an event provincial police commander Kaiglo Ambane described as “a first of its kind” in the province.

Those nabbed were part of a criminal syndicate allegedly being sponsored by elites and had been operating in the province for some time. The criminals were rounded up and held by villagers in a “citizen’s arrest” after they attempted to rob workers at Harmony Gold’s exploration site at Kuranga. The gang members and two villagers are fighting for their lives at Mt Hagen General Hospital following the shootout. Reports are scratchy as the area is only accessible by air, but according to Mr Ambane, a helicopter hired by the company was shot at by the gang when their robbery attempt failed. Chief Supt Ambane said the helicopter received minor damage, adding the pilot was unhurt but in a state of trauma.

Reports say villagers and the criminals exchanged fire in a gun battle for several minutes before the gang retreated by taking the eight-hour bush track back to Kotna. SOS calls from the remote area from a satellite phone alerted police and locals at Kotna who blocked all exits from the forested range. A police contingent was immediately sent to Kuranga after the surprise raid. Community leaders alleged that businessmen and politicians funded the unsuccessful raid. They asked Mr Ambane to thoroughly investigate and apprehend the sponsors of the gang so that they too could face the full force of the law. “They become overnight millionaires because of such illegal activities. But they escape when the small man ends up in prison or gets badly beaten,” Tepka councillor Single Merua said.

Reverend James Koi said sophisticated weapons and the car used in dropping off the gang came from prominent people. It is believed villagers were told of the identities of the “big men” when interrogating the criminals. Rev Koi said whether the raid was intended to jeopardise the current explorations or a planned robbery was not known and police expected to establish the motive through their own investigations. Youth leader Tony Pon said the gang raided the area thinking that Harmony Gold and the Mineral Resource Authority would pay landowners a substantial amount of money for environmental damage that day. He said after realising that there was no cash transported into the camp, the gang shot at the chopper. Mr Ambane said the sponsors of the gang were known to police and would be arrested and charged. Chief Supt Ambane said the captured suspects were teenagers from Baiyer and Kindeng. He said charges would be laid including attempted robbery and attempted murder on the detained suspects.

PNG LANDOWNERS SUE OVER ENVIRONMENTAL LAW

Miners, gas companies immune from prosecution

MELBOURNE, Australia (Radio Australia, June 7, 2010) – Landowners in Papua New Guinea have launched a legal challenge against a controversial environment law, which they say infringes on their human rights. Recent amendments give the Environment Department unchallengeable power to grant environment permits to parties such as mining companies. The changes follow complaints from the mining industry after landowners won a temporary injunction preventing a

Chinese-owned nickel mine from dumping waste into the sea off Madang. Those same landowners have now filed papers seeking to challenge the legislation in the Supreme Court. Their lawyer, Tiffany Nongorr, says the amendments are unconstitutional. "Various human rights guaranteed under the constitution are breached by this legislation," she said. In a statement, the Prime Minister, Sir Michael Somare, says the amendments have not curtailed the rights of landowners.

Radio Australia: www.abc.net.au/ra

Ramu landowners seek review on Act

Post-Courier 7.6.2010

BY CALDRON LAEPA

THE Kurumbukari landowners in the Ramu nickel project area of Madang, are seeking a review of the amendments made to the Environment and Conservation Act through Nauru Lawyers in the Supreme Court. The landowners, after legal consultation, determined that the amendments will greatly affect their lives and saw it as a slap on the face. Kurumbukari Deep Sea Tailing Placement (DSTP) campaign leader George Ireng said the amendment was bad for the people because they had presented a petition against DSTP to Parliament and all the members in the Madang Province. However, he said it had taken them almost a year to respond to the petition. Mr Ireng said that without responding to the petition the Government had voted for the environment amendment which would take away their rights to challenge the decision to have the DSTP removed and other ways used to dump mining waste.

Prime Minister disappointed over Act being ‘misinterpreted’

Post-Courier 7.6.2010

THE Prime Minister Sir Michael Somare claims the amendment to the Environment Act has been confused and misinterpreted. Sir Michael said, "No landowner rights have been curtailed by the introduction of this recent amendment to the Environment Act of 2000. "Project developers must still comply with PNG's strict environment regulations before permits can be issued by the Department of Environment. "This rigorous process of compliance safeguards in the first instance the interest of landowners, their land and the environment. "Having said this, it would be irresponsible of the Government not to also protect the interest of project developers that have complied with our environment regulations and therefore been issued permits. "There is a section in the Environment Act of 2000 that allows companies that have already been issued permits to proceed with their developments even though some Acts were repealed as a result of the amendment of 2000. The Bill recently introduced by Parliament merely gives clarity and erases doubts on the application and the saving and transition provisions in the Environment Act of 2000. "The amendment does not mean we have lowered our standards of environmental protection. "I urge the media and the public to find out the facts and to read and understand legislation before issuing misleading statements that cause unnecessary anxiety."

Eastern Highlands Province groups slam amendment

National 4.6.2010

LOCAL environment and conservation groups in Eastern Highlands are opposing the Environment (amendment) Bill 2010. Research and Conservation Foundation, Conservation Forum (CF) and Ona-Keto People's Foundation (Ona-Keto), yesterday joined concerned groups to voice grave concerns at the government's move to amend the Environment Act. They described the amendment, carried out without feedback from the people nationwide, as "democracy under threat and exploited". CF's John Ericho said the people would not have any say in the destruction and exploitation of their environment under the amendment. "PNG is a rural country, the people rely heavily on

environment for survival, any destruction can destroy them. Where will the people go?" Ericho asked.

He said the amendment would only serve the interests of greedy so-called resource developers and the selfish government. "Is the government interested in serving the interest of resource developers, especially foreign companies, or its people. "The people must not remain silent on this issue because the amendment to the act would deprive their birth rights to have access to their environment," he said. Ericho cited Ok Tedi Mining, Bougainville Copper, Tolukuma Mine, Lihir and Misima as examples of vast natural environment destruction that had left the land barren.

Governor Parkop: I would have voted against bill

National 4.6.2010



NATIONAL Capital District Governor Powes Parkop said he would have voted against the amendment to the Environment Act had he been in Parliament when the vote was taken. He said he was not aware that the bill was going to be introduced by Environment Minister Benny Allan last Friday, and went out of the chamber to obtain a copy of the bill when it was moved and passed 73-10. Since it was passed, lawyers, rights groups and on non-governmental organisations and landowners have slammed the amendment as unconstitutional, saying it removes the rights of landowners to sue or protest against environmental damage in resource development areas.

Government lawyers have, however, said the new amendment did not deprive the right of aggrieved resources landowners to seek damages in court for environmental damages. Appearing on the National Broadcasting Corporation's talkback show on Wednesday, secretary for the Attorney-General and Dr Lawrence Kalinoe and Solicitor-General Neville Devette, said the legislation did not take away the landowners' right to seek damages. "Those rights remain," they said. Kalinoe stressed that the Environment Act 2000 and its amendment were also designed to protect permit holders who comply with the law, with detailed environmental and scientific data, and no party shall disturb under the pretext of likely environmental damages. "The Constitution talks about protection of environment and the new legislation does not contravene the Constitution.

Section 38 of the Constitution is considered. We are mindful of the implication before making the changes," Devette said. But Parkop said the amendment placed absolute power to decide permits and licences in the government, while removing rights of landowners and others to challenge such decisions. He said it also allowed applicants to by-pass due process. He said the powers provided to

holder of a permit make a total mockery of the impartiality and objectivity of the law. “How can we pass a law that takes away our rights and powers while at the same time vest powers on developers?” Parkop asked in a letter to Allan.

Gas project: security company is not a threat, says Wright National 4.6.2010
By PATRICK TALU

G4S secure Solutions (PNG) Ltd (G4S) has rebutted Southern Highlands Chamber of Commerce president Berry Mini’s media statement that G4S is a threat to the community and the security services industry in Papua New Guinea. Indonesia and PNG G4S regional director Chris Wright said yesterday that G4S was fully compliant with PNG laws and supported a number of community-based initiatives such as the ‘Meri Safe Haus’ programme in Port Moresby. “G4S is a responsible company that believes in giving back to the local communities we operate in and committed to growing with PNG. “G4S commenced operations in PNG in 1966 as Protect Security and has been here for 40 years. “Contrary to Mini’s accusation, we do understand the local culture,” he said in response to Mini’s statement published by The National on Wednesday.

He said the influx of international investment for the liquefied natural gas project (LNG) brought with it requirements for international standards in environmental health, safety and quality management. “The security requirements for the larger installations also require technically complex electronic security systems to be integrated into the main facility control systems, and for the physical security and response forces to be properly coordinated with the electronic systems to provide an integrated security solution. “G4S is now able to call upon the skills and resources of a global company and has made a significant investment in the training of our people, and this ‘skills transfer’ will be of long-term benefit to PNG,” Wright added.

He said although G4S was part of an international company, “more importantly, we care for its people and its communities. “We understand the people of PNG and will always continue to respect the values and cultures of its people,” he said. Wright said G4S remained a full-fledged PNG company as it was established in 1966, the only exception being that it now had international backing to ensure best practises were maintained to provide PNG businesses and the people with professional services.

Ramu landowners to challenge law National 4.6.2010
By JEFFREY ELAPA

A LANDOWNER group opposing the Ramu nickel mine deep sea tailing placement system at Basamuk, Madang, says it is going to court to seek an interpretation of the legality of the amended Environmental Law. The group called a media conference in Port Moresby yesterday to announce its stand concerning the law. It wants a Supreme Court interpretation on the rights of landowners and whether their livelihood would be deprived by the amended law. Representatives George Ireng, Sama Meilombo, Gideon Sioba and Lynette Dawo said they were not against the project and developments taking place in their area. Rather, they were concerned about the future generation whose environment might be destroyed by the amended law. They said the government and developers should look at other wastes disposal alternatives like bag filling, dam, and dewatering facilities. The group said it had copies of two independent reports, which revealed the possibility of environmental damages and their effects on the lives of the people.

One of the reports is from the Lutheran church while the other one is from the Scottish Association and Marine Sciences. Both were engaged by the government. Rai Coast MP James Gau said the

Ramu mine is important to the Papua New Guinea economy as well as the local economy because the people of Rai Coast had been neglected of basic services for the past 30 years. Gau said so far there was no evidence to show that deep sea tailings system would cause pollution and environmental pollution. "Critics must give us this damaging evidence to convince us that we should look for other options," Gau said. He added that, "if they (critics) want to block the mine operating and developing in our area, then they must provide alternate source for the people of Rai Coast to earn money. "If they cannot provide alternatives to better our lives, then they should leave us alone," he said.

Profit tax: Rudd expects tax debates

Post-Courier 4.6.2010

PRIME Minister Kevin Rudd says he is expecting more sharp exchanges between the Government and the mining industry over the resources super profit tax. It's all part of the argy bargy, he says, of the debate that has dominated federal politics over the past month. "(There'll be) claims by mining companies, statements by mining companies, there'd be threats of project closures, there'd be projects also threatened to be frozen," he said. "This is part and parcel I believe of what will be the normal argy bargy of a very tense debate between parts of the mining industry and the Australian Government. "I am of the view that we are just going to have a lot of sharp exchanges." Despite the tensions, he reiterated the Government's commitment to tax reform. "There'll be a lot of heat and there'll be a lot of acrimony in this public debate but the Government is determined to prosecute tax reform," Mr Rudd said.

Earlier yesterday, Swiss mining giant Xstrata indicated it would suspend spending of \$586 million on Queensland projects because of the mining tax. "The RSPT has created significant uncertainty for the future of mining investment into Australia and would impair the value of previously approved projects and exploration to the point that continued investment can no longer be justified," Xstrata chief executive Mick Davis said. Mr Rudd said no miners wanted to pay more tax. "(They are) going to be fighting tooth and nail not to pay more tax, that's the truth of it," he said. He also welcomed the input of Sir Rod Eddington, chairman of Infrastructure Australia and one of the Government's key business advisers. "I certainly welcome Rod's remarks in terms of underlining the importance of consultation, he's a good man," Mr Rudd said.

Environment Act bulldozed through by Government

Post-Courier 4.6.2010

By JONATHAN TANNOS

A RARELY adopted procedure was used last Friday to pass the Environment Act amendment bill, now the focus of all concerned environmentalists and civil action groups. In a slick move, the Government using its numbers waived the 21-day requirement for circulation of amendment bills to members and bulldozed the new legislation. This was done when the man at the helm of the amendment, and Environment and Conservation Minister Benny Allen, sought leave of Parliament to move the second reading immediately. With its numbers, the Government agreed and the third reading was just a formality. Normally after, the clerk would formally announce the intention of a particular minister to present a new bill before Parliament and the 21-day circulation requirement would take effect. This would give time to all members to carefully read implications of the intended bill and seek legal and professional advice in order to meaningfully debate and make a proper and final decision.

The first reading would then take place in a subsequent sitting of Parliament and not during the same sitting. Following that, the normal procedural actions would take place with the responsible minister making a statement on the intention of the bill and debate would commence. This was not

the case with the Environment Act amendment bill because the Government pushed it through, taking advantage of its majority support to take it through the second reading. This can effectively waive the requirement for the 21-days circulation given as the Government had the numbers on the floor of Parliament, otherwise it would not take effect in the manner it did. Most members were taken by surprise and had no time to study the Bill. The Opposition could only rely on the support of its 10 members at that time to vote against the bill.

Ramu petition on hold

Post-Courier 3.6.2010

Bongu petitioners opposing the Ramu Nico DSTP plans have been told the Government is yet to consider their petition. Madang Governor Sir Arnold Amet met with the leaders of the petitioners yesterday and told them the Government was yet to fully consider their petition for the finding of an independent scientific research to carry out a final study to prove or disprove the studies carried out by Natural Research Systems (NRS). The study by NRS was reviewed by the Mineral Policy Institute of Australia at the request of the PNG Lutheran church. The MPI review claimed that the NRS study was flawed which had raised opposition to the DSTP plans. Sir Arnold told the leaders he had yet to talk with the Minister for Mines Sir Puka Temu and the Environment and Conservation Minister Benny Allen. The petitioners had given the Government 21 days to respond and this will expire this week. The public awareness on the DSTP system has concluded along the coastal pipeline area and is planned to continue in other areas.

Profit tax: Rudd meets with mine bosses

Post-Courier 3.6.2010

KEVIN Rudd is preparing to deal directly with senior mining bosses over the proposed resource super-profits tax to head off a damaging public brawl between the industry and the government and reach a genuine compromise on tax reform. The Prime Minister yesterday appealed for "direct" negotiations between the resource industry and the government instead of the megaphone trading of insults that had been conducted "through the media" in the past month, The Australian reports. Mr Rudd declared he refused to be bullied by the miners, who had to pay "their fair share of tax" and warned the talks could last until the election. After Mr Rudd's public appeal, the Minerals Council of Australia last night released an economic study suggesting the proposed tax would kill off new projects in nickel, gold and copper mining and cut 57 per cent off the value of new black-coal mines and 46 per cent of iron ore projects.

The report to the MCA forecasts that the tax would cause significant loss of value in investments and is "likely to result in mining companies deferring or cancelling Australian projects in the short to medium term". The Government's political standing and Mr Rudd's leadership support has been rocked during the month-long dispute over the new profits tax on mining. The latest Newspoll surveys show Labor's primary vote at just 35 per cent and more people opposed to the new tax than supporting it. The MCA has run a series of advertisements accusing the Government of misleading the public over the taxes miners pay and arguing the new tax would hurt all Australians.

Wayne Swan has responded by calling the mining leaders liars or ignorant. Mr Rudd said on Tuesday in parliament that "the bottom line is they can pay more tax" and the Government would not accept "propaganda by the MCA". But the Prime Minister is preparing to meet individual mining leaders, who argue that the Government's process in introducing the tax has been faulty, that there has been insufficient consultation and that there should be detailed negotiations beyond the tax consultation panel headed by a deputy secretary of Treasury.

PORGERA LANDOWNERS CHASTISE MISGUIDED OFFICIALS

Lawmakers side with heavy-handed mining giant

By Simon Eroro

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 3, 2010) - "The interests of this country must be put ahead of any interests and politicians must have the mindset in protecting the interests of their people and the sovereignty of this democratic nation." Chairman of the Porgera Landowners Association Mark Ekepa said this yesterday after learning that both Member for Porgera Philip Kikala and Minister of Foreign Affairs Sam Abal discredited the landowners in the media recently for throwing their support behind a Bill now before the Canadian Parliament. The Bill known as C-300 has passed two readings already and is awaiting its final passage after it was introduced by John McKay, a Liberal Member of Parliament in Canada. The Bill seeks to bring accountability and transparency to incidents of breaches of environmental and corporate social-responsibility standards.

Mr Ekepa said if a company is found to be non-compliant, the sanctions to be applied would be a direction by a Minister of the Crown to withdraw investments in Export Development Canada and the Canada Pension Plan. He said the landowners' trip to Canada was made possible at the invitation of human rights groups from there to support the proposed legislation. Mr Ekepa urged Mr Kikala to come out and say if he was serving the interest of the indigenous landowners of Porgera or Barrick Gold, a company that had continued to cause destructions to the lives of the many inhabitants in the area.

The passing of the Environment Bill has not gone down well with many... NCD Governor Powes Parkop stands to tell the nation his deepest concerns on the new law... Read on

Absolute power to Government

Post-Courier 3.6.2010

As a parliamentarian, a lawyer by profession and as a person who has advocated for the rights of landowners and protection of our natural environment for the best part of my professional life before entering Parliament, I write to express my objection and deepest concerns at the passing of the Environment Act amendments last Friday, May 28. As you would have probably noticed, I was not in the Chamber when the vote was taken last Friday. I had left the Chamber to obtain and peruse a copy of the proposed Bill to appreciate it before I could cast my vote as I was not aware of your intention to move for the passing of the Bill that day and did not bring my copy. While in the process of locating a copy, Parliament voted on the bill and passed it by a majority of 73 to 10. Having perused the proposed Bill (now law) and appreciated its content, I would have no doubt voted against the Bill had I remained in Chamber when the vote was taken. My objection to this law is based on the following observations:

* The law effectively places almost absolute power in the Government to decide as to environmental permits, approvals, licences and the standards required of permit holders while removing rights of landowners and others to challenge such decisions either under civil law, statute and even customary law. It also allows applicants to bypass due process and obtain from the director a certificate that upon its granting is an absolute proof of compliance of all environmental laws, process and standards. This in effect is absolute powers vested in one person and is a big concern as the law also attempts to remove the powers of the court to review the exercise of such powers.

* While this power is vested by the new law in the director, as you are aware the director is none other than the Secretary of your department and this therefore magnifies the concerns about objective exercise of almost absolute powers provided in the new law that cannot be challenged by any-

one

* The removal of the rights to a cause of action under new section 69B and the right to challenge the granting of a permit, approval or licence etc over environmental use or discharge etc is of particular concerns given the fact that the majority of our people rely heavily on the natural environment, including the sea, waterways, rivers etc for their subsistence and survival. Given the experience of Bougainville too, this is a piece of legislation that flies against our recent history that ignorance of environmental concerns can serve as a basis for major conflict.

* The powers provided to holder or a permit under s.87B (4) and s.87C (4) also make a total mockery of the impartiality or objectivity of the whole law. These provisions provide that there can not be any review of a Certificate of Necessity once granted by the director except if the permit holder makes a request for review. How can we pass a law that takes away our rights and powers while at the same time it vests powers on developers? How can we justify such a clause?

* While the amendment is specifically about the Ramu Nickel-Basimuk Bay situation and that maybe the Government's hands were forced by the decision of the court, it is a bad legislation in that it is not restricted to the circumstances in Ramu Nickel-Basimuk Bay environmental issues. By this law the Government has completely changed the process, powers and granting of environmental plans, permits, licences etc without undertaking a proper review of existing laws and the application of such laws. This law therefore is not based on any policy review but more a reaction to one specific circumstance to change the goal posts completely for all projects past, present and into the future.

* The passing of the amendments flies in the face of the Government's claims to be serious about protecting our natural environment, especially at the global level. While the Government can claim that it will use the powers sparingly or objectively, there is no guarantee that it will use such powers in such manner. In any event, in the future such powers can be used and misused, if not now.

* The use of "national interest" to pass the law is a poor or lame excuse because national interest also includes protecting our national environment as pronounced in the National Goals and Directive Principles and protecting the way of life of our people, many of whom rely on the natural environment for their survival. This is of critical concern given that the global systems are experiencing many crises such as financial crisis, food crisis, energy crisis, environmental crisis/climatic changes. The global situation warrants that we protect our traditional means of survival more instead of putting our people's survival at risk by adopting such regimes that can allow the Government of the day to by pass due process, scrutiny of the public and the courts to decide such critical issues.

* I do not accept the argument that since developed countries such as Canada, USA and those in Europe had done the same, we should follow suit or not be morally disturbed by such laws. In most of these countries now, they have put in place a strict environmental regime to protect their natural environment due to the mistakes they made in the past. In almost all of these countries now it is illegal to dump mining waste and tailings into river and water systems and in the sea. We should be learning from and seeking to avoid their mistakes instead of merely following their mistakes.

* In any case Minister, you are aware that the report by the Scottish Association of Marine Scientists has confirmed that there continues to be environmental impact being faced by the marine life and villages in Misima five years after closure of the mine there. You are also aware that CSIRO have released two reports which confirm that the disposal of waste and sediments into the sea in Lihir by Lihir gold mine is also affecting deep sea fish and marine life and the coral sea in the Lihir area so people in Basimuk Bay have legitimate reasons to be concerned about the disposal of waste

or tailings into their bay.

* The amendment is a poor piece of legislation too because while it seeks to remove powers of the court to review any decisions made or reached under the new law, you should note that under Section 155 of the Constitution, the National and Supreme Court have inherent powers to review any exercise of judicial, quasi-judicial and administrative powers such as that now vested with the director under the new law. Such powers can never be removed by Parliament because it is bestowed on the National and Supreme Courts by the Constitution. As seen in the case of the Organic Law on National and Provincial Election where the Supreme Court still allows review of National Court decisions to take place even through the said Organic Law states that the National Court decision in cases of election petitions is final and not subject to appeal or review. Far from solving the matter once and for all as you or the Government intended, this legislation will only allow more litigation in challenging the legality and constitutionality of the said law. It could also see the National and Supreme Court allowing its inherent powers under s.155 of the Constitution even more over decisions made by the director. So instead of the new law settling all litigations, it could invite more litigation.

* Far from resolving the issues in respect of Ramu nickel and Basimuk Bay, this legislation will probably prolong the dispute and put in jeopardy the future of the mine because litigation would now probably move to the Supreme Court to challenge the legality of this law while the original issues before the parties remain unresolved and the mine will remain closed or in suspense. Instead of saving the Ramu nickel project, this legislation will probably kill the project

Given the above therefore I propose that you delay the implementation of the law with a view to repeal it or amending it so that the powers of the director are not as absolute as in the present form. You can recommit the Bill to Parliament under s.130 of the Constitution to make alterations or amendments so that a fair law is passed rather than the current one. Alternatively, that you can have the current law repealed and pass a law specific to Ramu nickel-Basimuk Bay situation and not changing the laws entirely as you have done by this law. In respect of the issue over Ramu Nickel-Basimuk Bay situation, while I am not very familiar with the legal proceedings to date, I believe the State and the developer company have been let down. Knowing the laws on granting and maintenance of injunction and stay orders, I cannot understand how an injunction or stay order could be granted and maintained over a project that involves million of kina in investment and that the continuation of an injunction or stay orders would incur huge cost and loss for the State and the developer company.

I am also advised that the judge who presided over the case, wanted the trial of the substantive case heard in the beginning of May and had the trial proceeded, the issues would have been resolved. In any case, I believe the Government should pursue a different approach to resolving that dispute than resorting to such tactics as completely changing the goal posts and rules for all. There are many ways in which tailings could be disposed of or stored so that they are safe and not harmful to the environment rather than dumping them in the sea. I look forward to your response and further dialogue on the same. I advise however that due to the public interest in this matter, I will be releasing copies of this letter to the media.

Powers Parkop
NCD Governor

Landowners' rights not breached

Post-Courier 3.6.2010

By *PETER SEA*

THE rights of landowners have not been contravened by the recent amendment to the Environment Act 2000, Secretary for Justice and Attorney General Professor Lawrence Kalinoe said yesterday. What the amendment had done was address the issue on the permit, he said, on the FM 100 Radio Talkback Show hosted by Roger Hau'ofa. Prof Kalinoe, Solicitor-General Neville Devete and Deputy Secretary for the Department of Environment and Conservation Gunther Joku appeared on the show to clear confusion arising from the passage of the Act last Friday. Prof Kalinoe said: "I don't think there has been any contravention of any laws under the Constitution." He said the team who put the Act together was mindful that it did not contravene any other laws or the Constitution and its implications.

He admitted it was rushed but for a good reason - to protect the permit issued by the Government and the interest of the country. He confessed the Government was caught on the hop by an injunction ordered by the National Court to stop Ramu Nickel Mine from working on the deep sea tailings project in the Basamuk Bay area. Prof Kalinoe said the passage of the law attracted a lot of criticism because a lot of the people did not understand it. But it was done to "clear an ambiguity in the permit issue". In answer to a question from a caller named Jay, Prof Kalinoe said the amendment was an ordinary Act of Parliament and not a constitutional amendment so it did not require time-consuming consultations with interested parties and NGOs. "Wider consultations were a long and futile process," he said.

Hundreds oppose environment amendment

National 2.6.2010

HUNDREDS of people turned up at a rally in Madang town yesterday afternoon and aired their grievances against the Government's amendment to the Environment Act. The people, not only from Madang but from all over the country, came from all walks of life for the two-hour rally. Women and children also took the stand with microphones and loud hailers, waving banners and handing out flyers. They denounced the government and said it was "corrupt" and had "committed daylight attempted murder" on its citizens. The amendment passed last Friday removed the responsibility for environmental damage from developers. Any company carrying out development of any resource could not be sued by a third party for damages to the environment. The government's move had agitated landowners of Basamuk Bay in the Rai Coast of Madang.

They had on April 10 presented a petition to Deputy Prime Minister Sir Puka Temu and Environment Minister Benny Allan to stop the deep sea tailings placement by the developer of Ramu Nickel Mine, China Metallurgical company. The landowners had given Sir Puka and Allan 21 days to reply. On the 18th day of their petition, the government passed the amendment in Parliament, claiming that third party lawsuits for compensation would "curtail" economic growth. The Basamuk landowners, led by George Ireng, said they wanted the government to discuss with them the impact of the tailings them. They said that the government's consultant had said that there would be no damage to the environment. "We think otherwise that there will be damage to the environment," Ireng said. "The damage to the marine environment will be quite large, from Basamuk to Bagbag and Karkar (in Madang) to Siassi (in Morobe)," he said. Ireng and several landowners met with Governor Sir Arnold Amet before the rally and asked him to tell the government to repeal the amendment. Ireng said Sir Arnold had said he would reply within two days. The residents of Madang are now thinking of organising a protest march.

Australia: Rio Tinto issues tax figures

Post-Courier 2.6.2010

PERTH: Rio Tinto Ltd has contradicted the federal government's estimates of the level of taxes paid by mining companies in Australia by releasing its own independently audited figures. In justifying its planned resources super profits tax, Treasury late last month put the average company tax rate on resources companies at between 13 and 17 per cent in the decade to 2004/05. Treasury also said at the time that the mining industry's average tax rate was about 12 per cent lower than the average tax rate across all industries. But Rio Tinto on Tuesday repeated its claim that it pays much more. "More than \$A20 billion was paid in corporate taxes and royalties alone in the past 10 years," Rio Tinto said in a statement. "Rio Tinto's effective tax rate averaged more than 35 per cent. "About three-quarters of these taxes and royalties have been paid in the past five years, underlining our growing tax contribution."

Rio Tinto chief financial officer Guy Elliott said the data, verified by independent external auditors PricewaterhouseCoopers, would help end much of the uncertainty created by contradictory information that had emerged since the proposed 40 per cent tax was announced on May 2. "These figures demonstrate that Rio Tinto, one of Australia's biggest taxpayers, pays its fair share of taxes," Mr Elliott said. "It should also be emphasised that the data shows Rio Tinto has effectively invested all of its Australian profits, and more, back into Australia in the past decade." BHP Billiton Ltd said last month that it paid an effective tax rate of 43 per cent in 2008/09.

ESSO REPORTS EARLY PROGRESS IN PNG GAS PROJECT

Groundwork under way in four-year construction plan

WELLINGTON, New Zealand (Radio New Zealand International, June 2, 2010) – The main shareholder in the liquified natural gas project in the Southern Highlands of Papua New Guinea has put out a report detailing the progress it's making. Esso Highlands, a subsidiary of Exxon Mobil, also outlined how it's assisting environmental and social development in the country. It's managing director, Peter Graham, says they are at the early stage of a four-year construction period, with activities under way in design, pre-mobilisation for the massive LNG project as well as early site works.

[PIR editor's note: According to [Esso's website](#), initial development is to include construction of a 960-million-cubic-feet-a-day gas-conditioning plant and a gas pipeline to a "liquefaction" plant to be built on the Gulf of Papua near Port Moresby. The plant is expected to produce 6 million metric tons of liquid natural gas a year, to be exported to world markets. The company says the gas is to be transported to the plant by a 440-mile pipeline, 250 miles of which will be under water. "Liquids recovered at the existing Hides gas plant would be combined with crude oil from the oil operations and transported through the existing oil export system to the Kumul platform, an offshore tanker loading facility," the website says. Esso estimates the Papua New Guinea government will receive more than \$30 billion from the operation during the 30-year life of the project.]

The report outlines the company's commitment to protect PNG's heritage through archeological surveys, excavation and preservation of artifacts. Other schemes include support for the development of local suppliers, and the training of workers in technical and professional skills. The company says they aim to train up to 850 graduates a year. It will also sponsor the first PNG Women in Business Exposition. The company says there's also been an extensive mapping process that's identified over 120,000 stakeholders while a programme is being set up to address any concerns local residents have about the project and the people involved in building it.

Radio New Zealand International: www.rnzi.com

PNG UNION SLAMS IMMUNITY FOR POLLUTERS

New law outlaws lawsuits against multinationals

By Jonathan Tannos

PORT MORESBY, Papua New Guinea (PNG Post-Courier 2. June 2010) - Papua New Guinea trade unions are demanding the Government immediately withdraw its new environmental laws, saying it is designed to serve multinational corporations and not the nation's interest. Under the banner of the PNG Trade Union Congress (PNGTUC), they decried what they described as the deliberate legislative sell out of the country's pristine and priceless environment for profit and gain. PNGTUC president Michael Malabag said yesterday the new legislation should be vigorously challenged because it effectively gagged the rights of Papua New Guineans to fight for protection against massive destruction of their environment and livelihood.

Mr. Malabag's comments follow last Friday's passage by Parliament of amendments to the Environment and Conservation Act which effectively prevents law suits being filed against environmental destruction and damages caused by resource projects. The Government effectively used its numbers to muscle in the new amendments without giving much notice and explanation or debate on the full effects of the legislation. The Opposition's 10 members were the only ones to vote against the Government's 73 votes. Malabag said this was the first time in the history of PNG that legislation had been deliberately designed to remove the rights of the common people to pursue fair compensation for the destruction of their environment in the interest of multinationals. "The legislation is a total sell out of the sovereign rights and interest of the people of PNG," Malabag said. "It effectively gives a license to multinational corporations to profit from the ruthless pillage and destruction of the pristine and priceless environment upon which generations of Papua New Guineans have drawn their livelihood from."

New Act 'worst piece of legislation ever'

Post-Courier 1.6.2010

By *TODAGIA KELOLA*

LAWYER for aggrieved landowners of the Ramu Nico project Tiffany Nonggorr has described the new amendment as the worst piece of legislation she had seen for human rights in a supposedly western democracy. Mrs Nonggorr, who represents four landowners and an incorporated land group, said the new amendment by parliament meant they had removed as a cause of action, an action in tort. Causes of action in tort include negligence, nuisance or intentional harm. In practical terms, she said as an example, "If InterOil at Napa Napa did the same at their plant in the Central Province as BP in the Gulf in US has done and it destroyed the whole harbour and coastline – the landowners could not sue for compensation. At all. The action for negligence is gone. "InterOil would be just doing what it had planned to do but a blowout happened. Doesn't matter if it's their fault, that it is the biggest environmental disaster ever – so long as the oil company was carrying out the activity they were authorised under the permit to do – they (would) escape all liability for environmental damage," Mrs Nonggorr said.

Editorial

Law creates problem for the future

National 1.6.2010

PARLIAMENT passed an important law pertaining to the environment last week. The amendment to the Environment Act effectively bars all third party lawsuits of the kind presently being pursued against the Ramu nickel cobalt mine. It will affect all future projects, the PNG liquefied natural gas (LNG) project among them. The national government action is understandable enough. It alone ap-

proves resource projects. Such approvals are given after due process, or should be. Due process involves requirements where the developer satisfies various state instrumentalities relating to labour and immigration laws and regulations, taxation and finance laws and regulations, company registry requirements, attorney-general, the Organic Law on provincial and local level governments and, of course, environment and conservation among others. Each one of these government instrumentalities have strong laws which operate quite independently; the flouting of which could land a developer in serious trouble. It is presumed, therefore, that if a developer proceeds to that stage where it is granted a development licence, it is seen to have satisfied all the requirements of all the laws of PNG in so far as is applicable and relevant at that point in time.

Provisions are made for regular reviews of resource development contracts so, should any legitimate matter arise in future, it can be addressed at such reviews. So when government sees a company, such as the operator of the Ramu nickel mine stop construction work every few months by order of the court by an action which is seen largely driven by non-governmental organisations, it sees this as the work of interest groups which have no concern for the welfare of PNG. And, so, the government uses its powers – through Parliament – to plug that hole. That is as it should be – in an ideal situation. An ideal situation would be if due process is followed to the letter. An ideal situation would be if all processes were checked against the over-riding guiding legal principle – the provisions of the Constitution. For, it is the Constitution which states at the preamble that one of PNG's national goals is to protect our environment. And, it must be checked against that other universal guiding principle – whether the government has ensured that the human right, both now and in future, to the benefits of an environment which has not been degraded by resource harvesting is secure.

That the law was passed by a vote of 73-10 tells us that three quarters of our elected representatives are sure that all is well. We caution that history tells us, both here and elsewhere, that the environment is never totally protected in any resource development. The Ministry of Environment and Conservation should only be concerned with changing the law to strengthen it, not to weaken it. In this instance, the act has been significantly weakened in that no other party with an interest in conservation and preservation can now speak out or take action where it sees a certain environment in danger of being destroyed by resource developments. Environment and Conservation Minister Benny Allan can well argue that concerned parties, which include the government, can always take up issue if it sees any developer stepping out of bounds where the environment is concerned. That is all very well but, when the government is moving ahead at full steam with getting resource developments off the ground, it seems, with an “at all costs” mentality, we doubt that there is going to be too much emphasis placed on the environment. That is the danger. When the government is pro-resource development, the environment has no protector. The other concerned party – the land-owning group – is quite easy to please if money is put in the right hands and in the right places. In the end, it is always dangerous to tamper with the legal framework just to get around one problem today. Unwittingly, we might be creating a mountain of a problem for the future.

Foreigners will exploit our land, says Melanesian Foundation National 1.6.2010

PARLIAMENT'S passing last week of amendment to the Environment Law will allow foreigners to literally exploit and destroy our environment when extracting minerals and other non-renewable resources from our land. And this law will wipe out most of the long-term renewable marine resources and such a law is not healthy for a developing nation like PNG. This was the statement made by Madang community leader and director of the Melanesian Foundation, Peter Memafu. Memafu said the amendment to the act to outlaw third party litigation that resource projects were now exposed to was not in the best interest of the people who depend on the environment as their main source of life. With the amendment to the Environment Bill passed, it will mean that a re-

straining order preventing Ramu nickel will now be lifted and operations to resume.

Environment and Conservation Minister Benny Allan told Parliament last Friday that the Environment (amendment) Bill 2010 will enable holders of environment permits to comply with the standards and requirements set under their permits. He said the amendment would also mitigate risk associated with third party litigation that resource projects were now exposed to. Memafu said Parliament had bulldozed another constitutional amendment without carrying out any extensive consultation or analytical research into what the effects and consequences of the amendment might bring to the people. He said the current operations had impacted the lives of the people and their environment and yet with that knowledge, the MPs had gone ahead and bulldozed the amendment through. He said if the leaders had the interest of the people in their hearts, they would not have gone ahead and voted for the amendment, forcing the people to the dogs and making them spectators of the destructions that would take place after all the mining, oil and gas activities were over.

'Bill will strip rights to land'

National 1.6.2010

SCIENTISTS and lawyers say that the amendment passed last Friday in Parliament will strip Papua New Guineans of their right to their land. It would also leave the companies or developers immune to law suits for compensation, "even if they were negligent or at fault". The landowners, particularly of the Rai Coast district in Madang, are claiming they had been hard done by the government. "This is the worst piece of legislation on human rights that I have ever seen," PNG Institute of Biological Research scientist Banak Gamui said. "They have stripped the landowners of common law and customary law rights that they have had for over 10,000 years." He said developers could not be sued for compensation. "The action for negligence is gone. "Reason? The developer was just doing what it had planned to do but a blow out happened. "It does not matter if it's its fault ... so long as the company was carrying out the activity it was authorised under the permit to do – it escapes all liability for environmental damage."

Even when there are provisions for compensation provisions, he said: "Any compensation would be signed up and paid before the mining, gas, oil operation starts, provided the company predicts there will be any damage. "If the company predicts none, not only will it pay no compensation at the beginning under a compensation agreement – but if damage occurs – negligently, intentionally or unintentionally – the company will not have to pay a toea. "If it creates more damage than predicted at the beginning, there is no recourse." Lawyers said if the bill was not certified, it could go back to Parliament and be changed under section 113 of the Constitution. The landowners of the Rai Coast are the first to feel the impact of the law.

They will not be able to sue the developer CMCC of Ramu Nico over the dumping of waste into their sea. They said the government made changes to sections of the Environment Act 2000 "to prevent landowners and concerned Papua New Guineans from "interfering' with developing project like the Ramu nickel mine and LNG in the Southern Highlands". The landowners had petitioned the Deputy Prime Minister Sir Puka Temu and Environment Minister Benny Allan in Bongu village on April 10. The petition deadline was yesterday. "But the government has seen fit to insult landowners by changing the law!" landowner George Ireng said. "This is an insult to the people of Rai Coast and all Papua New Guineans who are landowners," he said. "Personally, I am angered by the government's actions. "The change is a serious attack on our ability as landowners and Papua New Guineans to speak out against problems created by the actions of government and developers."

Unopposed environmental bill causes uproar

Post-Courier 1.6.2010

By ROSALYN EVARA

THE near-unanimous decision by Parliament outlawing third party lawsuits against resource projects in the country has caused an uproar among the people in Madang. Some have already vehemently stated they would not take this decision lying down. According to reports, the amendments to the Environmental Bill, which was passed 73-10, meant that the restraining order preventing the Ramu nickel cobalt mine project in Madang from operating would be lifted and operations would resume. Reports are that Environmental Minister Benny Allen had among other things told Parliament last Friday that the amendments would supplement and give full effect to enable holders of environmental permits to comply with the standards and requirements stated in their permits. Further it would also mitigate against risks associated with third party litigation or lawsuits.

The passing of the Bill comes at a time when more than 7000 people not only from Raicoast but also from in and around the province had been awaiting a formal response from the Government to a petition which they had delivered to government ministers including Deputy Prime Minister and Minister for Mines Dr Puka Temu, Mr Allen, Madang Governor Sir Arnold Amet and Raicoast MP James Gau Gelak at Bongu village. Sir Arnold accepted the invitation to receive the petition from the villagers more than three weeks ago and had extended an invitation to Dr Temu and Mr Allen to also attend the event. During the time the people had made it clear that while they were not against the project they were against the company and government's choice of mine waste management. They stressed that they had enough evidence to prove deep sea tailing placement to be unsafe and had stressed that this would not be allowed.

George Ireng, a young elite whose mother comes from Bongu village in Raicoast District, had headed the petition and yesterday described the decision by the Government as "a direct insult, especially to the concerned people of Raicoast". Speaking from Madang yesterday an irate Mr Ireng said they had given the Government 21 days to properly and formally respond to the petition which they had delivered. He said this deadline had lapsed yesterday and they would be forced to take further action if an answer was not forthcoming from Sir Arnold and the Government.

Porgera: Miner blamed

Post-Courier 31.5.2010

By PETER SEA

PORGERA landowners claim they have outstanding issues that need to be addressed by Barrick, 95% owner-operator of the Porgera gold mine in Enga Province. Porgera Landowners Association chairman Mark Tony Ekepa said in a statement the claims of killing, rape and forced eviction were not fabricated. "The Government of Papua New Guinea and Barrick are respectively blamed for these crimes of gross human rights violations," Mr Ekepa said. He said the United Nations Human Rights Commission was aware of the human rights abuses and was closely monitoring the situation while the UN Special Rapporteur on Human Rights was investigating the matter. Mr Ekepa said Barrick must not continue to deny the claims and use MP Philip Kikala to champion its cause. "The issues of resettlement and human rights abuses are overdue and need to be urgently addressed," he said. Mr Ekepa said the PNG Government and Barrick cannot use law and order problems as cover to "force evict landowners who deserve to be resettled".

Police move into tribal war zone

Post-Courier 31.5.2010

By *SENT TIMBI*

Police and peace officers in Southern Highlands will move into the Wabi Sumi area of Kagua Erave district this week to carry out negotiations over a fight which claimed more than 14 lives between two warring tribes early this year. The peace and good order committee in the province and police were provided with K250,000 by Member for Kagua Erave James Lagea and the Southern Highlands Provincial Government. Mr Lagea allocated K150, 000 while the Southern Highlands Provincial Government chipped in K100, 000 for police and peace members to stay at Wabi Sumi and carry out peace negotiations with the warring tribes. Southern Highlands police received the first K50,000 as mobilisation fund from member Lagea last Thursday in Mt Hagen to move into Wabi Sumi this week with peace members. The money was received by Southern Highlands police boss Chief Superintendent Teddy Tei.

Pogera: Man jailed for killing

Post-Courier 31.5.2010

By *TODAGIA KELOLA*

A SECURITY supervisor who shot an illegal miner at Pogera Gold mine has been sentenced to eight years imprisonment after waiting for more than eight years before his matter was finally determined by the National Court. Fred Bukoya from the Milne Bay Province was sentenced by the National Court last Wednesday. Justice Graham Ellis, who presided over the matter, stated that “In deciding what sentence to impose in this case, I have had regard to the circumstances of the offence, the circumstances of the offender, the time which has elapsed since the offender shot and killed the victim and the submissions which have been lodged, both on behalf of the State and on behalf of the offender.

“I decline to suspend any portion of that sentence since this case involves the loss of a human life. “In my view, there might be a case where it would be appropriate to suspend part or even all of a sentence in a case where a life is lost. “However, such a case would require exceptional circumstances which would be expected to include a plea of guilty. “I am satisfied that while the circumstances of this offender are unusual, this case cannot be said to be so exceptional as to warrant a non-custodial sentence,” said Justice Ellis. Bukoya will serve seven years and some months after the time spent in custody awaiting the trial was deducted.

Editorial**Friday’s environmental act was a low act**

Post-Courier 31.5.2010

WHAT the Government did on the floor of Parliament on Friday, before getting away from being directly answerable, was a low act. The tacticians swept aside the interests of the 109 MPs’ constituents around the country by swinging in strict new powers and exemption rights for the Environment and Conservation director. In effect, the powers will enable one man, the director, to okay the environmental practices planned for resource projects without the people being able to challenge that bureaucratic dictatorship. The Opposition was caught on the hop, like the media and other organisations that might have wanted to say something about the draconian changes.

It is plainly flying in the face of the matter currently before the National Court over the well advanced Ramu nickel mine in Madang. It is also obviously designed to frustrate any well-intentioned or mischievous individuals and groups from interfering with the first and following LNG projects. It is obvious that the Government has decided that development of any type is good and that any

obstacles to resource projects must be swept aside. Environment Minister Benny Allen said the “national interest” was paramount and justified the legislative changes, which removed threats to PNG’s economy and revenue bases. We venture to suggest that the Minister’s electorate of Unggai-Bena has little prospect of harbouring any major resource projects. If there was a hill of gold or nickel there, he would certainly find his constituents in revolt mood if they found that they could not object to environmental risk to their streams or villages.

Likewise, other ministers and leading MPs are either in areas with no chance of unearthing major projects or, possibly, they prefer their constituents to have no voice in what happens to their land and water. Former Attorney-General Dr Allan Marat rightly points out that the amendments to the law are open to challenge if they are found to breach parts of the Constitution. We suspect lawyers with a conscience and many landowner groups will have spent much of the weekend studying the possibilities. This legislative “kamikaze” action seems to have rendered the title, Environment and Conservation Department, as a contradiction in terms. What sort of built-in safeguards will there be to ensure that one man sitting in an office at Waigani does not make a dreadful mistake which could ruin part of PNG?

House outlaws third party in resource projects

National 31.5.2010

By ISAAC NICHOLAS



PARLIAMENT has passed laws that will outlaw third party lawsuits against resource projects in Papua New Guinea. The amendments to the Environment Bill, which was passed 73-0, meant that the restraining order preventing the Ramu nickel cobalt (Ramu NiCo) mine project in Madang from operating would be lifted and operations to resume. Environment and Conservation Minister Benny Allan told Parliament last Friday that the Environment (Amendment) Bill 2010 will supplement, give full effect to enable holders of environment permits to comply with the standards and requirements stated in their permits. He said the amendment would also mitigate risks associated with third party litigation, or lawsuits. He said a recent court decision against the state had exposed resource projects to the risks that environmental permits, granted by the state after satisfying legal and scientific requirements, might not be valid and enforceable.

Allan said a third party (financed by special interest groups), although not a stakeholder in such projects, could now challenge the validity of an environmental permit and frustrate works and activities carried out in accordance with such permits and approvals. “The idea that this could happen, even

though any such project had been operating within the terms of those permits, gives rise to a concern of national priority,” he said. “All major mining and petroleum projects (including LNG projects) are particularly at risk, whether they are already operating, in construction or have been proposed. “This represented a significant threat to the PNG economy and investor confidence; it is, therefore, a matter of utmost national significance.”

He said the amendments were intended to assist the Department of Environment and Conservation and the courts better interpret and apply environmental laws. “It is imperative that the amendments are effected immediately,” Allan said. Milne Bay Governor John Luke, in supporting the amendments, said he came from a foreign country that had wiped out its resources and was now telling PNG what to do. “People from outside are coming here and telling us what to do. “How can we listen to them if they have developed through the use of their natural resources?” He said on deep sea tailings, he saw nothing wrong with it. Luke said Misima had used the same system and nothing bad had come out of it, as the tailings were dumped in waters that were too deep for fishing and diving.

Strong arm tactic: Bill to protect investors interest and Government

Post-Courier 31.5.2010

By JONATHAN TANNOS

AGGRIEVED parties have effectively been prevented from taking legal action against questionable environmental approvals for major resource projects in the country by Parliament. In addition the Director of the Office of Environment and Conservation has been given wide ranging powers to grant exemption certificates, issue best practice certificates, issue certificates of necessary consequence and certificates of compliance. The Director’s powers are contained in additional sections to the principal Environment and Conservation Act 2000 which Parliament amended in a swift move that caught most Members unaware of the new changes on Friday. The Director’s decisions to issue the necessary complying certificates for all environmental project plans will be final and “may not be challenged or reviewed in any court or tribunal, except at the instigation of any aggrieved holder of an Authorisation Instrument.”

Environment and Conservation Minister, Benny Allen, introduced the amendments of which there was hardly any debate except for mild supporting statements only from Morobe Governor, Luther Wenge and Milne Bay Governor John Luke Crittin. Mr Allen said the “national interest” was paramount therefore necessitating the changes which also removed threats to PNG’s economy and revenue bases. He said this was necessary in light of the LNG and nickel projects where Papua New Guineans must waive their private interest for the sake of the national economy and development. But the Opposition says the amendments are directly and deliberately calculated to protect the Ramu nickel deep sea tailings dumping proposal, currently under legal challenge the environmental and landowner groups.

Former Attorney-General and Justice Minister Dr Alan Marat, responded to the amendments saying it was open to legal challenge via an interpretation by the Supreme Court on its constitutionality. In an Opposition news conference which he attended, Dr Marat said there was nothing stopping Members, non-government organisations (NGOs) and landowners from seeking a Supreme Court interpretation of the amendments. Deputy Opposition Leader Bart Philemon, said the new laws were meant to protect the interest of investors at the expense of the environment and resources owners. He said the new laws were selling the rights of the people. He accused the Parliament as the legislative arm of government as having no respect for the judiciary which was still deliberating on legal challenges to the Ramu nickel environmental plan.

Mr Philemon said government backbenchers were blindly supportive of the amendments because the Prime Minister was “dangling five carrots before their eyes.” He was referring to the five new ministerial portfolios approved by Parliament a week ago which most of them were vying for. He said this was “strong arm tactics” used by the Government as it effectively silence churches and NGOs plus members of the public that had reason to challenge the environmental standards of multi-companies.

Ramu mine must start, says MP

National 31.5.2010

By JEFFREY ELAPA

NON-governmental organisations protesting against the Ramu nickel mine deep sea tailings placement system at Basamuk in Madang should not hinder the progress and development, new Rai Coast MP James Gau has said. Gau said this after the project had been further delayed through a court injunction by an NGO-led group stopping further construction of the tailings pipeline. He said the mine was important for the people of Rai Coast, especially those living along the coastal pipeline route and the refinery site a Basamuk; these people had been neglected and denied visible development over the years. Gau said there was no proof of environmental damage at this stage for critics to be concerned. “Production must proceed; let us see how it goes first because the landowners, the government and the developers have signed the agreement to allow the mine to go head. “The time to talk about that should have been during the signing of the agreement,” he said. Gau said there was no other safe method of tailings disposal available; deep sea tailings was the best options available as far as scientists and experts were concerned. He called on the NGOs, which are against the Ramu nickel mine, to offer alternative solutions and development ideas for the people of Rai Coast. “If they cannot provide alternate development plans, then, they must leave the people of Rai Coast alone, not use them for their own selfish gains.”

Australian profit tax won't affect prices

Post-Courier 28.5.2010

TREASURY secretary Ken Henry has dismissed claims prices of goods and services would rise because of the proposed resources super tax. And he has also dismissed assertions that resources companies saved Australia from recession, telling a Senate hearing that if the nation had followed the pattern of mining job losses it would have had an unemployment rate of 19 per cent. Dr Henry is appearing before the Senate estimates hearing in Canberra this morning where he is being quizzed on the Rudd government's resource super profits tax, which he helped design through his work on the Henry tax review. “A profits-based tax should not affect prices,” Dr Henry said in response to a question from the Senate estimates economics committee in Canberra today. “A lot of people have suggested that a profit-based tax will affect prices. “What I learnt in high school in the study of economics is that profit based taxes can't affect prices.” Dr Henry also poured cold water on resource industry claims that a mining super profits tax would sound the death knell for the sector. Dr Henry told the hearing while the issues surrounding the tax were “difficult” and may have prompted a “rethinking (of) the timing”, he predicted investment in mining in Australia would hold up.

Australia could ship migrants to desert mining camp

By Kathy Marks in Sydney

The Independent Friday, 28 May 2010

They have been sent to remote Pacific islands and to the Indian Ocean – now asylum-seekers intercepted in Australian waters may end up in the middle of the desert, in a near-empty former gold-mining town. A flurry of boats arriving this year – mainly from Sri Lanka and Afghanistan – has led

to chronic overflowing at Australia's main detention centre, on Christmas Island, as well as at mainland facilities. As a result, the government is urgently seeking alternative accommodation for asylum-seekers while their claims are processed. More than 200 are living in hotels and motels. The latest site under consideration is a disused mining camp near Leonora, a historic gold rush town in Western Australia. More than 500 miles from Perth, Leonora was a booming place in the late 19th century. Nowadays it has a distinctly abandoned air, with its broad, empty streets and dwindling population.

The Immigration Department has confirmed that it recently examined the camp, as well as other potential sites in Western Australia, including a former agricultural college run by the Christian Brothers, a Catholic lay order implicated in sexual abuse scandals around the world. Around Australia, churches and other groups have been approached to see whether they can offer suitable facilities. The refugee issue became highly controversial in Australia when John Howard, the former conservative prime minister, turned away the Tampa, a Norwegian tanker carrying shipwrecked asylum-seekers, in 2001. Mr Howard then adopted the "Pacific solution", which involved intercepting "boat people" at sea and paying impoverished Pacific nations – namely, Nauru and Papua New Guinea – to house them while they were processed.

After Kevin Rudd's Labor government came to power in 2007, he scrapped the Pacific solution, along with other policies, such as mandatory detention for all asylum-seekers. Mr Howard's hardline measures proved such an effective deterrent that, for many years, few would-be refugees even bothered making the journey. That has changed over the past 18 months, partly as a result of global events such as the end of the civil war in Sri Lanka. Last year about 2,700 people arrived by boat, and many more by air. Already this year 60 boats have been intercepted, the same number as during the whole of 2009. The Australian external territory of Christmas Island, in the Indian Ocean, was supposed to be the Rudd government's solution.

After refugee numbers escalated, a mothballed detention centre, originally designed to hold a maximum of 800 people, was opened on the island, about 1,600 miles north-west of Perth. Prefabricated huts and air-conditioned tents have boosted its capacity to 2,500, but the centre is now once again bursting at the seams. Officials hoped to transfer up to 90 people, mainly women and children, to Leonora. However, the plan was criticised by the Western Australian premier, Colin Barnett, who told ABC radio: "I think it's quite silly of them, charging around country areas of Western Australia, looking for buildings or deserted mining camps. That's not a very professional way of dealing with... an important humanitarian issue." Gold is still mined in the Leonora area, as is nickel, mainly by "fly in, fly out" workers accommodated in temporary camps. One-third of the town's population is indigenous.

MYSTERY OIL SEEPS FROM FIJI SHORELINE

Investigators collect samples

By Margaret Wise

SUVA, Fiji (Fiji Times, May 27, 2010) - The Fiji Mineral Resources Department yesterday made a second trip to Malake Island, Ra, to collect samples of oil slick oozing on the village shoreline. Director Ian Fong said the collection of samples at the site was part of a series of investigations. "We have not established what it is or where it originates from," he said late yesterday afternoon. "We came here on Monday and then again today -- whether we return again will depend on today's findings. I still have a team that is working on the island." Mr. Fong said his group was accompanied by Lands Department permanent secretary Lieutenant Colonel Neumi Leweni. Village headman Poasa Naimila said the villagers were excited about last week's discovery but would not raise their hopes until an analysis of the samples was concluded.

He said a village elder had noticed the oil slick about a month ago but was not concerned until last Saturday when oil started seeping from different spots along the shoreline. "Everybody was curious and gathered at the shore because we had never seen anything like that," Mr. Naimila said. "On certain days it seeps more than others. "We can only hope and pray that it is what we want it to be. In the meantime, we can only wait for the results of the tests," he said. Village elders reported that they were not surprised because they had a similar experience in the 1970s. A man who identified himself as Jovesa said other villagers along the Ra coastline have already reported similar sightings but the leakage at Malake was "more serious because they could actually see it oozing."

Fiji Times Online: <http://www.fijitimes.com>

Lawsuit could delay Ramu nickel project: HPL

National 26.5.2010

By PATRICK TALU

HIGHLANDS Pacific Ltd (HPL) has expressed concern that the current court injunction taken by landowners against the Ramu nickel project over possible environmental damage from deep-sea tailing placement system would delay the project. HPL chairman Ken MacDonald told The National last week during its annual general meeting: "The injunction proceeding is a setback which has temporarily prevented construction of deep-sea tailing placement system. "Although our Chinese partner Metallurgical Corp and PNG government, who are parties to this action, continue to express confidence that these proceedings would not damage the project and would not cause material delay in commissioning, it would only be possible until injunctions are actually removed ... there is still risk that we cannot entirely rule out." MacDonald said HPL was not a party to the court proceedings. But he praised the government for its clear expression of commitment.

Cabinet approves Tolukuma mine road

National 26.5.2010

THE National Executive Council has approved the Tolukuma mine access road project which will link the remote Goilala area with Port Moresby. Acting Prime Minister Sir Puka Temu said cabinet had recently endorsed the project under a revised memorandum of agreement and released K10 million to honour a State commitment made in 2008. The new road will connect the existing Tapini Road that starts from the Aropokina junction of the Hiritano Highway to the Tolokuma gold mine, a distance of about 142.4km. "The funds will come out of the rural roads programme allocation in the 2010 budget," Sir Puka said.

"This mine access road will enhance the flow on benefits to the mine and local communities. Currently, access to the mine site is by light aircraft. It will also improve the mine's financial performance by reducing the current high aviation costs of transporting fuel and consumables and also open up this remote area to services not currently accessible to the people," he said. Sir Puka said the funding support from the government was crucial for the project, which will open up the economic potential of the Goilala district and the surrounding areas of Central province. NEC has also endorsed the establishment of the project implementation committee, including the engagement of a qualified technical project manager to oversee the implementation of the project and the relevant reporting relationship with the national project implementation committee.

Ok Tedi mine lifespan under microscope

National 26.5.2010

By ANGELINE KARIUS

WESTERN Governor Dr Bob Danaya maintains that Ok Tedi Mining Ltd (OTML) will not continue its operations into 2013. The mine's lifespan is still under review for a possible extension to 2030. Danaya expressed this sentiment during the Papua New Guinea Sustainable Development Program Ltd (PNGDSP) annual report presentation in Port Moresby yesterday.

The report highlighted the company's achievements in service delivery especially in education, health and agriculture in the province. He said it was important that the PNGDSP must not work in isolation but liaise with the provincial government in ensuring the programmes implemented were in line with the Western's development plans.

"The two objectives seen as an eye-sore for my people is the extensive environmental damage and the benefits from the mine, which is not reaching the local populace and the provincial government. "Respect must be shown to the environment and balance maintained to the operations of the mine. Dumping of waste tailings must not be compromised," he said. Danaya said, so far, he had received five petitions from landowner associations concerned with the environment and life after the mine closes. However, he said he would like to see the overseas training initiative to continue as PNGDSP was playing a significant role in developing the human resource.

Ok Tedi: PNSDP reveals plans for mine

Post-Courier 26.5.2010

By MOHAMMAD BASHIR

Studies to extend the giant Ok Tedi mine began at the end of last year and is expected to be completed by the end of this year. An extension could mean a significant reduction in production. This was revealed at the PNG Sustainable Development Programs 2009 annual general meeting yesterday. Strong metal prices and a sustained rapid economic growth in large Asian economies have combined with good outcomes with engineering studies to underpin a commercial opportunity for Ok Tedi Mine life extension at about three fifths of the current scale until about 2012. The government is supporting the feasibility study for the extension. Chairman Dr Ross Garnaut said this while informing that after feasibility studies and reports of environmental impact and decisions on approval by affected communities and regulatory authorities, OTML will be in a better position to make informed decisions.

Acting Prime Minister Sir Puka Temu also announced the government support for the feasibility studies to look into the possibility of an extension of the mine beyond 2014. "This is only a feasibility study by which we can make a responsible decision going forward depending on the environmental and technical assessments. We as a nation must know how much ore is left in the mine pit and what we will need to do as a result of that knowledge. Much consultation will be needed with all stakeholders," Sir Puka said as guest speaker. PNGSDP has been established to look after the 52 per cent of the funds generated from the Ok Tedi mine on behalf of the people of PNG, particularly Western province with emphasis on areas affected of the mine.

Meanwhile, a follow up resolution was handed over to Sir Puka by OK Tri Fly River Investment Ltd chairman Paul Katut which essentially called for more participation by local landowners. "We feel that the people of Western Province have been bystanders for a long time and no meaningful development has taken place that the people will be proud of. We would like to discuss ways to give more control in projects that will give meaning and purpose for real long term growth," the letter read in part.

LNG: Fund to secure resource money

Post-Courier 26.5.2010

By ERIC TAPAKAU

THE creation of a sovereign wealth fund (SWF) for Papua New Guinea will ensure windfall revenues from mining, petroleum and liquefied natural gas (LNG) projects are kept in a secure place. This is from speakers at the international stakeholders' workshop on the possible establishment of the sovereign wealth fund for PNG yesterday in Port Moresby. Other attendees at the workshop were from the World Bank, Asian Development Bank, AusAID, International Monetary Fund, NRI, Central Bank, government departments and IPBC. Chairman of the SWF working group and Deputy Secretary of the Department of Treasury Anthony Yauieb said Papua New Guinea was a small, open and developing economy and mineral revenues were the main source of Government revenue.

He said with the emergence of the LNG projects, there would be major economic and development implications and the LNG projects would also transform the economy. "There will be substantial revenue expected from the PNG LNG project and the creation of the sovereign wealth fund arrangements will be robust, transparent and effective and it will also promote macroeconomic stability while underpinning long term development and socio economic objectives," Mr Yauieb said. He said the establishment of the single offshore SWF was a preferred option for PNG as it would be transparent and guided by clear principles. It was suggested by those who attended the workshop and that the appointment of board members as directors of the SWF should follow set criteria and the fund should have its own legislation.

AusAID chief economist Mark McGillivray said that PNG should draw on lessons from international experience. Mr McGillivray said that well managed SWFs were an essential tool for resource rich developing countries, especially those that are facing binding absorptive capacity constraints. Mr McGillivray gave different options on how the SWF could be operated but he said a well managed offshore fund with holding in a foreign currency would be a good option for PNG. "A well managed offshore fund with appropriate management arrangements and draw downs subject to PNG's absorptive capacity would appear to be the best option, satisfying all attributes," Mr McGillivray said. Mr Yauieb said the SWF, if approved by Cabinet, would be held in US dollars and the likely location would be Singapore, being the closest financial market to PNG.

PNG: Academic proposes citizen payouts

Post-Courier 26.5.2010

By ERIC TAPAKAU

PAPUA New Guinea's bad track record of managing windfall revenues from resources projects has prompted an Australian academic to suggest that some of the proceeds from the liquefied natural gas projects be paid directly to Papua New Guineans. Emiritus Professor at the Crawford School at the Australian National University Ron Duncan argued that if the citizens of PNG felt that they were directly benefiting from resource revenues, then they would have an interest in protecting these revenues from being mismanaged. During a telephone conference at the National Research Institute on Monday, Professor Duncan who was speaking from Canberra said international evidence had shown that resource revenues were used more effectively when there was the powerful constituency of people keeping their eyes on the money. "Decision makers would then commit political suicide if they wasted these funds on expenditure that doesn't develop the country," Professor Duncan said.

"Currently, the PNG people are engaged in the decision making on resources revenues. In the past, this has meant that the rules and guidelines that govern mineral resource funds have been written by ministers and successive executive governments without proper scrutiny. This had led to wastage of resources and limited impact on development." In 1974, the Mineral Revenue Stabilisation Fund as well as other funds were established to manage the windfall revenues but all these funds have van-

ished without the promised outcomes. Professor Duncan had extensively looked at what the ingredients for success are around the world for spending resource revenues wisely. For example, Alaska has a permanent fund that holds revenue. Every three months the earnings from the fund's investments get paid to every citizen. In Botswana, a farming constituency benefits from farming subsidy that advocate for good governance.

LNG revenue worries, Deutsche Bank involved Post-Courier 26.5.2010
By ERIC TAPAKAU

THERE are fears that revenue being earned from the construction phase of the PNG LNG Project may be subjected to abuse if proper fund management mechanisms are not established. This is from Deputy Governor of the Bank of Papua New Guinea, Benny Popoitai, who is also concerned about the high level of liquidity (K700 billion) in the banking system. He said this was a serious situation that "we have to give a serious thought to" and there was currently a need to diffuse the high level of liquidity. Mr Popoitai said with the PNG LNG project in its construction phase, this level of liquidity would rise further. He said this is already evident with increases seen in liquidity levels with the construction phase going on. With the National Elections coming up in 2012, he said politicians "loved spending" and these funds might be subjected to misuse. "With these risks, the need for the establishment of a sovereign wealth fund becomes paramount," Mr Popoitai said.

"There is a need for LNG funds to flow into the sovereign wealth fund and into the PNG economy." He urged all stakeholders including the development partners to help explain the importance of the sovereign wealth fund to the politicians to support the establishment of a SWF for Papua New Guinea. He highlighted how BPNG outsourced foreign reserves when they were at their highest of \$US2.1 billion between 2006 and 2007 due to strong exports and government taxes from the mineral and petroleum sectors. There was a need to build the level of foreign exchange reserves as part of its macroeconomic and price stability objectives and the BPNG board decided in December 2007 to outsource part of the foreign exchange reserves to be managed by external fund managers. Following the tendering process, four fund managers and a custodian were selected and the outsourcing began with \$US200 million each handed to Schroders and Clariden Leu Asset Management. A further \$US400 million was transferred to the other two fund managers, Sinopla and Deutsche Bank in June 2008.

Mr Popoitai said the investment mandate for the external fund managers was similar to the in-house mandate and the fund managers had the added flexibility of investing up to 10 per cent of their portfolios in triple A rated corporate bonds and having a higher modified duration of five years compared with 2.5 years for the in-house managed funds. He said a review was done in December last year and all fund managers contemplated BPNG's Investment Management Agreement risk management framework in withstanding the effect of the global financial crisis. "Since inception, the outsourced funds have steadily increased from \$US800 million to \$US853.3 million as at December 2009," Mr Popoitai said. "This represents a 9.7 per cent rate of return and compared with 6.3 per cent for the Citigroup's World Government Bond Index 1-3 year US dollar Hedged Benchmark."

PNG: LNG wants 5000 Fijians Post-Courier 26.5.2010
Talks on to lure neighbours to work for gas industry

By Simon Eroro

A SENIOR Minister has urged his colleagues in government to resist mixing political and commercial responsibilities when dealing with the PNG LNG project. He made this comment yesterday after the Fiji Times reported last Friday that Papua New Guinea wants as many as 5000 Fiji workers

for its gas industry. The paper reported that PNG High Commissioner to Fiji Peter Eafeare said bilateral talks with Fiji had been held to discuss the provision of technical and skilled workers and Filipe Bole, Head of the Ministry of Labour, confirmed that preliminary talks with his PNG counterparts had started. The head of the Ministry of Labour was quoted as saying the request for workers was made through the Ministry of Foreign Affairs and that talks had just begun and the workers would be going as labourers.

The paper quoted the High Commissioner as saying; "Exxon Mobil will have the last say but there will be up to 12,000 jobs available on the LNG project." Mr Eafeare was also quoted as saying; "Those jobs will be advertised around the world but Fiji and PNG have discussed the possibility of up to 5000 jobs being made available across the region. "Fiji citizens will be able to apply for these jobs." The Minister said the country should not be giving out wrong signals to our neighboring Pacific countries because this was not a political matter but strictly commercial and government had no control over what the development partners want to do. He said PNG had a little more than 19 percent of the LNG project and Exxon Mobil will be expected to draw from its traditional recruiting grounds in the Philippines and other South-East Asian countries.

GIRL, 8, CAUGHT IN PNG GAS PROJECT CROSSFIRE

Stray bullet kills child

By Andrew Alphonse

PORT MORESBY, Papua New Guinea (The National, May 25, 2010) – In Papua New Guinea (PNG), a shooting incident between police and local youths in Mendi, Southern Highlands, has claimed the life of an innocent elementary school pupil. The eight-year-old was shot dead yesterday morning.

[PIR editor's note: Mendi is the capital of Southern Highlands, a province in Papua New Guinea. The total population of Southern Highlands according to Papua New Guinea's 2000 national census is approximately 550,000. Spread across 23,800 square kilometers, Southern Highlands is the most highly populated province in the country.]

Traffic flow into the lucrative oil and gas fields in the province had been thrown into chaos. Angry Yaken villagers, just outside Mendi town, yesterday set up barricades and blocked the Mendi-Tari section of the Highlands Highway. Provincial police commander Supt Teddy Tei confirmed the shooting and the roadblocks last night. Semi-trailers ferrying heavy machinery and equipment from Mt. Hagen and Lae into the province for early works including engineering, procurement and construction phase of the multi-billion-kina PNG liquefied natural gas (LNG) project cannot get to the sites at Kutubu, Moro and Hides in Tari. Traffic into the resource-rich Hela region had also stopped.

Southern Highlands Governor Anderson Agiru, Imbonggu MP Francis Awesa, provincial administrator William Powi and Tei met with leaders from Yaken village yesterday afternoon. They appealed to the village elders to ask their youths to remove the roadblock. Tei said an "unidentified police unit" providing security and escort for ExxonMobil and the LNG project ran into a group of youths, allegedly drunk, on the highway at Yaken village. The policemen asked the "intoxicated" youths to get off the road but, instead, the youths turned on the policemen, stoning them. Police fired warning shots to disperse the youths and a stray bullet hit an eight-year-old boy who was on his way to school yesterday morning. Early last December at Yaken village, a man was allegedly shot by a police unit returning from the LNG licenced-based benefits sharing agreement (LBBSA) forums.

Reports said the man was hospitalized but was now permanently injured. He was never compensated. "I condemn such unwarranted use of firearm by police, Tei said. "I will ensure

normal police investigations are carried out so that the rogue cop who discharged the firearm, which claimed the life of an innocent student, will be dealt with by the law," he added. In Tari yesterday, more than 20 semi-trailers owned by Mapai Transport that had delivered equipment and machinery at the LNG project sites could not return to Mt. Hagen and Lae. An expatriate with Clough Curtain Joint Venture (CCJV), engaged for the LNG early works, said apart from the roadblocks, the ever-deteriorating condition of the Highlands Highway, especially in Chimbu, is hindering the fast and effective delivery and supply of machinery and equipment for the LNG early works.

Porgera: Chairman refutes claims

Post-Courier 24.5.2010

By Simon Eroro

THE Porgera Landowners Association chairman Mark Ekepa yesterday commended the Post-Courier for taking the lead in raising real issues affecting the lives of the people and corrupt governance in PNG. Mr Ekepa returned from Canada early this week under the invitation of the United Nations Human Rights Commission (UNHR) to show support on a proposed private members Bill before Parliament aimed at clamping down on the poor practices of some Canadian mining firms operating overseas. "The legislation if passed would break new grounds internationally and the indigenous leaders will be able to file a complaint and seek sanctions against Barrick in Canada," Mr Ekepa said. Mr Ekepa, however, refuted the commentary in a weekend newspaper dated May 16 titled Barrick under attack in Canada as "utter nonsense and out of touch with reality".

He said the report in the newspaper was untrue because the four villagers from Porgera were not in Canada trying to squeeze some easy money out of the world's largest gold producer, Barrick Gold. "We have outstanding issues that need immediate attention and need to be addressed by Barrick gold who own the 95 per cent of the Porgera Joint Venture mine in Porgera," Mr Ekepa said. He said the UNHR had full knowledge of the human rights abuses and closely monitoring while the UN Special Rapporteur on Human Rights is investigating the situation.

The chairman also called for a report into the investigation conducted in 2006 headed by Dr John Luluaki from University of Papua New Guinea and that the Porgera Investigation Committee Report outstanding must be tabled in Parliament. He said last year, the Government of Norway divested 230 million Canadian dollars from its investments after finding Barrick's discharge of tailings direct into the environment was irreversible at the Porter mine site. "The issue of resettlement and others are over-due and needs to be urgently addressed. The impacts from the mine operation over 20 years needs to be adequately dealt with rather than pretend with power and money as the yardstick to take cover."

Highlands Pacific, Xstrata allot US\$80m for Frieda

National 21.5.2010

By PATRICK TALU

HIGHLANDS Pacific Ltd and Xstrata are expecting to spend at least US\$80 million (K219 million) on the Frieda copper and gold projects in West Sepik province. Managing director and chief executive officer John Gooding yesterday told shareholders at its 13th annual general meeting in Port Moresby that the Frieda copper project "is a world class project and among the top 12 world's copper producing countries which accounts for 30% of world's copper production". Gooding said the project which covers the Nena, Horse/Ivaal/Trukai and Koki deposits had an overall resource estimated at 7.5 million tonnes of copper and 14.3 million ounces of gold and collectively forms one of the world's largest undeveloped copper and gold deposits found in PNG. It is located near the border of the Sandaun and East Sepik provinces. The project owners are Xstrata (81.82%) and Highlands (18.18%).

Highlands has a free-carried interest through to completion of a bankable feasibility study (required by January 2012). Gooding said Xstrata's spending for Frieda last year was US\$38 million (K107 million) and for this year, it would be US\$77.5 million (K218 million). He said an extended scoping study released early last year indicated a 40mtpa plant with a 27-year mine life averaging 160,000 tpa of copper metal and 240,000ozpa of gold (with higher output in the first 10 years). "The pre-feasibility study due in the third quarter of this year is currently considering larger throughput and production options," he said. Subject to the project's continuing ability to meet its targets, a 12-month feasibility study would commence in the third quarter of this year with possible construction in 2012 and production in 2017.

PNG GAS DEVELOPMENT OFFERS BIG JOB OPPORTUNITY

Some 12,000 jobs expected to materialize

MELBOURNE, Australia (Radio Australia, May 20, 2010) – The Papua New Guinean high commissioner to Fiji says his country may want as many as 5,000 workers from Fiji for its gas industry. Peter Eafare says up to 12,000 jobs are available on the liquified natural gas project. But project operator Exxon Mobil will have the final say on who is employed. The Fiji Times reports Exxon Mobil is expected to draw from its traditional recruiting grounds in the Philippines and other South-East Asian countries.

Bullish talks about oil, gas at Australia-PNG business forum National 20.5.2010

By TONY RAGGATT of Townsville Bulletin

OIL and gas industry leaders talked bullishly about multi-billion-dollar investments in PNG yesterday as companies ramp up exploration and development of its gasfields. In a swipe at the federal government's contentious proposed resources super profits tax, they said how positive it was the PNG Government, unlike Australia, had delivered long-term fiscal regime stability. Oil Search, Esso Highlands and InterOil gave presentations to wrap up the three-day Australia-PNG business forum in Townsville, painting a very rosy future for development of the country's gas resources. It was also highlighted Townsville company Curtain Bros was playing a leading role in the provision of civil works for the US\$16 billion (K40 billion) PNG liquefied natural gas (LNG) project being led by Exxon subsidiary Esso Highlands.

Esso Highlands managing director Peter Graham told the forum Curtain Bros was working with West Australian company Clough Ltd to deliver infrastructure in the upstream gasfield portion of the project in the PNG Southern Highlands and was providing similar works around the LNG plant site near Port Moresby. Early works started last year and was now ramping up on construction of roads, bridges and camps in readiness for plant and pipeline contractors to mobilise in the third quarter of this year. "At this point in time we are working at some 20 sites from Mendi west to the Hides gasfield, south to Gobe and at the LNG plant site," he said. "We have something like 2,000 workers already working on the project," Graham said, adding an 800-bed camp was being built around the LNG plant site in readiness for construction of an 8,000-bed camp to house workers.

In another development, InterOil with Mitsui is planning to develop a condensate stripping facility and LNG plant to capitalise on InterOil's Elk and Antelope gasfields near Gobe. InterOil investor relations vice-president Anesti Dermedgogiou told the forum of the "unbelievable" world record flow achieved at its Antelope-2 well late last year. Dermedgogiou said gas industry stalwarts were amazed as the well flowed more gas in one day than what most wells flowed in a lifetime of operation. "You felt the earth rumble beneath your feet - it was something unbelievable," he said.

PNG to profit from Australian ‘super profits tax’: Chamber National 20.5.2010
By YEHIURA HRIEWAZI in BRISBANE

THE PNG Chamber of Mines and Petroleum believes that the Australian government’s resources “super profits tax” (RSPT) will drive some companies to invest in PNG. Already, Queensland’s richest man and iron ore miner Clive Palmer has said he would look at investment in more hospitable places like PNG where he has interests in petroleum-energy exploration licences. Two other big miners, Xstrata and BHP, who have interests in PNG, are up in arms over the 40% tax that will become effective on July 1. PNG used to have a similar tax called “super profits tax”, which was removed in 2003 among major incentives announced by the Somare-government which had an immediate positive effect in attracting new players and increased grassroots exploration activities. The RSPT in Australia was warmly applauded by PNG Chamber of Mines and Petroleum’s executive director Greg Anderson. “I’m delighted the Australian government is driving companies offshore, because we are going to pick some of them up,” Anderson told The Australian on Tuesday. “It loads the dice in our favour.”

Anderson said the chamber had lobbied the PNG government for five years to remove a super-profits tax there – a form of resource rental tax that was introduced while Australian economist Ross Garnaut was the first assistant secretary at the PNG Finance Department 35 years ago, now abolished. Resource companies mining in PNG now pay 30% company tax and moderate royalties, although an additional profits tax was reintroduced 18 months ago for designated gas projects. Anderson, formerly a geologist, said PNG’s additional profits tax on mining was paid only by Bougainville Copper, formerly the world’s largest copper mine, for which the tax was chiefly designed. “It was a complex tax, which looked very bad on paper because no one could understand it overseas.” “So the government at last got rid of it, simplified tax and made it internationally competitive -- also at a time of rising commodity prices. “The industry was able to deliver growth, and is still doing so today,” Anderson told The Australian. He said the PNG additional profits tax was “nowhere near as onerous” as the Rudd government’s new super-profits tax, with a much lower threshold than the RSPT.

Study on Frieda mine project on track: Gooding National 20.5.2010

THE pre-feasibility study to mine gold and copper in Frieda River in West Sepik province is on track for completion in the third quarter of this year. This is according to Highlands Pacific Ltd, a company partnering in the Frieda River gold and copper project. “With a pre-feasibility study scheduled to be completed in the third quarter...the Frieda project is on track for this important milestone,” HPL managing director John Gooding said. HPL reported further significant exploration drilling results which were expected to make it one of the new-generation world class copper/gold mines. In its latest report to the Australian Stock Exchange (ASX) it said last Friday that the infill drilling used to define the Horse/Ivaal/Tukai copper gold porphyry resource the bankable feasibility study was entering the final stages and scheduled to close in the next 12 months. “The drilling results are just confirming our expectations that the Frieda project is going to be one of the new generation of world class copper gold mines,” Gooding said.

Gold prices at record high Post-Courier 20.5.2010

Gold’s upward trend, after hitting a record \$US1248 (\$A1446) per ounce last week, will reach its historic peak in mid-2010, analysts said on yes at the ninth International Gold Symposium. “Gold prices will reach a peak in mid-2010 and hold steady after that. In 2011 we expect more investment” in the sector, US investment bank JP Morgan analyst Michael Jensen said at the event in

Lima. Despite the optimism, Jensen urged caution from the more than 1000 business and industry experts representing leading companies Newmont Mining, Barrick Gold and Gold Fields. "The market is open to big changes that could impact the price in view of an oversupply," he said. The precious metal struck its latest record late yesterday as investors flocked to the commodity, considered a safe investment in times of economic uncertainty.

Australia: Prosperity comes at a price

Post-Courier 19.5.2010

By *NICK BRYANT*

SYDNEY: Set in a landscape that is both beautiful and bountiful, the coalfields of the Upper Hunter Valley in New South Wales help explain why Australia is often called the quarry of the world and the Saudi Arabia of coal. The open cast mines that are carved into the earth are so vast that they make the house-sized trucks transporting the black coal from the face of the seam to the surface look like small toys. Cargo trains then take the coal down the valley to Newcastle, the largest coal export facility in the world. At the entrance to the port, massive bulk carriers often queue for weeks to ferry the coal to countries like Japan, China and South Korea. The 34 mines in the Hunter Valley not only generate lucrative profits for the mining companies but relatively well-paid jobs for the local communities which have come to rely on the resources sector. Then there are the huge royalties of over \$1 billion which swell the state coffers of New South Wales.

But prosperity comes at a price: the health impact on local communities, and especially children, from the poor air quality in the valley. The fear here is that the very thing that makes the region rich is also making it sick. We went to the Upper Hunter Valley on a stunning late autumn day with pristine blue skies. The only clouds came from dust billowing up from the mines. After a few hours in the region, we started experiencing a metallic taste and a thin layer of grime inside our mouths. After a few hours spent filming very close to the open cast mines, there was also a slight irritation in our eyes. Pollution is suspected of causing the problem. Last year, more than 100 tonnes of toxic metals, including arsenic, lead and cobalt, belched into the air from mines and power stations in the Upper Hunter Valley. For the people who live here permanently, it is causing a major public health problem - or a public health crisis, to some.

THOUSANDS ON BLOODY RAMPAGE IN PAPUA NEW GUINEA

Villagers with machetes burn houses in Sepik

MELBOURNE, Australia (Radio Australia, May 19, 2010) – Two people have been killed and thousands left homeless after an ethnic clash in Papua New Guinea's northern Morobe province. Police say about 5,000 villagers armed with machetes set fire to houses belonging to people from the Sepik province living in Bulolo town. Morobe provincial police commander Peter Guinness says villagers outnumbered police, who could do nothing to stop the fight. He says the Sepik settlers have gone into hiding in fear of further attacks. "All hell broke loose and they have started burning the last settlements they have not touched. All those affected people have moved and now have taken refuge at the Bulolo police station," he said. Police say there have been ethnic tensions between villagers from Bulolo and Sepik for several years. *Radio Australia*: www.abc.net.au/ra

Ok Tedi: Jobs to drop with mine close

Post-Courier 19.5.2010

By *JONATHAN FARAPO*

EMPLOYMENT levels in the Western Province linked to the Ok Tedi mine will decline dramatically following its closure in 2013. This is according to a report from the National Statistical Office

on socio-economic urban survey released yesterday. The report covers various social and economic impacts of the slated 2013 mine closure but also reveals timely data on linkages between it and the general population of the Western province. The report revealed that 90 per cent of households in Tabubil would leave the province following its closure.

BOUGAINVILLE RECONSIDERS CONTROVERSIAL MINE

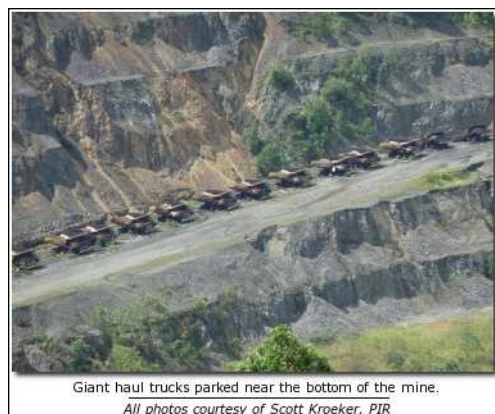
Panguna was cause of bloody civil war

PANGUNA, Bougainville (ABC Radio, May 18, 2010) - *Pressure is growing to reopen a controversial copper mine on Bougainville in Papua New Guinea which was at the centre of the island's violent past. The historical hatred islanders felt towards the Australian-owned Panguna mine appears to be waning. That hatred sparked a bloody civil war but now many believe the mine should be reopened to fund Bougainville's long-held desire for independence from PNG. The Australian Broadcasting Corporation's PNG correspondent, Liam Fox, traveled to Panguna to file this report.*

Liam Fox: It's an eerie feeling looking down into the giant hole that was one of the world's biggest copper mines deep in the Bougainville jungle.



Scores of dump trucks are rusting away in the massive pit at the Panguna mine. The rest of the mine site is a post-apocalyptic landscape of corroding equipment, decaying buildings and scavengers cutting up scrap metal.



This was the epicenter of the civil war that gripped the island during much of the 1990s and left thousands dead from fighting, disease and malnutrition. It was sparked by local landowners angry at the environmental impact of the mine and what they felt was the unfair distribution of royalties.



The remnants of the Bougainville Revolutionary Army, now called the Mekamui Defence Force, closed off the area to most outsiders. But things are changing. For the first time polling booths have been allowed into the mine site so villagers can vote in elections for the Autonomous Bougainville Government or ABG. Even foreign election observers have been allowed through the roadblock at Morgan Junction, the start of the no-go zone. At a polling booth in the village of New Dapera Noah Toko is contesting one of the three seats set aside for ex-combatants in Bougainville's Parliament.



Noah Toko: You can see that a school is there and the people are here. They are trying to build up their new houses. In the war, there was none. Everybody just spread into the bush. So now we are coming back. So this is the sign of that business going right.

Liam Fox: James Tanis is the incumbent ABG President and is hoping to retain his position. He helped convince the Mekomui Defence Force to sign a memorandum of understanding to open up Panguna.

James Tanis: This is a very important sign that the peace process is working. In fact this is the most important achievement in this - on this peace process.

Liam Fox: But this new openness could be short-lived. Mekomui's self-styled General Chris Uma says he made the agreement to open Panguna with James Tanis himself not the ABG. If Mr Tanis is not re-elected as President, he says Panguna will be closed to the world once again.

Chris Uma: With no James Tanis I just walk away.



Liam Fox: General Uma is an intimidating figure, solidly built with jagged, red-stained teeth from years of chewing betel nut. He also says he won't be giving up his weapons anytime soon. Despite his stance, many of Panguna's traditional landowners say they now want to see the mine reopened. Chris Damana is the chairman of the Panguna Landowners Association.

Chris Damana: To enable Bougainville to get its own money, find its own funds and to run its own affairs. And we don't want to open other new mines because it's already destroyed the land.



Liam Fox: He says a resumption of mining would depend on a new agreement being struck with Panguna's Australian owner Bougainville Copper Limited or BCL.

Chris Damana: The things that we want BCL to look on is the unpaid monies owed to Panguna landowners. Secondly, because we are not part and parcel of that Bougainville copper agreement we want to be part of the new review of Bougainville copper agreement.

Liam Fox: Under the Bougainville Peace Agreement that ended the civil war a referendum on independence is due to be held in the next five to ten years. One of the preconditions for the referendum is the island's economic viability. Despite its blood-soaked history a growing number of people here see a reopened Panguna as essential to funding the island's independence from PNG.

Solomon Star: <http://www.solomonstarnews.com/>

Letter to the editor

LNG depleting the workforce

National 18.5.2010

I WOULD like to highlight the inevitable depletion of workforce both in the public and private sector. Before long, workplaces will be deserted in pursuit of better remuneration and other associated benefits. If the government is not careful, the resourceful people will leave for the greener LNG pasture. LNG has the potential to draw the people with lucrative remuneration package. Jacob Luke of Mapai Trucking Company has been critical at the government for not doing enough to curtail the mass exodus, leaving trucks bound for the highlands region grounded in Lae. It is not only going to affect the trucking companies but goods destined for highlands region will be piling up in Lae and basic and essential services like school and medical supplies will also be severely affected.

Whilst the country is focusing on the LNG project, on the same breath, the government needs to be wary of a backlash of government services being derailed. We do not want to be in a state of limbo with lack of workforce machinery impeding delivery of goods and services compounding the already dysfunctional government services. Given the tough economic times, people are struggling to make ends meet and LNG is the option for many as even the lowly paid jobs is still higher than what the government is paying. In the public sector, when the people desert their respective workplaces for better opportunity with LNG, it will create a vacuum that might be hard to overcome. As such, the public and private sector must review the employment terms and conditions.

N. Waiyo, Wabag

Letter to the editor

Illegal miners

National 18.5.2010

THE government must address illegal miners in Porgera. The landowners have petitioned and written many times to the government but till now, there has been no response. The number of illegal miners is increasing and they are encroaching on our land. It is not possible for these illegal miners to live around the perimeter of the Barrick mine. There is only so much space and it is impossible to cater everyone. The government must relocate or get rid of these illegal miners. They have become a nuisance. John Pius, Porgera

Letter to the editor

Tolukuma waste harmful for villages

Post-Courier 18.5.2010

It looks like the Government's tactic of taking the Tolukuma mine back from foreign operators has mellowed the issue into the back burner. The foreign operators have left without taking any respon-

sibility and the parliamentarians have forgotten all about the plight of the people living along the Angabanga River and the nearby coastline villages hoping the issue will simply go away. Lest we forget, that the Tolukuma mine is still dumping 150,000 tonnes of tailings waste into the Auga and Angabanga rivers every year. This river winds through some 100 km from Fane in the Goilala mountains to Aviara Oreke on the Kairuku coastline. The 100,000 people from Goilala, Kuni, Mekeo and Kairuku are still dependent on the Angabanga river every day for survival. This river has been condemned by authorities as having being polluted with toxic heavy metals from the mines tailings waste. Laboratory tests have found high levels of toxic metals in blood samples of people living along the river. The river communities continue to experience mysterious diseases, deformities and are dying as never before. How much more proof does one need to realise that mining waste is no good for human consumption. Ki'aovo Tsi'ara KK, Kairuku

Mining town Bulolo at standstill as tribes rampage

Post-Courier 18.5.2010

By *FRANCO NEBAS in Bulolo and PORENI UMAU*

THE mining township of Bulolo came to a standstill yesterday as more than 1000 warring tribesmen from Watut, Patep and Mumeng raided settlements on the fringe of Bulolo town in retaliation for the death of a young man from Patep last Wednesday. Schools, businesses, government services and traffic came to a halt yesterday when the villagers armed with bows and arrows, painted their bodies in preparation for battle and stormed the Marama and Mondox settlements, setting fire to more than 200 houses. The mobile squad 13 unit was flown by helicopter to the area to quell the unrest which resulted in one man, believed to be from the Sepik, being shot dead at close range by the raiding villagers. Women and children have fled the scene and are living in the bush while many public servants have sought refuge in the PNG Forest compound.

It is believed that the raid was sparked over the silence by Governor Luther Wenge and the Bulolo MP Sam Basil over killings, threats and misbehaviour by the settlers to the local people. The locals have petitioned both Mr Basil and Governor Wenge to look into the matter but since then, nothing has eventuated. The long wait came to an end yesterday after frustrations boiled over regarding the death of the Patep young man where the villagers blamed the settlers for the death. The story currently in Bulolo town was that an attempted holdup at a canteen near Patep by three armed men from the settlements at Bulolo turned nasty and resulted in the death of the store owner's son. As of yesterday afternoon, the situation remained tense but police including the provincial police commander Peter Guinness were able to maintain calm and were monitoring the situation.

This is the fourth reported episode violence in two weeks after villagers at Finschhafen raided the Hallelujah Compound, a fight between the Chimbu and Wantoat people at Four-Mile in Lae, a woman was beheaded at Raicoast compound near Malahang on Sunday morning and the spillover at Bulolo yesterday. Meanwhile, four suspects were picked up by Lae police over the beheading of the mother from Biwat on Sunday.

PNG LANDOWNERS WANT REVIEW OF GAS AGREEMENTS

Claims they were rushed into deal

By Peku Pilimbo

PORT MORESBY, Papua New Guinea (PNG Post-Courier, May 17, 2010) - The multi-billion-kina LNG project is under threat from landowners because they want the agreements that were signed in Kokopo, Gobe, Kutubu and Hides last year to be reviewed. They agreements were not signed properly as there were no social mappings done and no proper landowners identified and proper information given to them as to the benefits they will be enjoying and what role they will play as land-

owners. They have demanded for a new license-based benefit sharing agreement to be signed by legitimate landowners as the one that was signed was not done properly, they claim. Landowner leaders gathered at David Unagi oval in Port Moresby on Friday and planned to seek legal advice in relation to the agreements. They said they represented landowners from Angore, Juha, Hides, Gobe, Kutubu, Gulf and Central.

The meeting was attended by more than 2000 people from all the project areas in the country. They said the LBBSA and LBSA signings were forced down their throats as they were not given enough time to read and digest what the agreement meant for them as landowners. The meeting was organised by Thomas Kamu. The people are seeking a review of the agreement and if this is not arranged, they will take legal action to prevent the project from kicking off. Former MP for Koroba-Lake Kapiago Herowa Agiwa, Simon Ekanada, Fr Mathias Olape, Tom Erebo, Noel Anjo and leaders from the Homa Pawa people in the Hela region gathered to meet and come up with the same conclusion, that they had been rushed into signing the agreement.

LNG deal signed in haste: Marat

Post-Courier 17.5.2010

By GRACE TIDEN

RABAUL MP and recently ousted Attorney General Dr Allan Marat has revealed the Liquefied Natural Gas agreement was signed in haste without government advisers properly analysing the agreement. Dr Marat said this during a press conference in Kokopo last Friday. He said there were disagreements still going on in relation to the gas agreement and questioned the Government as to why they were in a hurry to sign. He said the agreement which was more than 200 pages was given to him a day before the signing to go through. Dr Marat said as the principal adviser to the Government, he and his lawyers had asked the Government to give them a week to go through the document and analyse the implications, benefits or things that would be in the interest of PNG.

However they were only given a couple of hours to go through the agreement with the legal clearance given the same day and the agreement signed the next day. He said it was the first time for them to see the agreement, adding that there was no consultation with the Attorney General's office. "This is the agency of the Government that gives legal advice to the State on all major projects affecting the interest of this country. Where is the seriousness in consultation?" he asked. He said there was no seriousness in using the office of the Attorney General. "There was no serious consultation. If I was given one week, we would have come up with other suggestions to the gas agreement but we were not given the opportunity to make serious contributions to that agreement. My advice was never sought and I was never invited to be part of that little group who met in Brisbane," He also said the LNG agreement was drawn up overseas.

BOUGAINVILLE WARLORD: NO TO MINE REOPENING

Me'ekamui general is country's most feared

By Gorethy Kenneth

PORT MORESBY, Papua New Guinea (PNG Post-Courier, May 17, 2010) - BOUGAINVILLE'S most feared Me'ekamui general Chris Uma will not tolerate any mine talks until the region gains independence. He claimed Bougainville never really benefited from the copper mine, instead the revenue helped PNG and other provinces. Uma was interviewed also by the Australian Associated Press and the Australian Broadcasting Corporation journalists in Arawa last week. When asked about who he was supporting for elections he said: "No Tanis, I walk away." Incumbent ABG president James Tanis negotiated his "comeback" to reality and had assured them of a good working relationship and to be assisted in the future. Until early April, the road block at the Morgan

junction was closed to the public and could only be used by locals travelling to and from Tonu, Bana, and Nagovis, including Buin areas.

Uma and his soldiers manned the Morgan junction roadblock with high-powered guns. Uma signed an agreement with Tanis and the ABG in April to signal a good working relationship and to join the peace process. The 47-year-old from Kerei, Kieta completed year six schooling in 1983, and has since spent most of his life in the wilderness because of what he called “my life those days”. He spent 1984 in the Kuberia prison in Manetai, Central Bougainville for a “wrong he did”. From 1985 to 1987 he lazed around in Kieta doing what he could to survive. He took to the bushes of Kieta to form a group and get ready for the Bougainville crisis in 1989. Uma has nine children and lives in section 6, commonly known as Arawa village. When asked how he survives without a paid job, he uttered hesitantly, “we survive”.

MAJOR OIL SPILL THREATENS OCEAN IN BOUGAINVILLE

Pilferage at old storage tank caused spill

By Gorethy Kenneth

PORT MORESBY, Papua New Guinea (PNG Post-Courier, May 17, 2010) - THERE is a huge oil spill at Loloho, the former Bougainville copper mine port facility area in Kieta, Central Bougainville. The lives of many Central Bougainvilleans are at risk from this oil, which was used to run the steam turbine generator and provide electricity for the port facilities - used and left 25 years ago by the Bougainville copper mine. Black oil was contained in two 28 million litre tanks left untouched during the Bougainville war. One of the tanks was empty from the crisis days while the other tank was still full with 28 million litres of this outdated oil. The leakage started from steel pipes taken away illegally by experts and individuals from abroad (Cubans, Americans and Asians) collaborating with the locals and illegally transporting the oil out of Loloho for the outside market. It is now alleged that more than 90,000 tonnes of oil have been stolen and taken out in vessels - one allegedly sitting in Singapore and the oil still not sold because it is outdated as it was left there some 25 years back.

Locals from Kieta and the surrounding Loloho area told the Post-Courier that people came from all over the globe, setting and signing agreements with local companies and individuals who were illegally buying and selling scrap metal - part of it the original steel contained in the power house at Loloho - also one that connected to the fuel tanks, which eventually disturbed the pipes, causing a huge oil leak since last year. Paying locals a little money and getting away with huge amounts of money because these pieces of steel were original, when sold outside they will get a lot of money for them and overseas they smelt them again and resell them as second hand steel in PNG, Peter Nabeu, a local told the Post-Courier. But there is now a New Zealand environmental group working on the site to contain, drain and hopefully burn off the oil, and in time save the lives of the people of Bougainville.

An expert from that environment group Ron Brennan advised they were waiting for a letter of approval from Bougainville Copper Foundation boss Paul Coleman in Port Moresby in order to start burning the oil in Kieta. Brennan explained that bringing machines alone to clean and carry out the operations would cost them \$US30 million but the whole cleanup operation of the mine areas would cost \$US90 million, covering Panguna and Loloho. “We’ve got the approval from the ABG and the locals here in Kieta but we are still waiting for a consent letter from Paul Coleman (BCL) to start our full operation,” Mr Brennan told the Post-Courier last week. “This oil is very dangerous. Once it spills into the sea, there goes Bougainville for the next 100 years, but we are checking every day for any spill into the sea,” he said. “We are just waiting for the consent letter from Paul Coleman to start our operations,” he said.

FIJI MINE MUST PAY COMPENSATION TO LANDOWNERS

Aussie company liable for damage to environment

SUVA, Fiji (FijiSUN, May 15, 2010) – In Fiji, Australian-based mining company Newcrest Fiji Limited will have to pay compensation to landowners of Waisoi, Namosi. Government is brokering talks between Namosi landowners for compensation for damage caused by exploration for gold and copper by the company. This was confirmed by Prime Minister Commodore Voreqe Bainimarama after he read a report compiled by the Military Council. The Namosi exploration is being carried out by a joint venture between Newcrest Fiji Limited, Nittetsu Mining and Mitsubishi Materials Corporation of Japan, which form the Namosi Joint Venture. Newcrest Fiji Limited manages the exploration and has been doing so since 2008. Exploration work cost the companies FJ\$15 million [US\$7.7 million].

Some landowners have complained that exploration work carried out by the companies had adversely affected their environment, food and water source. "I have viewed the report and we're trying to sort out a Memorandum of Understanding between the company, Native Land Trust Board and the landowners," Commodore Voreqe Bainimarama said. "The report is now with the Minister for Lands and we're basically working out compensation for the landowners." Commodore Bainimarama said compensation would cover damage of trees and root crops during the exploration process. However, government has initiated an impact assessment to be carried out in the area. Commodore Bainimarama said the impact assessment would take a year and findings from that assessment would determine the future of the exploration. "For now, exploration work will continue," he said. "Once we gather information on the impact on our environment then we will decide on what can be done about this problem."

In a statement, Namosi Joint Venture denied explorations activities had caused any environmental impact in the area. "We wish to emphasize that we are very careful to act in accordance with correct procedures, regulations and laws and have particular regard to our environment impact and the agreement we have with the landowners," company country manager, David Boyd said. "Namosi Joint Venture is very conscious of the interests of the landowners, and has always worked closely with the landowning community. "We meet regularly with community representatives to discuss and resolve issues and we will continue to seek agreement on the differences with some landowners and ensure consultations take place with all major stakeholders." FijiSUN: <http://www.sun.com.fj/>

BOUGAINVILLE WANTS TO REOPEN GOLD MINE

Panguna mine triggered civil war

WELLINGTON, New Zealand (Radio New Zealand International, May 14, 2010) – Villagers who shut down an Australian-run gold and copper mine in Papua New Guinea's autonomous region of Bougainville during a violent civil war now want to reopen the mine. Bougainvilleans are now voting in their second general elections to decide who will prepare the island for a promised 2015 referendum on full independence from Papua New Guinea. The massive Panguna mine in central Bougainville was what sparked the bloody decade-long guerilla war that claimed an estimated 20,000 lives.

The islanders now think their secessionist future might depend on the revenue it can generate. Bougainville President, James Tanis, told AAP moves were now under way to review the mine agreement. He said if this mine funded Papua New Guinea independence (1975) then it can fund Bougainville autonomy and independence. Bougainville Copper Limited executive, Paul Coleman, travelled to Bougainville last year for the first time since the mine's closure for talks with President Tanis in Buka. *Radio New Zealand International*: www.rnzi.com

PNG LANDOWNERS PETITION CANADIAN PARLIAMENT

Seek action against killings at Porgera gold mine

PORT MORESBY, Papua New Guinea (The National, May 16, 2010) – FOUR Porgera villagers – two of them landowners of Porgera gold mine – are in Canada to petition its Parliament to pass legislation that will force Canadian miners take more responsibility for environmental damages and social negative impact on local communities. According to media reports out of Ottawa, four members of Ipili tribe are also there to demand Barrick Gold – operator of Porgera mine – to address issues at home. A team of investigators from Harvard University recently compiled a report after visiting Porgera and talking to local communities that security personnel employed by the mine had had killed people and raped local women. Barrick had vehemently denied the charges.

The Harvard university report was reported to a Canadian parliamentary committee that is looking into imposing laws that will empower Canada's foreign ministry to deal with defaulting Canadian companies overseas. The parliamentary committee is expected to hear from the Porgerans this week. "We have been trying to raise awareness of these killings and rapes by Barrick's security forces for many years," Jethro Tulin of the Akali Tange Association, a local grassroots human rights organisation, said. "Finally our allegations are being confirmed but Barrick is not supporting our calls for an investigation of these killings nor offering compensation to the families of those who have been killed or raped."

Prime Minister: 9 years of non-stop growth

National 14.5.2010

In Parliament with ISAAC NICHOLAS and ALMA MARIMYAS

THE country is, for the first time, enjoying nine consecutive years of economic growth, Prime Minister Sir Michael Somare told Parliament yesterday. "This year itself the economy will grow by about 8.5% for one of the best performance in a decade," he said. The prime minister made the statement to parliament after opposition leader Sir Mekere Morauta had asked for a state of the nation address on the likely impact of large-scale extractive projects and warned that the government's revenue base would become dangerously dependent on the sector. Sir Michael said that although opinions might differ, the fact was that major resource projects would no doubt have significant economic, social and environmental impacts. He said that since taking office in 2002, the government had been providing incentives to the resource sector which had earlier been given "the kiss of death" by economists and resource experts.

"At the time, few people could have envisaged the scale of turnaround created by this initiative. "Three gold mines have opened in the intervening period. The large Ramu nickel project is nearing completion at a cost in excess of US\$1.2 billion with an anticipated lifespan of some 30 years. "It can take a long time before an exploration project proceeds to the mining stage. But as long as the policy environment is good and exploration remains healthy, there will be many more long-life projects in the future." Sir Michael said the next few years could see the start of two or three new giant mining projects at Yandera and Wafi/Golpu in Morobe and at Frieda River and the world's first underwater mining off East New Britain and New Ireland.

On the LNG project, he said the government agreed to offer landowners additional 4.22% equity to take their equity to 7%. "In addition to benefits derived from the 2% royalty and development levy, the total amount involve will equate to more than K20 billion over the 30-year life of the project." He said in terms of fiscal regime, the LNG project would face a normal 30% corporate tax on its profits. "The LNG consortium has not asked for, and has not received, any tax holiday or other inducements." He said as a 19.6% equity owner, the PNG government was privy to all information pertinent to the project.

PAPUA NEW GUINEA CRAWLING WITH MINING COMPANIES

79 companies from 7 countries last year

By Eric Tapakau

PORT MORESBY, Papua New Guinea (PNG Post-Courier, May 13, 2010) - Papua New Guinea (PNG) remains attractive to the mining world despite the sentiments held by many critics as being "one of the worst countries to invest in". To September last year, 79 mining companies from seven countries including Papua New Guinea, owned tenements in the country. According to the Mining and Exploration Bulletin published by the Mineral Resources Authority (MRA), up to September 2009, a total of 165 tenements were processed, 33 new exploration licenses granted, 46 new exploration licenses applications, 29 renewals lodged, one alluvial mining license application and one mining license granted. Countries with companies linked to PNG's mineral sector include Australia, Canada, China, South Africa, Japan, Singapore, Switzerland and the USA.

Total mineral export receipts to the March quarter of 2009 was about 2 billion kina [US\$717 million], 31 percent lower than the corresponding period of 2008. The lower income was due to lower commodity prices on the world market. According to the MRA Bulletin, significant changes to the fiscal regimes (since 2003) which are more investor friendly include income tax rate of 30 percent, dividend withholding tax of 10 percent, royalty of 2 percent on net smelter returns, fiscal stability is now available for financing period, no additional profits tax, no capital gains tax, 100 percent foreign company ownership allowed through exploration whereas in the past only PNG registered companies participated. "Despite the long history, geology and mineralization of the country is not yet fully understood," MRA said in its bulletin. "It is good to know that, as companies explore more in their tenements, they discover new prospects not discovered by previous exploration programs. The Government will support any activities towards understanding the geology and discovery of minerals". PNG has the potential to earn up to 600 million kina [US\$215 million] every year from alluvial mining.

Tribal fights a worry despite LNG presence

Post-Courier 13.5.2010

By *PETER KORUGL*

SOUTHERN Highlands is gearing up for the massive LNG project but for the people in one electorate, it may take a long while before they realise any benefits at all. The Kagua-Erave people are busy getting high powered weapons to fight and kill each other. They do not seem to worry about the LNG project or the benefits it promises to deliver to the Hela and Southern Highlands provinces. According to reports coming out of the electorate, three ethnic clashes are going on at present - one in Wapisumi, the other in Batri and the third in Sembrigi involving some 18,000 warriors. According to the reports, 33 people have been killed, including 19 in the Wapisumi fight in which five men were blown to pieces in a hand grenade attack and 14 killed, shot down in one day. "These are not tribal fighting we are talking about, unlike tribal fights in the past; we are seeing something totally different here. People are being shot down in numbers because of the high powered guns in the hands of the villagers," Kenda Nakisi, a community leader from the Kagua central area said yesterday.

On August 1 2006, the Government declared a state of emergency in the province. According to Prime Minister Sir Michael Somare at that time, the troops were deployed to restore "law, order and good governance" in the province. As a region rich in energy resources, the Southern Highlands was at the centre of plans to construct a gas pipeline to pump natural gas to Queensland in north Australia. That project was scrapped but today, a much bigger project is being constructed and the project will bring in much needed revenue for PNG, but this instability in the province could jeopardise the project. "The fighting has taken many lives and was not good news for investors partici-

pating in the LNG project in Hela and Southern Highlands Province,” chairman of the Kulumbu Community Services in Kagua, Mr Komeali Ropa said. The three tribal wars involve 18,000 people in the Sumi 1 and 2, Lagira, Ralumunda, Kandopa and Wasuma local government wards and while the men are fighting each other, their families are seeking refuge with relatives or friends in other parts of the electorate. “The fighting has affected the whole of the electorate, either directly or indirectly.

The whole electorate is a fighting zone, schools and health services are affected, properties are destroyed and there is fear among the people,” Mr Nakisi said. Coupled with the fear and instability in the community, the reports highlighted that all the roads and bridges as well as the district headquarters at Kagua- were falling to pieces and there was an urgent need for the leadership in the electorate as well as the province to step in and rein in the situation. “The Wapisumi area is the home of the current MP James Lagea. When the fighting was hot, he went in and gave K100,000 to each of the opposing parties to make peace. “You can guess what they did with the money?” Mr Nakisi said. Police said they had yet into move into the fighting areas but when they did go to stop the fighting at Semberigi early this year, they were confronted with people who outmuscled them with high powered guns so they had to leave.

BIG STINK IN NEW CALEDONIA OVER NICKEL MINE

Foul-smelling hydrogen sulfide irks residents

WELLINGTON, New Zealand (Radio New Zealand International, May 12, 2010) – The operators of New Caledonia’s nickel smelter have been asked to stop producing the foul smelling emissions which upset residents in Noumea. The SLN nickel company has stockpiled thousands of tonnes of fuel which contains hydrogen sulfide. Once there is a breeze, the smell affects many neighbourhoods, with many people complaining about breathing difficulties. The vice-president of the southern province, Philippe Michel, has expressed his exasperation over SLN’s inaction, saying the company is not up to it to deal with the problem. He has given SLN three days to neutralise the smell. SLN, which is the territory’s main export revenue earner, has said the emissions were diluted and the substances are not dangerous. *Radio New Zealand International: www.rnzi.com*

Changes underway as Southern Highlands Pprovince prepares for LNG

Source: By JEFFREY ELAPA , National 12.5.2010



CHANGES never before experienced are now taking place in the Southern Highlands as preparation work for the multi million kina LNG project gets underway. Mendi town, capital of SHP, and the surrounding villages which lacked infrastructure development over many years, is now experiencing progress with work already started for the project. Some notable infrastructure that have taken place are the Oyarip base camp and two more loading and delivery camp sites at Kiburu village outside the town. A similar development taking place is the Paga Hill storage camp in Mendi. This is also a major eye-opener after more than 18 years since the tap to the Kutubu Oil was first turned on. The major bridges are also been upgraded along the highway leading to Tari to cater for the many trips expected to be made by heavy trucks. The Lai River bridge at Poroma is near completion while work is still being carried out at the Mendi River bridge near Kiburu Lodge in the Imbonggu district. The National also witnessed another camp under construction near the Mendi River at Kiburu which will be bigger than the other camp sites.

These changes are part of the development of the province and the people say they are happy as it is changing their lifestyle. They also said the project was also creating employment for the many unemployed youths in the area with business booming as a result of cash flow in the province. Likewise the project sites in Komo and Tari are also experiencing significant changes. Moro, the home to the first oil well, is also experiencing changes with new houses sprouting among the temporary ones built by developers Chevron New Guinea and Oil Search. "We expect better things to come. The early stage of development indicates that ExxonMobil is coming well," a senior Kutubu landowner said.

Lihir gold deal a tax reaction

Post-Courier 12.5.2010

By *JONATHAN FARAPO*

THE Australian Government's proposed mining tax change is creating mixed emotions among many mining companies in that country as well as those in PNG. Recently Lihir Gold Limited managing director Graeme Hunt offered comments on the proposed mining tax changes at the company's annual general meeting in Port Moresby. While the mining company has revealed it would become the second highest taxpayer from the mining sector in this country it also announced a merger deal with Newcrest Mining. Mr Hunt in an exclusive interview with the Post-Courier said the Australian Prime Minister's proposed super profits tax changes had played an important role in securing the Newcrest merger deal. While he also pointed out that there was a broader benefit arrangement from the merger for LGL shareholders, he said the merger offered an attractive premium for shareholders of the New Ireland-based company.

However, Mr Hunt revealed that his current position could be left redundant once the merger was finalised after July 8. Meanwhile, Australia's mining companies have been making record profits and margins in recent years according to reports from news agency Bloomberg.com. It is understood the Australian Government felt that they were paying a relatively low proportion of these profits in tax, especially in light of their heavy use of water and access to public infrastructure. After Australia's top gold miner, Newcrest Mining agreed to a \$A8.5 billion takeover of Lihir Gold last week some reports from news agency Reuters suggested it signalled a hunger for foreign income among local miners after Canberra hit them with a new tax.

Australien: Sondersteuer: Bergbauunternehmen ziehen erste Konsequenzen

Gegen die geplante Sondersteuer auf Gewinne im Rohstoffsektor wächst in Australien der Widerstand. Dem Dachverband der Bergbauindustrie zufolge sind auf dem Kontinent Rohstoffprojekte im Umfang von Hunderten von Milliarden Dollar gefährdet. Die ersten Projekte liegen auf Eis. von Regine Palm und Urs Wälterlin, Handelsblatt 11.5.2010



Bergbaumine im Westen Australiens: Der Kontinent ist der größte Kohle-Exporteur der Welt. Quelle: dpa

DÜSSELDORF/CANBERRA. Erste Unternehmen haben bereits Investitionen auf Eis gelegt. Auch politisch schlägt die Steuer hohe Wellen. Der Gründer und Vorsitzende von Fortescue Metals, Andrew Forrest, verglich die Maßnahme mit einer „Nationalisierung“ der Bergbauindustrie, so wie man es von „despotischen Regimes“ kenne. Forrest, der drittreichste Australier, ist nur einer von vielen hochrangigen Vertretern der australischen Rohstoffindustrie, die sich in den letzten Tagen einer Kampagne gegen die Steuer angeschlossen haben. In Fernseh-Spots und in großflächigen Zeitungsanzeigen warnen die Chefs verschiedener Unternehmen vor einem wirtschaftlichen Chaos, wenn Canberra seine Pläne für die Einführung der Steuer nicht ändere. „Investoren werden das Land verlassen“, lautet der Tenor einer Anzeige. Australien ist einer der führenden Rohstoffproduzenten der Welt und der größte Kohle-Exporteur.

Premierminister Kevin Rudd hatte vor einer Woche ab 2012 eine 40-prozentige Steuer auf Gewinne von Bergbauunternehmen angekündigt. Das Geld solle in die Rentenversorgung und den Bau von Infrastruktur fließen. Die Abgabe soll aber erst nach Abzug verschiedener Kosten erhoben werden. Zudem ist vorgesehen, dass die bisherigen Lizenzabgaben an die australischen Bundesstaaten schrumpfen werden. Die Regierung erhofft sich dennoch Einnahmen in Höhe von neun Mrd. australischen Dollar (6,3 Mrd. Euro) im Jahr. Rudd reagiert mit der Steuer auf den Vorwurf, die seit Jahren von einer historisch hohen Nachfrage nach Rohstoffen profitierenden Firmen würden zu wenig zum Allgemeinwohl beitragen. „Die Rohstoffe sind Eigentum von uns allen“, so Rudd. Trotz Gewinnen im Gesamtwert von Dutzenden Milliarden Dollar habe die Industrie im letzten Jahr nur 7,6 Mrd. australische Dollar (5,3 Mrd. Euro) an den Fiskus abgeliefert. Der Dachverband der Bergbauindustrie beziffert die Abgaben indes auf 22 Mrd. australische Dollar.

Dem Verband zufolge sind in Australien Rohstoffprojekte im Umfang von Hunderten von Milliarden Dollar gefährdet. Einige Fachleute warnen zwar vor einer Hysterie, doch legen erste Unternehmen Projekte auf Eis. So will der Rohstoffkonzern Xstrata die Mittel für sein Kupferprojekt in Nord-Queensland wegen der Steuer einfrieren. Nach eigenen Angaben wollte Xstrata dort in den nächsten drei Jahren insgesamt 30 Mio. australische Dollar investieren. Der US-Kohlekonzern Peabody Energy hat gestern sein Übernahmegebot für den australischen Kohlekonzern Macarthur Coal verringert und begründet dies unter anderem mit der geplanten Steuer. Zuletzt hatte Peabody 16 australische Dollar pro Aktie geboten. Dies entsprach einer Offerte von rund 3,8 Mrd. US-Dollar in bar. Nun hat der größte börsennotierte Kohlekonzern sein Angebot auf 15 australische Dollar, also auf 3,4 Mrd. US-Dollar, verringert.

Editorial

WILL PNG BONANZA SPELL DISASTER FOR ENVIRONMENT?

Post-Courier 11.5.2010

MINING and petroleum are naturally developed resources that can make or break a nation. Papua New Guinea, like its southern neighbour, Australia, is on the verge of a huge boom in revenue from its natural resources. The distinct impression we get is that the Government is wholly behind the exploitation of the natural resources represented by metals and petroleum products. In general, we feel there is a great deal to be made by all or at least many in Papua New Guinea from the vaunted projects. Gold in Morobe, Enga and provinces like New Ireland, East New Britain and Milne Bay provinces, copper in Western Province, the much promoted LNG project under ExxonMobil's wing and the massive Ramu nickel are the most well known. There is also the likelihood of a huge copper and gold mine at Frieda, the remote location in the upper reaches of the East Sepik Province, and gold in the mountains of Madang. At least two more LNG projects are being touted. There is also the contentious pioneering plan by Nautilus Minerals to dredge the seabeds in the Bismark area for minerals.

However there are many citizens, ranging from villagers in the areas to be exploited, to young educated Papua New Guineans, who want to see a better deal worked out for our environment. It is conceded by most that the Government's Environment and Conservation Department has been starved of funds for so long that it can mount only a token watch on environment issues. Arguments are arising about what will happen with the dumping of mine wastes in the sea, with the quality of work on mine access roads and pipelines, with the workplace health and safety regulations in the work areas. Many are getting the impression that the Government's desperate drive to do deals to get the revenue flowing has blinded them to issues that worry their constituents. Deputy Prime Minister Sir Puka Temu conceded as much in telling Madang villagers that awareness on the deep sea tailings plans had come "a bit late".

Deep Sea Tailings Deposit to go ahead, despite public outcry National 11.5.2010



MINISTER for Environment and Conservation Benny Allan was at Bongu village in the Astrolobe local level government in Rai Coast to receive a petition against the current controversial deep sea tailings deposit (DSTD). He declared boldly before the crowd that the DSTD was not going to harm

them. “The government will ensure that the DSTD will not harm your village life. “The examples we see happening to Misima and Lihir has not affected them since we have not heard any noise from them,” he said yesterday. “The government, before issuing the environmental permit, after many reviews and adjustments being made, see that the only option available to us is the deep sea tailings. That is the only option available.” When called upon to speak, Allan did not elaborate how the DSTD would work, the negative impacts or why the government was sending in department officers to do a “rushed awareness exercise”. Allan only said that it was important for development to take place and, as such, the locals needed to be more “open-minded” to receive the negative impacts of changes that came with any development.

Deputy Prime Minister and Minister for Mining Sir Puka Temu, who supported his counterpart, said that the DSTD matter was before the courts and therefore could not elaborate further. “Nickel project lo Madang em bai kamap,” Sir Puka said. (The nickel project in Madang will go ahead). “The developer is investing K1.4 billion. They are the largest developer. The government receives 60% of its income from mining. “The government’s position is based on independent reviews and assessments in previous years which have resulted in the environmental permit being awarded already to MCC (Chinese Metallurgical Construction Company).” Sir Puka said although they were happy to receive the petition from the locals with a response to be forthcoming after 21 days, laws of the country had to be followed. Although he did not specify what laws, he alluded that contractual agreements already in place had to be seen to be effected. Bongu front man pushing for the DSTD to be stopped, George Ireng, announced before the two ministers, Madang Governor Sir Arnold Amet and Rai Coast MP James Gau that if the current court decision, which will be made today at 1.30pm, is in their favour, then “there will be no tailings deposit”.

PNG a mining tax haven

Post-Courier 11.5.2010

By *ERIC TAPAKAU*

PAPUA New Guinea is well positioned to host the growing number of Australian miners that are reconsidering their investments “down under” because of the proposed super profits tax. The new tax proposed by Prime Minister Kevin Rudd has already seen millions of dollars worth of exploration and expansions plans stalled by miners such as Rio Tinto and Xstrata. Xstrata is the majority stakeholder in the world class Frieda River copper exploration program. Rio Tinto is the major stakeholder in Bougainville Copper Limited, the owner and once operator of the lucrative Panguna copper and gold mine in Central Bougainville, Autonomous Region of Bougainville.

With new developments going on in Bougainville, Rio Tinto is closely watching the progress towards peace and order. Introduced in 2002, Papua New Guinea’s taxation regimes in the mining and petroleum sector are said to be more competitive with its neighbours and since then, many companies in both sectors entered this country to take advantage of the new fiscal regimes. Australian mining magnate Clive Palmer made no secrets about his intention to invest in Papua New Guinea when he told the Courier Mail that his next project would be in Papua New Guinea.

Deputy Prime Minister admits to poor awareness at Ramu

National 11.5.2010

Source: By JAYNE SAFIHAO

THE national government has admitted to lack of awareness and consultation on the deep sea tailing processes at the Ramu nickel-cobalt mine in Madang province. Deputy Prime Minister Sir Puka Temu said the government had failed to carry out awareness within the local impacted areas in Madang on the process of deep sea tailings. He told villagers at Bongu, Rai Coast district, that awareness on the tailings processes should have been carried out earlier for the locals to better understand

what was involved. He was speaking when receiving a petition from the people on the activities of Ramu NiCo and what they wanted done. With him was Environment and Conservation Minister Benny Allan. Sir Puka said responsible government authorities were now carrying out awareness on the process of deep sea tailings, and villagers along the impacted areas must allow officers to give help them better understand the processes involved.



Among other issues raised, the petition also called for an immediate stopwork on the waste disposal site; for the government to fund an independent scientific research to prove or disprove studies carried out by National Research Systems (NRS) prior to the one by the Mineral Policy Institute of Sydney, Australia; for the landowners to have their say included in the new research; and for the developer to find “other alternate means” of disposing wastes. The Bongu people gave the government 21 days to respond. The petition stated that if nothing positive was gained, they would be forced to take “appropriate measures”. Meanwhile, the locals said the government’s quick action to shove scientific information on the process of the tailings plan within a very short period was inadequate and incorrect. They stressed that the government had slept on the issue up until now, and was resorting to a quick resolution.

Porgera landowners lobby for support in Canada By *SIMON ERORO*

Post-Courier 11.5.2010

LANDOWNERS from Porgera travelled to Canada last week on the invitation of human rights groups there to show support for a proposed Bill to clamp down on the practices of Canadian mining firms operating in the developing world. The chairman of the Porgera Landowners Association Mark Ekepa said from Canada that Bill C-300, a private members’ bill brought forward by Toronto MP John McKay, will be the subject of a hearing at the Commons Foreign Affairs Committee this week. Mr Ekepa said the legislation if passed would break new ground internationally and the indigenous leaders will be able to file a complaint and seek sanctions against Barrick in Canada. He said this was because Barrick had not agreed to resettle the homeowners from the Mining Lease Area (MLA), especially the Ipili tribe. “We have been asking Barrick Gold Corporation to address allegations of human rights abuses and environmental degradation at the Barrick-controlled Porgera gold mine,” Mr Ekepa said. Mr Ekepa said his group would like Barrick to pay to resettle the landowners living in the MLA in Papua New Guinea.

Woodside chief slams East Timor's veto threats

LINDSAY MURDOCH

Sydney Morning Herald, May 8, 2010

WOODSIDE'S chief executive, Don Voelte, has hit back at threats by East Timor's leaders to veto the multibillion-dollar Greater Sunrise joint venture in the Timor Sea, saying "believe me, they can't walk away from it". Commenting a day after East Timor's prime minister, Xanana Gusmao, refused to meet him and other representatives of the venture consortium in Dili, Mr Voelte said East Timor's credibility would be damaged if it reneged on a treaty signed only 2½ years ago. "But that is not the issue - we'll win it on the merits of the program," Mr Voelte said. Under the treaty East Timor and Australia did not have a legal right to veto, he said. "They are required to approve the project as long as they come to the conclusion it is the right option on a commercial basis using good industry practice," Mr Voelte said.

East Timor's leaders last week reacted angrily to an announcement that the consortium plans to build one of the world's first floating liquefied natural gas platforms above the field. They have demanded the gas be piped to a processing plant in East Timor and said they would not approve either a floating platform or piping the gas to an existing plant in Darwin, an option which the consortium has considered. Mr Voelte denied an accusation by the regulator of East Timor's petroleum industry that Woodside had failed to comply with its legal obligations before announcing its plans to build a floating platform. The *Herald* revealed yesterday that the independent National Petroleum Authority had criticised Woodside in a confidential letter for its failure to provide detailed reports and findings on all three development options for the field. Mr Voelte East Timor had done its own surveys and if there were disagreements about the project "we are happy to sit down with them and come to the truth". He said the floating platform would maximise benefits to East Timor and Australia that Woodside believed were worth more than \$13 billion to each country

East Timor accuses Woodside

LINDSAY MURDOCH

Sydney Morning Herald, May 7, 2010

The regulator of East Timor's petroleum industry has accused Woodside of failing to comply with its legal obligations before announcing plans to build a floating liquefied natural gas platform above the Greater Sunrise field in the Timor Sea. In a confidential letter seen by the *Herald*, the independent National Petroleum Authority criticised Woodside for failing to give regulators detailed reports and its findings on all three possible development plans for the field before deciding on the floating platform. East Timor's leaders have repeatedly demanded the gas be piped to a processing plant in East Timor and say they will approve neither a floating platform nor piping the gas to Darwin, which the Woodside-led consortium also considered. As accusations swirl around the multibillion-dollar joint venture, the Prime Minister of East Timor, Xanana Gusmao, refused to meet Woodside's chief executive, Don Voelte, in Dili yesterday, saying he would not compromise the "integrity" of "negotiation mechanisms".

About 200 protesters prevented Mr Voelte and representatives of the other joint venture partners leaving the VIP airport lounge in Dili for almost two hours yesterday. After the stand-off, the group was allowed to leave for a meeting with the President of East Timor, Jose Ramos Horta, who has asked for briefings on the project. "We wanted Mr Voelte and his party to know that Timorese demand the gas be piped to East Timor to promote our economic growth and jobs," said Vincente Mauboci, the group's spokesman. In a confidential letter dated May 4, Mr Gusmao told Mr Voelte he was surprised by the company's announcement about a floating platform and said he was convinced "there must have been a wrongful interpretation" of the Greater Sunrise agreement. Comments by Mr Gusmao and other East Timorese political leaders about Greater Sunrise have fuelled

nationalist sentiment in the nation of 1 million people. Some Timorese believe development of the field should be delayed and that Dili should not be afraid of walking away from the deal in which East Timor and Australia would equally share \$US40 billion (\$44 billion) in revenue.

Seven years after obtaining independence, East Timor is debt free and has almost \$US6 billion of oil and gas revenue invested in the US, which is increasing by \$US100 million each month. But its institutions lack the capacity to provide the services and infrastructure needed to lift the majority of Timorese from poverty. In his letter to Mr Voelte, Mr Gusmao, a former guerilla commander and revolutionary hero, challenged Woodside's pledge that building a floating platform would boost Timorese employment and training skills. "As far as we know, from 2002 until now there have only been seven Timorese officers working as trainees in ConocoPhillips," Mr Gusmao said, referring to Woodside's consortium partner. "This suggests to us that the best we can look forward to under your concept is having another seven Timorese working with you." A document being circulated by people close to the government in Dili says East Timor should not be a test for new technology needed to build a floating LNG platform, which would be one of the world's first. "No one has managed to take a plant the size of 170 soccer fields that requires 50,000 metres of concrete and 6400 metric tonnes of structural steel, then shrink it to 4 per cent of its size and send it 404 kilometres offshore," the document says.

East Timor's leaders have also been angered by comments by the Chief Minister of the Northern Territory, Paul Henderson, that the consortium's floating platform decision had secured Darwin the "second prize" because the project would be serviced and supplied from northern Australia. The NT government had hoped the consortium would pipe the gas to ConocoPhillips's existing processing plant in Darwin. The National Petroleum Authority told Woodside that the regulator required the company to refrain from making any announcements "which might cause the public and investors to believe that a decision on the development of the field is imminent."

Ramu NiCo work halted

National 7.5.2010

By ROSALYN EVARA

THE State and the developer of the multi-million-kina Ramu nickel project have embarked on an intensive awareness drive on the deep sea tailing placement (DSTP) system. These efforts are being made amid recent developments which include a court injunction obtained by a group of plaintiffs from the Basamuk area who have prevented Ramu NiCo (MCC) Limited from doing work on the mine waste management system. Madang Governor Sir Arnold Amet has been invited to travel to Bongu village at Basamuk next Monday to receive a petition from the villagers of Raicoast against the waste dumping system. The State team with officials from the Mineral Resources Authority (MRA) and Department of Environment and Conservation (DEC) arrived in the province over a week ago en-route to the affected communities with officials from Ramu NiCo to carry out the exercise.

Sir Arnold impressed on them the need for more awareness to be carried out using simple language and pictorials with the help of community leaders of the affected villages. The team brought in more than 20 leaders from the coastal and inland pipeline areas and Basamuk to inform and educate them first before heading out to the villages. It is understood they were given a full briefing on the DSTP before they were allowed to comment or raise any questions. Many leaders said the exercise had been left too late. Steven Modo of Bom village said many of the problems the project encountered could have been avoided had the State and developer listened to the people while carrying out more awareness. While the villagers were for the project and despite the detailed presentation on the DSTP, some villagers were still not convinced the effects would not be adverse, as the officials had claimed particularly on the marine life. "There is no more time for excuses. If you say there will be

no problem then I want you to go back to the village after this DSTP is in operation, catch a fish in the area where the waste will be dumped, cook it and eat it while I watch," Jack Gabong said.

PRESSEMITTEILUNG von Südwind und FIAN

Down Under als Vorbild für Entwicklungsländer Australien erhebt Sondersteuer für Bergbaukonzerne

Siegburg/Köln, 07.05.2010. Die Regierung Australiens hat Anfang Mai 2010 bekannt gegeben, dass sie ab Juli 2012 eine Sondersteuer in Höhe von 40 Prozent auf die Gewinne von Rohstoffkonzernen erheben will. Durch die Maßnahme soll die australische Bevölkerung stärker von der Ausbeutung der wertvollen Bodenschätze des Kontinents profitieren. Das SÜDWIND-Institut und die Menschenrechtsorganisation FIAN fordern, dass auch Entwicklungsländern ein solcher Schritt ermöglicht wird. In vielen Entwicklungsländern werden große Mengen Rohstoffe gefördert, doch die Regierungen und die Bevölkerung profitieren meist nur in einem sehr geringen Umfang von diesem Wirtschaftszweig. Ursache dafür sind Gesetze, die ausländischen Investoren weitgehende Steuerfreiheit einräumen. Diese Gesetze stammen meist aus den 1980er Jahren, als viele der Entwicklungs- und Schwellenländer hoch verschuldet waren. Damals gehörte die Erleichterung von Investitionen aus dem Ausland zu den Auflagen für neue Kredite durch den Internationalen Währungsfonds (IWF) und die Weltbank.

Aufgrund der damals sehr niedrigen Rohstoffpreise empfahlen diese die Schaffung von Anreizen, um Minenkonzerne ins Land zu locken. Die Regierungen der Rohstoffe fördernden Staaten mussten diesen Auflagen zustimmen. Die neuen Regeln für Investoren sahen vor, dass diese von vielen Steuern, Abgaben und Umweltvorschriften ausgenommen sind. Zudem wurde in den Verträgen festgehalten, dass die einmal gewährten Vergünstigungen über viele Jahre nicht rückgängig gemacht werden dürfen. Heute verzeichnen Bergbauunternehmen hohe Gewinne. Doch anstelle einer angemessenen Beteiligung am Gewinn erhalten die Menschen vor Ort oft nur Umweltzerstörung, Korruption und steigende Armut im Austausch für die Rohstoffe.

Der Fall Ghana zeigt, wie kompliziert es für Entwicklungsländer ist, an diesem Zustand etwas zu ändern. Das Land gehört zu den größten Goldexporteuren der Welt. Die Lizenzzahlungen wurden auf drei bis sechs Prozent der Bruttoeinnahmen beschränkt. Dank weit reichender Abzugsmöglichkeiten von Steuern zahlen viele Goldproduzenten in Ghana lediglich die Mindestabgabe von drei Prozent. Trotz stetig gestiegener Goldpreise bleiben die Zahlungen auf konstant niedrigem Niveau. Nach Angaben des Internationalen Währungsfonds exportierte Ghana im Jahr 2008 Gold im Wert von knapp 2,7 Mrd. US-Dollar. Die Einnahmen der Regierung aus dem Goldsektor lagen nach Abzug der Subventionen jedoch bei nur 96 Mio. US-Dollar.

Sebastian Rötters, Bergbau-Referent von FIAN, weist auf die Macht der Konzerne hin: "Zwar scheint die ghanaische Regierung angesichts des massiv gestiegenen Goldpreises eine Erhöhung der Abgaben auf fünf Prozent durchsetzen zu können. Große Bergbaukonzerne wie AngloGold Ashanti und Newmont werden diese Erhöhung aber mit Hinweis auf bestehende Verträge umgehen können. Trotz vergleichbarer Argumente ist der steuerliche und somit politische Gestaltungsspielraum Ghanas deutlich geringer als in Australien."

Ghana ist kein Einzelfall. Aufgrund der zwischen 2003 und 2008 massiv gestiegenen Preise für metallische Rohstoffe versuchten mehrere afrikanische Regierungen, die niedrigen Abgaben der Rohstoffkonzerne zu erhöhen. Doch diese drohen mit langwierigen und teuren Verfahren vor internationalen Gerichten. Sie berufen sich darauf, dass die geltenden Abkommen häufig nachträgliche Steuerrechtsänderungen - aber auch verschärfte Umwelt- und Sozialgesetze - ausschließen.

In den letzten Monaten sind die Rohstoffpreise nach einem Einbruch im Rahmen der Weltwirtschaftskrise wieder massiv gestiegen. Daher verweist die australische Regierung ausdrücklich auf die enormen Gewinne der Rohstoffkonzerne und fordert eine angemessene Beteiligung der australischen Bevölkerung. Sie könnte durch die zusätzlichen Einnahmen erheblichen politischen Handlungsspielraum gewinnen.

Friedel Hütz-Adams von SÜDWIND fordert, Entwicklungsländern die gleichen Chancen einzuräumen: "Es ist paradox, wenn Unternehmen aus Industrienationen in Entwicklungsländern Milliardengewinne durch Rohstoffexporte erzielen und gleichzeitig weite Teile der Bevölkerung in bitterer Armut leben und hungern müssen. Mehrere Schritte sind notwendig. Erstens müssen die Förderstaaten angemessen an den Einnahmen aus dem Rohstoffexport beteiligt werden, selbst wenn dafür bestehende Verträge zu ändern sind. Zweitens müssen Konzerne und Regierungen zur Offenlegung aller Zahlungen rund um die Rohstoffgeschäfte verpflichtet werden. Drittens müssen dann die Gelder eingesetzt werden, um die Lebenssituation der Bevölkerung zu verbessern."

Letter to the editor

Consider our natural environment

Post-Courier 7.5.2010

I refer to the press statement that was released on Friday April 30 signed by the four Ramu nickel project area landowners. The press release obviously demonstrates the support of the landowners as chairman for the Ramu nickel project. I support their stand, as we have seen infrastructure development in our area which was neglected for so many years by successive governments. I commend the Chinese Metallurgical Company for their contribution to the lives of our people. However, what must be realised by all parties involved in this project is the aftermath destructions to the environment. Because of this, I would suggest that the landowners and others take a look at the big picture outside the box as this is where the argument is, which now resulted in National Court in Madang granting an injunction against the construction of the undersea tailing pipeline for waste disposal (DSTP).

It is your future and your environment that is of concern. With all development in the form of harvesting natural wealth, comes development. This is the lifetime destruction which I must say is the reward for the sacrifice everyone makes, however will only benefit a few. Therefore, the court injunction concerning DSTP requires the support of landowners, especially from the coastal areas to ensure that the future of the people and their environment is protected. They must address all landowner issues which also include environmental issues. This may or may not be seen as significant but is of concern, as the decision made will affect our children and grandchildren and the people back at our rural coastal communities. The court injunction regarding the DSTP construction at Basamuk for mine tailings disposal must be applauded, as it is a win for the coastal people of the areas that are likely to be affected and their future generation. Genuine Madang

FIJI LANDOWNERS RAISE CONCERN OVER COPPER MINE

Government investigating claims of pollution

SUVA, Fiji (Fijilive, May 6, 2010) - The fate of the Namosi Copper Miner will be decided once Prime Minister Commodore Voreqe Bainimarama has sighted reports on the fact-finding mission by the Military Council. Lands Permanent Secretary Lieutenant Colonel Neumi Leweni along with members of the Military Council held talks with the Namosi Copper Mining Company and Namosi landowners. The purpose of the fact-finding tour was to hear concerns from the mining company and Namosi landowning units. "The report is expected to stimulate decisions on the viability of the

mine's existence and the landowners were concerned with the mine's impact on environment," Leweni said.

The Namosi copper mine has been operating in Namosi for the past 30 years and Leweni said it was natural for the landowners to be concerned about mining impacts to their land. "They claim their land and rivers, which they fetch food from, has been affected by the mine," he said. He added the mining company however stated that chemicals and refuse from the mine has very minimal impact and poses no threat to the environment. "The report is not being compiled and will be submitted to the PM for his deliberations before further decisions are made," Leweni said adding that the visit was fruitful and all issues raised were taken aboard. *Fijilive*: <http://www.fijilive.com>

Lihir Gold anticipates K71.8 million in tax

National 6.5.2010

Source: By PATRICK TALU



LIHIR Gold Ltd(LGL) is expected to pay about K71.8 million (US\$26 million) in tax to the Papua New Guinea government by the end of this year. In an interview yesterday with LGL chairman Dr Ross Garnaut after the LGL annual general meeting in Port Moresby, he said: "By next year, we are likely to be the second largest taxpayer in Papua New Guinea, after Ok Tedi." LGL made its inaugural payment of corporate income tax to the PNG government last month, in which the amount in tax could not be disclosed. "Before now, LGL has not been required to pay corporate tax in PNG because our operation at Lihir, New Ireland, has not been profitable for tax purposes and you only pay tax on profits," Garnaut said. "The company and shareholders have invested significant funds in Lihir since operations began in 1997. "These investments have enabled us to increase gold production, lower costs and increase margins, which combined has made the Lihir operation profitable, and we are now able to pay corporate tax in PNG and dividends to shareholders," he said.

The chairman reiterated that LGL was now investing US\$900 million (about K2.5 billion) at Lihir Island to increase annual gold production to more than one million ounces by 2012. This will make the operation more profitable, and increase the amount of corporate tax LGL pays to the PNG government. He said having not paying tax for the past years did not mean that LGL was not investing or putting money into the country. "While we've not previously been required to pay corporate tax, LGL pays other taxes such as royalties, duties and levies and makes a very significant and direct contribution to PNG's economy every year. "In 2009 alone, we contributed more than K768 million to PNG through the payment of royalties, levies and production taxes, payments to the local community, salaries to our employees and payments to PNG suppliers," he said.

Will LNG, Vision 2050 deliver for PNG?

Post-Courier Focus 6.5.2010

By Mathias Kin

The LNG project has generated much expectation on the benefits it will bring to the people of PNG. These expectations are to a great extent exaggerated by the government of the day. I have spent some time studying this Somare government. This government is cunning in its tactic as it attempts every day to portray a sovereign pretence that it is in control of the destiny of this country to the people of PNG and governments and organizations world wide. The recent much hyped Vision 2050 after the other national plans like the MTDS are evidence to this mood of this government. MTDS did not deliver and was deemed a failure. The Prime Minister has even boldly declared that by 2030, this country will be a prosperous nation and the people's standard of living will be equal to other nations of the world. That is a big statement!

When we go back in history, Michael Somare said these very words at independence in 1975? Since then, after 35 years, all the billions earned from Bougainville, Ok Tedi, Pogera, Misima, Lihir and earnings from all our agricultural exports, have not trickled down to the rural majority and our people are worse off in 2010 than they were in 1975. What guarantee is there that we will be better off in another 30 years time? The Tuesday April 20 stand by the Catholic bishops on the LNG project throws further doubt on the authenticity and ability of an already confused government and its people. However to be fair on Sir Michael, it must be pointed out here that the turnover of PMs in PNG in over 30 years has been very high and therefore the Chief should not shoulder all the blame. Chan, Wingti, Namaliu, Skate and Morauta should all share the shame for the state of this country. But what makes Somare the apex of everyone's wrath is that he has remained in politics for more than 40 years and in this time he has been the boss on many occasions.

The people's anger is also directed at him because he is in charge of the country during an era when the country is seeing unprecedented high earnings from our minerals and oil exports but the rural people are still missing out on the very basic services. But most importantly, the wrath of this nation is pointed at this Prime Minister and his government in the last eight years because he has a bunch of cowboys around him who don't know how to govern a nation. The executive arm of government has pretty well been maintained over eight years and with a core inner cycle of "chicken boys" gagging and manipulating everything, even masterminding dubious activities, what guarantee is there that we can rely on these corrupt people to deliver the goods from the LNG project and the people of PNG will be prosperous in 30 years time? As all other preceding national plans, Vision 2050 will not deliver. My doubts stem from three facts.

Poor government performance after 34 years

It is a fact that we have come 34 years as an independent nation and with a reasonably fair amount of resources (financial) available through earnings from our mineral and agricultural exports and friendly foreign aid; we have not been able to raise the standard of living of our people but instead it has worsened. Our human development indicators remain among the lowest in the whole world with extremely high maternal and child mortality, the lowest literacy status in the Pacific, the law and order situation is escalating out of control every day everywhere (with the exception of some rural areas kept in check only by the village courts based on traditional law and order processes). Our roads are the worst ever and many are closed.

Many of our airstrips are also unusable. Rural schools and hospitals and all other government infrastructures have fallen apart. Remember, most of these were inherited from our colonial masters. The many governments have attempted to rectify these through various plans, legislations and amendments to the Constitution. Even though these have been schemed with good intentions, at the end of the day Papua New Guinea still fared very badly among the nations of the world.

Corruption

Corruption both at the political and the bureaucratic levels have been the biggest stumbling block to this country's development endeavours. Over the years much of the state's wealth has been squandered by senior public servants and politicians and most times both in collaboration. Everyday we read of politicians and bureaucrats embroiled in millions of kina dealings. And these people never get caught. That means the whole system of governance is corrupt. Many senior government officers I have encountered while I served my term in the public service are people whose travelling allowances to Port Moresby on a five day duty travel are made out for ten days. Still others fly to Port Moresby when they can reasonably achieve these tasks over a telephone, fax or an email. When you consider 10 officers from every government agency in provinces and departments engrossed in this act each day, over one year, it can run up substantial amounts of money, money that could have been put to good use in villages of PNG. So here we are, it is not just the politicians and senior bureaucrats but public servants who are enjoying good government salaries who are just as bad. And even those low ranking policemen, who take K2.00 from every motorist at the many road blocks each day along the Highlands Highway, are just as bad. So everybody at all levels of government are corrupt!

Government leading PNG into disaster

In recent times, a large majority of the citizens of this nation, including academics, NGOs and churches, believe this current government is corrupt and is inefficient. Many of its actions and decisions on the floor of Parliament are questionable, the most recent one being the attempt to weaken the Ombudsman Commission so that they can continue to embezzle without any policing. Parliamentary processes have been manipulated to ensure this group of politicians continues to hold power.

Does this ring any bells of other regimes in history; that of Mugabe, Suharto and Marcos? This Government has also not adequately provided answers to the Moti Saga, the Finance Department scandal, the Taiwanese diplomacy scandal, the US dollar forestry scandal and many more. The recent damning report by the Auditor General tabled by the Parliamentary Accounts Committee in Parliament buries this government in the black mud of the Sepik River.

The K10 million handouts to the 109 MPs have been misapplied by our MPs and their CEOs. (One only has to drive through the Chimbu district of Salt Nomane to prove this – if you can drive there!) So after these bold predictions by the ruling party of Vision 2050, can PNG really do a sudden 90 degree turnaround from its current position at one end of the spectrum to reach the other end in 20 years? Malaysia and Indonesia are two countries that were able to achieve remarkable progress in the space of 15 to 20 years. Can PNG achieve that?

New Member of Parliament supports Ramu project

Post-Courier 6.5.2010

By *MATHEW YAKAI*

THE newly elected Raicoast MP James Gau has thrown his support behind the Ramu nickel project but also took to task the major government stakeholders to carry out regular social and environmental awareness programs in the communities. In his address at the opening of a day-long awareness workshop on Tuesday, Mr Gau told 50 coastal pipeline landowners as well as representatives from the Government and Ramu NiCo (MCC) Ltd that all development would come with its share of problems as well as benefits. He said for impact projects like Ramu, it was the responsibility of the Government agencies to carry out awareness to explain to people in advance the good works that had been done and relieve their worries. Mr Gau said he would help to ensure the project goes

into operation and exports before the next election in 2012 so all stakeholders, especially the local people benefit from the long awaited project.

He said the awareness so far was unsatisfactory as a result of misinformation on the DSTP program and the court proceedings that were delaying the project. He asked government agencies like the Mineral Resources Authority (MRA) and Madang Provincial Government and Ramu NiCo management to conduct awareness using simple language and pictures to inform the people on the project's management plans to stop the delay on the project. "If the awareness was done earlier and people made to understand the DSTP, then everything would be okay," he said. Madang Acting Administrator Ben Lange, provincial mines adviser John Bivi, and officers from MRA, DEC, MRDC and Ramu NiCo met.

Catholic University urged to take lead in Ramu conflict

National 5.5.2010

Source: By MALUM NALU

FORMER Madang governor Sir Peter Barter wants Divine Word University to take the lead in helping settle conflicts at the Ramu nickel mine. "The government has signed an agreement with Metallurgical Construction China (MCC) to develop the mine. Everything has been approved, promises were made for roads, bridges and other infrastructure. "Just weeks before work on the multi-billion-kina project was to begin on the tailings, a court order was obtained to stop the project due to doubts in the safety of the dispensing of tailings," Sir Peter said at DWU's open day on Sunday. Governor-General Sir Paulias Matane was also at the open day. "We now have non-governmental organisations (NGOs) springing up from nowhere who have planted their ideas in the minds of the people, most of whom are foreign NGOs funded by foreigners targeting their anger at the Chinese. "They seem oblivious to the fact that the issues related to the environment were approved by scientists in or contracted by the Department of Environment and Conservation.

"I am not taking sides but I think in a place of higher education, we should all act on the best advice available. If there is a risk to the environment, then some other options should be considered. "If in the calculations of independent experts it is safe, we must be very careful not to destroy the project. "Perhaps, institutes like DWU can develop faculties to deal with conflict resolution, perhaps in the future, DWU may have to look at introducing faculties to train environmentalists and mining engineers so PNG can evaluate projects such as the mine," he said. Sir Peter voiced his disappointment that Madang business houses, who derived so much benefit from DWU, were noticeably absent at the open day. "DWU has become a large industry in Madang. It is now the second largest university in PNG, providing meals to 4,000 students daily and accommodation for 1,000 students and lecturers in what was a swamp 14 years ago," he said.

PNG could face a major constitutional crisis like that seen in Fiji or face similar violent scenes to what happened in the Solomon Islands. This is due to the Constitutional amendment and the LNG project according to critics ...

Constitutional crisis looms

Post-Courier 5.5.2010

By Ilya Gridneff, Papua New Guinea correspondent

Papua New Guinea faces a constitutional crisis and possible civil incursions over a \$16 billion gas project, while the Government struggles to pass vital legislation before the 2012 national elections. Commentators are troubled that PNG's government appears to exhibit uncomfortable parallels with Fiji, as constitutional amendments mount with time running out before the general elections. There are concerns disgruntled Highland villagers surrounding the ExxonMobil liquefied natural gas

(LNG) project could take up arms against the Government if it fails to create two promised provinces. A report by Dr Jim McPherson, a senior public servant of more than 20 years, highlights the litany of constitutional amendments needed before elections... and the potential for violence. "Shortage of time could lead to corrupt manipulation of electoral rolls and increased political tensions, even unrest in provinces," Dr McPherson said. "PNG could quite possibly face a major constitutional crisis like (that) seen in Fiji or faces similar violent scenes to what happened in the Solomon Islands."

At the heart of the problem is the National Alliance-led government, which has overseen prolonged economic growth and political stability and is near the end of its second five-year term. Last year the Government set about creating two new provinces, Hela and Jiwaka, in the LNG centre of the Southern Highlands, and also in neighbouring Western Highlands Province. And as PNG ramps up the LNG project - touted as the saviour of the resource-rich but development-poor nation - there are fears that already sporadic violence could intensify, with cashed-up and angry resource owners buying more high powered weaponry. "If this is not handled with care, a corrupt election in Hela which had no legitimacy with the people of Hela, could spark an explosion felt across the country," Dr McPherson said. Critics who have spoken to AAP accuse Prime Minister Sir Michael Somare's Government of overburdening the legislative timetable. Even PNG's Chamber of Mining and Petroleum raised concerns in a recent industry newsletter.

Creating two new provinces means adjusting electoral boundaries that have remained unchanged since PNG gained independence from the Australian administration in 1975. While Australian politicians have no say in whether their electorate gets squeezed because of population shifts, PNG politicians have succeeded in blocking all proposed boundary changes for more than 33 years. "Electoral boundaries have not changed at all, I would say variation in the size of voters to the districts, according to the last national census, is up to 500 per cent," Dr McPherson said. "If the next Boundary Commission recommendations are not accepted before the election, questions will be raised about the constitutional status of the next parliament." Paul Barker, director of PNG's think tank the Institute of National Affairs, says electoral boundaries must be properly defined otherwise existing social and ethnic problems will multiply. "PNG has been dangerously moving towards supposedly elected leaders simply controlling funds and not representing the people," Mr Barker said.

"We need to improve the dreadful state of infrastructure, service delivery and accountability in this country, not just establish new lairs or units of ineffective administration." To make matters even more confusing, another proposed government bill introduces 22 women-only seats, one for each province. With little national debate, this could increase PNG's parliament from 109 members to at least 133, taking in the two new provinces. The PNG government last year announced this well-intentioned plan to give women better parliamentary representation, but in part also to honour the legacy of PNG's only female MP, retiring Australian-born Community Services Minister Dame Carol Kidu. However, the Somare Government in its previous term amended legislation to abolish provinces. Now the Somare Government wants to make more provinces, including women-only provincial members. These contradictions help explain in part why PNG is sometime referred to as the "land of the unexpected" and also highlight the shambolic nature of its nascent democracy. Deputy Prime Minister Puka Temu said he was "optimistic but also concerned". The Government will retain provincial seats and plans to meet with key stakeholders to resolve these concerns, he said. "The only challenge is whether by July this year, we have the numbers on the floor of parliament to pass these important constitutional amendments," he said.

The PNG Cabinet has set up a team to prepare Hela's administration, with a similar Jiwaka team to be discussed and then established in May. "I think we are on target," Puka Temu said. But a range of issues outside the Government's control are stacking up. Constitutional amendments require a

vote of “absolute majority”, which is a tough slog considering consensus is rarely achieved, sometimes even on popular issues in PNG’s fractured and unpredictable politics. Also, the Government last year sat for only 29 of the prescribed 63 days. This year, a similar pattern of repeated parliament adjournments has been a government strategy to avoid a vote of no-confidence that emerged from their own frustrated back bench.

In addition, PNG plans a census in July. By conservative estimates the census will be finished and compiled by early next year. Whether PNG’s institutions can then update the 2012 electoral rolls with the new data is highly questionable. Dr Alphonse Gelu of PNG’s National Research Institute fears the Government could rush through crucial changes that could cause more trouble down the track. “When are they going to give the legal effect to the administrative set-up of those two new provinces?” he asked. “When are they going to draw the boundaries? “It’s not a simple thing for creation of a new province. “Come 2012, there will be major problems and we will have to go back to the drawing board.”

Mining stocks hurt by Australian tax change

Post-Courier 5.5.2010

MINING stocks plunged yesterday after the Government announced a 40 per cent windfall tax on profits, which the industry warned would endanger projects worth billions. The Australian government announced on Monday that it planned to impose the tax on “super profits”, as mining giants such as BHP Billiton and Rio Tinto reap the benefits of an Asia-driven commodities boom. BHP Billiton closed 3 per cent lower on the news to \$A39.53 and Rio Tinto closed 4.3 per cent to \$A69. Macarthur Coal closed 10 per cent lower at \$A14.00, while the share market overall closed down just 0.6 per cent. Prime Minister Kevin Rudd defended the proposed tax as a fair redistribution of income from the country’s natural assets. “Resource profits were over \$A80 billion higher over the last decade, but the Australian people only received an additional \$A9 billion,” he said.

Noting that both BHP and Rio have hefty foreign ownership, Mr Rudd said “it’s time for the Australian people... to get a fairer share of the natural wealth of this country, which ultimately is owned by all Australians”. The miners argue they already pay significant taxes. The new tax will “result in significant and disproportionate additional taxation on the industry and could well curb the large-scale, long-term investments required to develop Australia’s natural resources,” Anglo-Swiss mining company Xstrata said. Under the proposal, which has to be approved by parliament, companies exploiting non-renewable resources would have to pay a 40 per cent tax on extraordinary profits above capital returns from July 2012.

Cyanide mining technologies should be banned in the EU

European Parliament - 05-05-2010

To protect water resources and biological diversity, MEPs want the Commission to propose a complete ban on the use of cyanide mining technologies in the EU before the end of 2011. They also believe companies dealing with the management of waste from the extractive industries should be forced to take out insurance to cover costs in the event of an accident and that mining projects in the EU involving cyanide technology should receive no support from the Commission or Member States.

In a resolution adopted on Wednesday by 488 votes to 48 with 57 abstentions, Parliament argues that a complete ban "is the only safe way to protect our water resources and ecosystems against cyanide pollution from mining activities". It urges the development and application of safer – in particular cyanide-free – mining. MEPs call on the Commission and the Member States "not to sup-

port, either directly or indirectly, any mining projects in the EU that involve cyanide technology until the general ban is applicable, nor to support any such projects in third countries".

The Commission is asked to encourage redevelopment of the areas where cyanide mining is banned, through financial support for alternative green industries, renewable energy and tourism. The joint resolution also asks the Commission to put forward an amendment to existing legislation on the management of waste from the extractive industries requiring that every operating company should take out insurance to cover compensation for damage and all remedial costs incurred in restoring a site to its original ecological and chemical status in the event of an accident or malfunction. <http://www.europarl.europa.eu/news>

BUSINESS PICKING UP FOR PNG HOTELS, SERVICES

Gas contractors bring jobs, higher pay

By Johnny Poiya

PORT MORESBY, Papua New Guinea (PNG Post-Courier, May 5, 2010) - Locals employed as labourers, and hotels and lodges in Mendi are already reaping the benefits of the LNG project in the Southern Highlands Province. The Post-Courier was told yesterday that locals employed as drivers, grass cutters, security guards and other jobs were paid much better than the average public servants in the country by contractors in the multi-billion-kina LNG project in the Southern Highlands Province. "Ordinary drivers here are being paid between PGK1,000 to PGK1,500 [US\$366 to US\$549] while all casual laborers are sitting at the same level with some of the average and senior public servants," a source in Mendi said under the condition of anonymity. The resource-rich province's capital Mendi has seen all its major hotels and lodges fully booked out since September last year by workers from Exxon Mobil, the main developer and sub-contractors Clough and Curtain Brothers Joint Venture (CCJV).

Workers from the developers are working on the Highlands Highway from Mendi to Tari while equipment and material for the project are being transported from the coast and stored in five campsites in and around Mendi town. Manager of Kiburu Lodge, the town's premier hotel, Thomas Sena said their facility was on lease to contractors at PGK250,000 [US\$91,588] monthly as of September last year. "The lease was extended for another three months. It's the same with all other guesthouses and lodges in town. We're not getting outside bookings, even our major clients, because the facility is booked out." Mr. Sena said. Manager of Kondea Springs Lodge, Terence Temokang said their lodge was fully booked as of September last year as well.

"All our 20 rooms were booked out last year and we aren't getting clients anymore. The contractors pay us over PGK200,000 monthly," Mr. Temokang said. The hotels, guesthouses and lodges in Mendi are having the time of their lives with the two biggest facilities, Kiburu and Kondea Springs lodges having already made close to PGK4 million since September last year. He however highlighted that the problem of land compensation demands with people along the highway from Mendi to Tari was disturbing the road development projects.

Kommentar zur Rohstoffsteuer: Rezept gegen die Holländische Krankheit

Von Jakob Schlandt, Frankfurter Rundschau online 2.5.2010

Australiens 22 Millionen Einwohner machen ungefähr 0,3 Prozent der Weltbevölkerung aus. Aber dort werden 16 Prozent aller Eisenerze aus dem Boden geholt und knapp zehn Prozent der global benötigten Kohle gewonnen. Für Uran liegt der Marktanteil sogar bei knapp einem Viertel. Das ist seit einigen Jahren ein großartiges Geschäft. Denn die leicht ausbeutbaren Vorkommen werden

immer knapper und die Preise ziehen kräftig an. Australiens Vorhaben, eine 40-prozentige Sondersteuer auf Rohstoffgewinne zu erheben, ist richtig und klug. Richtig ist sie, weil die mit Umweltverschmutzung und Zerstörung ganzer Landstriche einhergehende Ausbeutung der Ressourcen nicht nur den Aktionären der Bergbaukonzerne zugutekommen sollte.

Klug ist der Plan, weil die Milliardeneinnahmen vor allem für Steuersenkungen zugunsten der anderen australischen Firmen genutzt werden. Denn sie drohen selbst mit den so generierten Steuerentlastungen dramatisch an internationaler Wettbewerbsfähigkeit zu verlieren. Australien ist durch die Rohstoffhaushalt hoch anfällig für die sogenannte Holländische Krankheit. Das ist ein Phänomen, das in den Niederlanden der 60er Jahren beobachtet wurde. Dort waren riesige Gasvorkommen entdeckt worden. Die Exporteinnahmen schossen in die Höhe, die Währung wertete drastisch auf. Das ruinierte die produzierende Industrie, die auf dem Weltmarkt keine konkurrenzfähigen Preise mehr bieten konnte. Australiens Super-Profit-Steuer ist deshalb nicht nur gerecht, sie ist auch ökonomisch notwendig.

Steuer auf Rohstoffe: Australien sammelt Milliarden ein

Von Jakob Schlandt; Frankfurter Rundschau online 2.5.2010

Foto: Eisenerzabbau (AFP)



Australien führt von 2012 an eine 40-prozentige Sondersteuer auf Gewinne von Rohstoffkonzernen ein. Die sogenannte Super-Profit-Steuer soll die enormen Erlöse abschöpfen, mit denen Australiens Bergbaukonzerne durch die globale Ressourcenknappheit rechnen können. Die Einnahmen aus der Sondersteuer sind gewaltig: Sie werden auf zwölf Milliarden Australische Dollar allein in den ersten beiden Jahren geschätzt, das entspricht 8,4 Milliarden Euro. Knapp ein Viertel des Geldes soll in die australische Rentenkasse fließen, für den Infrastrukturausbau sind knapp 1,5 Milliarden Aussie-Dollar vorgesehen. Mit dem Hauptteil der Einnahmen will die Labor-Regierung von Premierminister Kevin Rudd die Steuern anderer Unternehmen von 30 auf 28 Prozent senken und kleinen Firmen großzügige Steuergutschriften gewähren. "Das wird uns dabei helfen, Australiens derzeit starke

wirtschaftliche Position in langfristigen Wohlstand umzuwandeln", sagte Rudd bei der Bekanntgabe des Programms, das Teil einer Generalüberholung des australischen Steuersystems ist.

Die Ausbeutung von Bodenschätzen macht knapp zehn Prozent der australischen Wirtschaft und mehr als die Hälfte der Exporterlöse aus. Der weltgrößte Minenkonzern BHP Billiton (Gewinn 2009: knapp fünf Milliarden Euro) mit Sitz in Melbourne reagierte erbost auf die Pläne. In einer Stellungnahme hieß es, die Super-Profit-Steuer würde Australiens Wettbewerbsfähigkeit senken, Investitionen hemmen und den "Reichtum und Lebensstandard der Australier gefährden". BHP ist der größte private Eisenerzkonzern der Welt, gefolgt von Rio Tinto. Zuletzt konnten beide Preissteigerungen um knapp 100 Prozent durchsetzen, die besonders die europäische Stahlindustrie schwer belasten. Beide sind australo-britische Unternehmen, die einen Großteil ihres Umsatzes in Australien erwirtschaften. Auch bei der Kohlegewinnung gehören sie zu den führenden globalen Konzernen. Analystenschätzungen zufolge könnten die BHP-Gewinne durch die Steuer um 19 Prozent sinken, Rio müsste sogar Einbußen von 30 Prozent hinnehmen.

Newcrest takes over Lihir Gold Post-Courier 5.5.2010
By *MOHAMMAD BASHIR*

In a change of heart, Lihir Gold Ltd has endorsed a sweetened K25.8 billion (\$A9.5 billion; \$US8.79 billion) takeover offer from rival Australian miner Newcrest Ltd, it was announced yesterday. The new offer is one Newcrest share for every 8.43 Lihir shares plus 22.5 Australian cents a Lihir share less any interim dividend paid. This is an improved offer of 6.4 per cent by Newcrests from its original offer of one of its shares for every nine Lihir shares plus 22.5 Australian cents a share on April 1. The agreement allows Lihir to "continue existing discussions" with rival bidders and retained the right to continue existing discussions with third parties until June 8. Soaring gold prices have some analysts calling Newcrest and Lihir potential takeover targets for gold majors looking to replace reserves. Analysts have said Barrick Gold Corp, Newmont Mining Corp and Anglo American PLC could potentially step into the fray.

Under the agreement, Newcrest will acquire all of Lihir Gold Ltd's ordinary shares under a scheme of arrangement. The companies have entered into a merger implementation agreement, Newcrest and Lihir said in a joint statement yesterday. The implied offer price valued Lihir at about \$A9.5 billion, the statement said, based on Newcrest's closing price of \$32.06 on Monday. Lihir directors have unanimously recommended shareholders vote in favour of the scheme in the absence of a superior proposal and subject to an independent expert's opinion that the scheme is in the best interests of its shareholders. Newcrest chairman Don Mercer said the combination of Newcrest and Lihir had compelling strategic logic and merit. "The combined organization will be Asia-Pacific's leading gold producer, with a standout portfolio of long-life, high margin, tier one gold assets," Mr Mercer said in the statement. Lihir chairman Ross Garnaut said there was strong strategic logic in combining the two companies.

Ramu project landowners want govt to fulfil commitment National 4.5.2010
Source: By *MATHEW YAKAI* of MCC community relations

THE people of Raicoast district in Madang province have told the government and the Ramu NiCo officials last week that they need the Ramu project and expressed concerns to have a regular consultation between all parties to see the smooth running of the project, which will result in mutual benefit for all. Elders and village leaders, totalling more than 80 from the Basamuk refinery plant, gathered at Meindre village to meet with government officials from Mineral Resource Authority (MRA), Department of Environment and Conservation (DEC), Department of Mineral Policy and

Geohazard Management and MRDC last Thursday. As part of its ongoing consultation, the delegation was at the village to carry out awareness programme and procedures involved in obtaining mining licence and environmental permit.

Basamuk Landowners Association chairman Lima Mullung said the people of Meindre, Ganglau and surrounding villages, where the Basamuk refinery plant is situated, want the project to go ahead. However, they want the government and the company to fulfil their commitments soon. Some of the issues include MoA review, Land Title Commission (LTC) hearing and off-loading of contracts and spin-off business opportunities. He said the people of Raicoast district had been neglected by successive governments and with this project, they see it as an opportunity to benefit from and move forward.

MRA representative and Ramu nickel project coordinator Carter Oiee told the villagers that the government had allocated money and, at the same time appointed commissioners for LTC hearing to decide on the landownership disputes. He assured the people that the issue was of utmost importance given the importance of the project to the nation and the people and would take the matter up for special consideration. The landowners were assured of regular consultations to ensure some of the issues were addressed before the commission of the project. The assurance came after the villagers expressed concern that they were ignored by the government for regular consultation, though Ramu NiCo project is of great importance to the social and economic development of both the country and the province.

ExxonMobil settles federal air pollution charges on Pacific islands

Nick Snow, *OGJ Washington Editor*

WASHINGTON, DC, May 3 (Oil&Gas Journal) -- Two ExxonMobil Corp. subsidiaries in Guam and the Mariana Islands agreed to pay \$2.4 million to settle federal charges they violated Clean Air Act provisions by failing to control emissions from their gasoline terminals, the US Department of Justice and Environmental Protection Agency jointly announced. Mobil Oil Guam Inc. and Mobil Oil Mariana Islands Inc. allegedly discharged volatile organic compounds (VOCs) from terminals on Cabras Island in Guam and in Saipan's Lower Base area, DOJ and EPA said. A settlement agreement was filed Apr. 16 with the US District Court in Guam.

The settlement agreement remains subject to a 30-day comment period and final court approval. Federal officials said the companies allegedly failed to install vapor pollution controls on 13 storage tanks and loading racks at gasoline storage units. The companies also allegedly failed to comply with pollution limits, install pollution monitors, and submit required reports, said a complaint filed with the settlement agreement. The two ExxonMobil subsidiaries agreed to install air pollution controls, submit required reports, and obtain appropriate permits as part of the settlement, DOJ and EPA said. The companies expect to spend more than \$15 million to bring the 2 bulk gasoline terminals into CAA compliance, reducing their VOC discharges by close to 400 tons/year.

LNG: 'G4S not a mercenary'

National 3.5.2010

LEADING global security firm, G4S Security Solution says the company is solely a commercial entity providing security solutions to customers in all security aspects and not a mercenary as perceived. Ted Devereux, G4S Asia Pacific regional president told members of Port Moresby Chamber of Commerce at a breakfast meeting last Thursday that the perception of G4S as mercenary would be scrubbed out and see G4S as a commercial security business. "G4S is a commercial security company working closely with our customers in financial institutions, commercial industries, public

properties and escorts and, importantly, providing securities to the PNG LNG project. “The company is the largest security provider in PNG with current staff of 5,000 nationwide and currently operating as a security division in a communication division having the largest radio communication network in PNG,” Devereux said.

Bougainville women want say in Panguna mine negotiations National 3.5.2010

THE Bougainville Indigenous Women Landowner Association (BIWLA) wants to be involved in the negotiations for the re-opening of the Panguna mine. The association is calling on the Autonomous Bougainville Government (ABG) and Bougainville Copper Limited (BCL) to include them in the negotiation process. BIWLA president Joan Ona and her deputy Linet Ona, from Guava Village in the no-go-zone area where the mine is located, said the women own the land and resources in Bougainville but had never been considered for any decision-making in the past. “Now that the prospect for re-opening the Panguna mine is high, we want to have a 50/50 representation with the men on any agreement and negotiations with all the stakeholders,” Joan said. “We must have a say in any decision-making at the political and economical level that would affect Bougainville in any way. “We are not opposing the menfolk or threatening the negotiation on the re-opening and return of BCL. “We welcome BCL, all we want is to have a woman’s say in every decision made that would affect the very lives of Bougainvilleans,” Linet said.

Joan claimed that BCL had done extensive damage to their environment, culture and land during the mine’s production period that need to be compensated before re-opening and returning to Panguna. She said one of the agendas in the re-opening negotiation with Government and the company should be the subject of association representation. “We are a matrimonial society where women make decisions but in the previous cases, we have never been consulted and regarded as significant part of any decision. “Now we want to have a say in any decision,” she said. BCL chairman Peter Taylor assured the company’s annual general meeting last week in Port Moresby that landowner groups would be major stakeholders in the negotiations and be given considerable representation in any decision-making as it was crucial for the re-opening of the mine.

Australia: Mining wealth to be shared Post-Courier 3.5.2010

ENSURING ordinary Australians get a share of the enormous wealth generated by the nation’s resources is key to the first wave of changes from the Henry tax review. The Federal Government has devised a Resource Super Profits Tax (RSPT) to give the public a share of resource profits more comparable to the early 2000s, before the last mining boom. The new tax on mining companies is part of a reform package the Government claims will deliver an extra \$450 per year into the pocket of the average full-time worker. In detailing the plan, it says current arrangements do not give the public an adequate return on mining profits and investment, as royalties are unresponsive to changes in resource profits. They also fail to deliver much in times of low resource prices. But RSPT will capture a more stable share of the resource profits, as it will be a constant proportion of annual profits. It will tax super profits made from non-renewable resources at 40 per cent from July 1, 2012.

Under the plan, the Government will give mining companies a refundable credit for royalties paid to state and territory governments to stop them paying “double” tax. Companies would then only pay the RSPT. Much of the money raised from the RSPT will go back to the resources sector through a new resource exploration rebate, and investments in infrastructure. The new resource exploration rebate will give companies a refundable tax offset for the cost of exploring for minerals and geothermal energy sources. The rebate will cost about \$1.1 billion in the two years from 2012/13. Also

announced is a new infrastructure fund, chiefly to benefit the resource-rich states, with new roads, rail and ports to ready for future mining booms. The fund will begin with a \$700 million investment in 2012/13 and will be added to annually. The Commonwealth will negotiate with the states on what royalty rates to credit, as some are applied on a mine-by-mine basis.

HOCHTIEF subsidiary wins rail contract in Hong Kong and gold mine in Indonesia

Total volume of Leighton project's at EUR 394 million

mining reporter, 15 March 2010

HOCHTIEF subsidiary Leighton has secured two contracts with a combined volume of EUR 394 million via its participating interest Leighton Asia: The company will construct the tunnels and ventilation buildings for a section of a new rail link between China and Hong Kong. The contract has a volume of more than EUR 311 million (AUD 463 million). In addition, Leighton Asia only recently signed a six-year contract to provide mining services at the Toka Tindung gold mine in Indonesia. The project volume amounts to about EUR 83 million (AUD 125 million).

The new Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) is a major infrastructure project in the region. Leighton Asia will construct the approximately 7.6-kilometer section between Tse Uk Tsuen and Shek Yam. The works will be undertaken in cooperation with construction contractor Macmahon in which HOCHTIEF's subsidiary Leighton has a 19 percent share. The subcontract for Macmahon has a volume of EUR 77 million (AUD 115 million). Contract works start in March this year and are scheduled to be completed in 2015.

The Tok Tindung gold mine is located in Indonesia's North Sulawesi region, roughly 35 kilometers northeast of Manado City, where Leighton Asia's subsidiary PT Leighton Contractors Indonesia will mine gold in multiple pits from May 2010 onwards. The company shall also perform the preparatory works for mine operation such as construction of access roads, excavation and subsequent hauling. Over the contract term, Leighton will mine 1.1 million ounces of gold. Initial civil works will begin in May 2010, with mining operations starting two months afterwards.