

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

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

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

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

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

New Zealand: Oil drilling plan comes with warning

By Grant Bradley, The New Zealand Herald, Apr 30, 2013

Offshore blocks offered to international drillers as expert reminds industry of high risks.



The disaster at BP's Deepwater Horizon oil rig in the Gulf of Mexico has brought new regulations. Photo / AP

New Zealand is about to open huge tracts of its offshore territory as a troubleshooter called in to reform rules covering the United States oil explorers gave a blunt warning over regulations covering the industry. The Government is opening up more than 190,000sq km of the Taranaki, the East Coast, Northland, Canterbury and Great South Basins to oil and gas explorers in the latest blocks offer. Two of the areas were offered last year and were among several not taken up. Energy and Resources Minister Simon Bridges said New Zealand continued to face tough competition from other countries to lure explorers from distant places. The industry also regarded the withdrawal of Petrobras and Apache from New Zealand as a setback. "My sense in talking to people is that they're very interested - I'm optimistic we'll get good take-up in this blocks offer but it's a very competitive world we live in," he said at the Advantage NZ: 2013 Petroleum Conference in Auckland. Michael Bromwich, the former US prosecutor who was selected by the Obama Administration to beef up offshore drilling regulations, said officials and the industry were in a "trance" over the risks of a well blowout before the Deepwater Horizon accident which killed 11 workers and resulted in five million barrels of oil being spilled into the Gulf of Mexico.

Deepwater drilling - which could happen off the Canterbury and Taranaki coasts if exploratory wells are successful - were high-risk activities by their nature, he said. Oil companies were good at responding to disasters, said Bromwich, a keynote speaker at the conference. "It's not entirely altruistic. They realise that an accident or a couple of accidents really do tremendous damage to the environment and human life and can really create a cloud," he said. Rules had been stagnant in the United States in the leadup to the 2010 accident and he oversaw a complete overhaul of regulations which has led to reforms around the world, including new health and safety and environmental rules in New Zealand. Prime Minister John Key said new regulations being brought in in June would be world class. "This Government is very clear, we won't let cowboys operate here in New Zealand." Bromwich said he was not familiar with the New Zealand regulatory environment, but he said regulatory regimes needed to be adequately funded. He had also tried to attract the best and brightest to join the new regulatory bodies, which he no longer heads.

Meanwhile, Bob Daniels, senior vice-president international and deepwater exploration for Houston-based Anadarko, said the firm operated with the prospect of governments changing everywhere in the world. Any Labour-Green government would take a less industry friendly stance than the current Government which has just passed laws to crack down on protesters who impede explorers. Daniels said governments were subject to change. "That could change the regulatory environment that we work in but that's not something that we can control so we try to best manage through it and make sure our investments have enough protection on the downside that if there is a change that costs us something we can sustain through that." He said if there was an accident in New Zealand at an Anadarko well, it would respond. Access to well containment gear - capping stacks - was compulsory in the United States and they were deployed around the world in industry centres, the closest of which is in Singapore.

Drilling down

- * \$1.8b oil exports last year
- * 31 wells are slated for drilling this year
- * 80 wells are under consideration.

Rio Tinto says its Bougainville mine is viable

ABC Radio Australia, 30 April 2013

The Rio-Tinto mine that sparked the civil war on Papua New Guinea's island of Bougainville is economically viable and could be re-opened in as little as 6 years. Rio Tinto says its Bougainville mine is viable. Bougainville Copper, the Rio subsidiary that owns the mine lease, has just comple-

ted an order of magnitude study which shows the project is viable. It is more than a decade since the war ended but sensitivities remain. Jemima Garrett reports.

Presenter: Jemima Garrett

Speaker: Bougainville Copper's Managing Director, Peter Taylor, Former President, James Tanis
Bougainville Copper's Managing Director, Peter Taylor, has not set foot on the island since the war but has been working towards the re-opening of the mine. The order of magnitude study released at the company's Annual General Meeting in Port Moresby is a first look at mine viability. Even with commodity prices down, Mr Taylor is optimistic.

GARRETT: The mine has the potential to produce 170,000 tonnes of copper a year and half a million ounces of gold - putting it in the top ten gold and copper mines globally. Start-up costs are estimated at around 5 billion dollars.

TAYLOR: I've estimated that it is about a six year project but that is on the basis of us getting access so we are not starting the clock now. It really depends on getting to the mine site and having a look what is there and confirming some of the assumptions we have made in that order of magnitude study.

GARRETT: More than 10,000 people died as a result of the civil war. Bougainville went from being PNG's most prosperous province to a no-go zone with barely a school or a hospital operating. Since the signing of the Peace Agreement in 2001 Bougainvilleans have been focussing on putting their lives and their economy back together. That has prompted a reassessment of the value of Rio Tinto's mine at Panguna. President John Momis is in favour of re-opening the mine and is preparing the way for detailed Bougainville wide discussions. Former President, James Tanis, spent the war years fighting alongside rebel leader, Francis Ona.

TANIS: I come from a guerrilla army that fought against the Panguna mine but I have come to notice that there is already mining on Bougainville. After the conflict people now know the value of the stone under the ground. It has made me realise that mining is an industry that will be an important part of the Bougainville economy.

GARRETT: There is still a small minority of people who are strongly against re-opening of the Bougainville copper mine. How will you avoid bloodshed if there is a re-opening of the mine?

TANIS: I do believe we should re-open it but we have to be careful on how we follow the process, meaning that we have a small minority group and it is important that we listen to them, try to understand where they are coming from and come up with a solution that accommodates everybody.

GARRETT: Talking counts for a lot on Bougainville. Bougainville Copper, MD Peter Taylor, says the negotiations to re-open the mine will not be rushed.

TAYLOR: What I have said to the Bougainville government and the landowners is I want them to set the agenda. I want them to tell me what it is that they want. So they will bring their agenda to the negotiating table and obviously we may have to compromise. But the different approach is going to be ..it won't be driven as it was in the first place by an Administration from Australia. It will be from day One negotiations between the people on the ground, the landowners in the mine site, the government of Bougainville and the other population of Bougainville.

GARRETT: Overseeing the negotiations will be the Board of Bougainville Copper which includes former Prime Minister Sir Rabbie Namaliu and its latest recruit, the widely respected former PNG community services Minister Dame Carol Kidu.

KIDU: As I am the first woman to go on there maybe I can bring some new perspectives. In terms of the corporate social responsibility I am very keen to get into that work later when it is appropriate. I am also interested to pursue the agendas of gender and social inclusion to ensure that, try to maximise any benefits and minimise the damage.

GARRETT: Conflict over mine revenue and environmental impacts fuelled the war on Bougainville. James Tanis hopes modern management will make the difference.

TANIS: Panguna was negotiated in the 1960s when there was little knowledge on environmental issues mining brings. Technology has improved. Maybe with better technology, better environment policies and legislation, maybe we have a future with mining on Bougainville.

USA: Rio Tinto's case vacated

Post-Courier 30.4.2013

THE United States Supreme Court last week vacated the landmark en banc decision by the Ninth Circuit in the long-standing Alien Tort Statute litigation *Sarei v. Rio Tinto PLC* (No. 11-649). This is the case, originally filed in 2000, by Dr Alexis Sarei and other landowners of Panguna, alleging that mining giant Rio Tinto was responsible for war crimes, crimes against humanity and genocide in connection with its mining operations on Bougainville. The case has been on-going in Seattle, United States of America. This decision follows the Supreme Court's ruling last week in *Kiobel v. Royal Dutch Petroleum* (No. 10-1491) which affirmed the dismissal of claims brought by Nigerian nationals under the Alien Tort Statute for human rights violations allegedly committed by the government of Nigeria with the aid of Royal Dutch. But lawyers representing the Bougainville landowners in this class action case told the Post-Courier yesterday that the battle was not over and that they would continue to advance the case on behalf of their clients as they have for more than a decade.

The lawyers, Brent Walton and Steve Berman, the Managing Partner of Hagens Berman Sobol Shapiro in a release to the Post-Courier from Seattle, United States of America said that the Court's decision was disappointing and a complete reversal of well-established precedent spanning several decades but advised they will not stop there. "The Court's decision is disappointing and a complete reversal of well-established precedent spanning several decades," Steve Berman, the lead counsel for plaintiffs in the Rio Tinto litigation said. "But the battle isn't over. We will continue to advance our case on behalf of our clients as we have for more than a decade." The case will now move back to the Ninth Circuit Court of Appeals, where it has already been argued four times. The Ninth Circuit will review the case in light of the Supreme Court's *Kiobel* decision and has asked parties to submit briefing by the end of next month.

"Like all civilized nations, the United States and its courts have long recognised the universal obligation to hold accountable those who commit the most deplorable human rights violations wherever they are committed," Mr Berman said. "This was true before the Supreme Court decision and remains true today." The case, one of the oldest on the federal docket, claims that Rio Tinto's mining operations on Bougainville destroyed the local environment, dumping massive amounts of toxic waste that poisoned residents and dispossessed them of ancestral lands. Following a popular uprising by residents and workers at the mine, protesting the damage and slave-like working conditions, Rio allegedly orchestrated a military blockade and assault on the island. The blockade, according to court documents, resulted in the deaths of an estimated 15,000 native Bougainvillians, including several thousand children. The lawyers are planning another visit to PNG and Bougainville in the not too distant future.

Provinces to pull out LNG shares

The National, 30th April 2013

THERE is a push to withdraw the shareholding by five provinces in the PNG LNG project, Hela Governor Anderson Agiru said yesterday. He said this is to avoid the provinces' shareholding of 4.22% being diluted under present moves by the O'Neill government to consolidate and restructure state interests in mining and hydrocarbon assets and state owned enterprises. The provinces are: Hela, which will provide the bulk of the gas resources for the LNG project; Western, where the Juha gas reserve is found from which will come gas for the next train for the project; Southern Highlands, which owned the petroleum and gas projects before separation of Hela; Gulf, through which the oil and gas pipelines run; and Central, which is host to the LNG plant and processing site. The cabinet on March 14 made a decision to restructure the entire mining, oil, gas, state owned enterprises and sovereign wealth fund structure as they exist today.

Among others, the cabinet gave approval to:

1 Consolidate state mining assets and interests in all projects under a company called Kumul Mining Holding Ltd;

1 Consolidate all state interests and assets in all petroleum projects under a company called Kumul Petroleum Holding Ltd; and

1 Consolidate all state-owned enterprises under a company called Kumul Corporations Holding Ltd.

In all these, a Kumul share in the company would be held by the serving prime minister who would have veto power and all former prime ministers would jointly hold an ordinary share with the Kumul share and the ordinary shares held under a trust to be called the Kumul Trust.

The Kumul Corporations Holding would be a holding company for all state-owned enterprises but Kumul Mining Ltd and Kumul Petroleum Holding Ltd would carry on business, including exploration and upstream, midstream and downstream processing of mining, petroleum and gas interests. The cabinet also decided to repeal and dismantle Petromin PNG Holdings, Independent Public Business Corporation and the Sovereign Wealth Fund in their current format. The decision provides for enactment of various enabling acts of parliament and amendments to the organic laws and the Constitution as necessary to provide for the consolidation and restructure. Agiru said he shared his concerns with fellow governors who were fearful that the consolidation and restructure might dilute their shareholding through state-owned Kroton. "I think what the prime minister is doing is mature and my United People's Assembly supports this decision but the provinces have to pay for our interest at sunk cost by 2016," he said. The governor said the provinces' interest would cost about US\$400 million or nearly K1 billion. He said the provinces needed government approval to set up their own companies and independent boards and move their interests there.

Government must be prepared

Post-Courier 30.4.2013

By *ANCILLA WRAKUALE*

THE global mining boom "is definitely over" with the current downturn expected to have a "big impact on capital spending, exploration expenditure and financing for many existing and planned projects," Dr Illa Temu told the 2013 Annual General Meeting of the PNG Chamber of Mines and Petroleum. Dr Temu who stepped down as President of the Chamber after three successive terms, said the significant drop in gold prices in recent times and lower mineral commodity prices will impact the 2013 National Government budget "and put outward pressure on the budget deficit". The current tax review must take these global developments into account. This is not the right time to increase taxes. Dr Temu said the resource sector often pay higher tax. "The taxes are over and above our tax obligation", he said. The companies also play a huge role in infrastructure development through education, health, ports through their corporate social responsibility because there was lack of these vital government services. "It is a good time to review expenditure as well and to cut unnecessary spending. The big question for me is, how will PNG fare in this new environment?"

Dr Temu told the AGM it was true that PNG attracted some global resource industry players in recent years, but all companies are facing the issue of high operating costs at a time when revenues are falling. "PNG's comparative advantage in terms of its favourable geology tends to diminish during an economic downturn and the government may need to assist project in the pipeline to overcome these obstacles," he said. The onus is on the Government to proactively manage issues that have the potential to derail and or stop projects under development and to assist with the smooth operation of existing projects that currently provide the bulk of government tax revenues", he said. The new President of the Chamber, Mr Gereia Aopi, said many issues facing the resource sector has not changed. He said the debate about resource ownership was likely to go on in future, as was the question of corporate and other taxes paid by the resource sector. Meanwhile, Senior Vice President of the Chamber and Newcrest Country Manager Mr Peter Aitsi said the government

needs to be made aware of the changes in global economy and partner with projects to build infrastructure. Talisman Chief Country Rep Mr Richard Kassman said many projects in the resource sector spend a lot of money on exploration alone and with the downturn in economy, this may reduce exploration.

Business boom in highlands region

The National, 30th April 2013

BUSINESS is booming in Mt Hagen, Western Highlands, as a result of the PNG LNG project in Hela. Armed with excess cash, many locals in the city are building warehouses to rent to big companies that are servicing the project. Local businessman Francis Poiya said he was spending more than K50,000 to build a warehouse at the Warakum industrial site to cater for the rental demand. Poiya said he was granted a 99-year lease over the land in 2000 but could not develop the property because of a court battle over the same land with a former lease holder. The case ended last year and he is now able to develop with property by building the warehouse. "I am happy that this matter was resolved in court and now I am going to put up the building and lease it out to a big company," he said. Poiya said LNG project had created many spin-off business activities for the people in Western Highlands and other highlands provinces.

Minister Duma responds to Agiru's petition on LNG project Post-Courier 30.4.2013

THE Southern Highlands Province has received its fair share of resources in the last five years, in terms of National Budget allocations, tax credit projects, and State grants says Minister for Petroleum and Energy William Duma. Minister Duma said this in response to the petition by Hela Province Governor Mr Anderson Agiru, who gave a 30 day ultimatum to the Government to shut down the PNG LNG Project if there was no positive response. Under the provisions of the Umbrella Benefits Sharing Agreement (UBSA) for the PNG LNG Project, Hela and Southern Highlands Provinces stand to benefit from some major infrastructure projects such as the K120 million Business Development Grant, K20 million Koroba township, including hospital among others. In the last three years, some funding has been disbursed by the State, to host provinces of oil and gas projects, in terms of Infrastructure Development Grants (IDG), High Impact Projects (HIG), and Business Development Grants (BDG).

Mr Duma said these provinces have also benefited from the outstanding MOA commitments the State agreed to fund. Mr Duma said the balance of the State commitments are still being worked on by the Government to ensure that State commitments to Hela and Southern Highlands Provinces are fully funded and implemented. Mr Duma said Governor Anderson Agiru has a responsibility to inform the Southern Highlands and Hela Provinces as to how he spent the infrastructure funds already allocated by the National Government to the two provinces. "As Minister responsible for oil and gas matters, where the PNG LNG project falls under the jurisdiction, I want to assure the Governor of Hela, that the Government will address the concerns raised in the petition. "However, as a responsible leader Governor Agiru should raise his concerns through an appropriate process, considering that until the LNG commences export in early 2014, the rest of PNG has since 2009 been funding all the benefits that have been received by Hela Province in good faith", Mr Duma said. The O'Neill Government will issue a detailed response to the claims by Mr Agiru in due course.

Lake Kutubu: DEC looking into claims

Post-Courier 30.4.2013

By *TODAGIA KELOLA*

ENVIRONMENT and Conservation Minister John Pundari is concerned about allegations of Lake Kutubu being contaminated allegedly by Esso Highlands Limited (EHL), while laying the gas pipelines and Oil Search Limited (OSL) from previous drilling activities. Minister Pundari said: "I want to assure the general public and communities of Lake Kutubu that the Department has treated the allegations as a high priority and is investigating the matter. "To date, investigations have been done by experts from DEC and outside of DEC." "What is of concern to me as a Minister is that Lake Kutubu is a Protected Area with an ecosystem that includes 12 endemic fish species, sago trees and a diverse of biodiversity all sitting on an area made of Karst limestone. "Lake Kutubu is a unique high altitude wetland and there are not many high altitude wetlands in Papua New Guinea. Therefore I am equally concerned about the safety of the biodiversity that exists in and around the Lake and the communities that live off the lake" he said. And Minister Pundari is appealing to the communities of Lake Kutubu, Esso Highlands Limited (EHL) Oil Search Limited (OSL) and all other stakeholders to be patient whilst awaiting laboratory results from Australia to ascertain the cause of fish mortality in the Lake.

So far, the DEC has met with EHL, OSL and the local people to find out what they know about the fish kills. DEC has also deployed three experts from the University of Papua New Guinea and Inland Fisheries Agency to carry out independent investigations. Samples of these investigations comprising of fish tissues, water and sediments have been sent to accredited Laboratories in Australia to test for pollutant or possible pathogens. Preliminary results to date do not indicate that the death of fish is attributable to EHL or OSL operations and DEC has communicated that preliminary information to Lake Kutubu leaders. According to reports, there have been past incidents of fish killed by natural causes. The water in Lake Kutubu turns over without warning, resulting in the death of fish. This time, according to incoming field reports, fish continue to die since December last year. "A formal announcement and a report of our complete findings will be presented in due course. Once again until the results from the Australian laboratories arrive I ask for our understanding in relation to this matter" said Mr Pundari.

France keen on PNG

Post-Courier 30.4.2013

Executives of global giant, Total, met with Prime Minister Peter O'Neill on Friday and declared their keen interest in oil and gas exploration in the country. Total, a French company, is number 2 in the LNG business in the world. They already have a partnership agreement with Oil Search for exploration in the country, but want to carry out more under this partnership or on their own. The company, with its headquarters in Paris, recently opened an office in Singapore with PNG in mind. "We are very excited about PNG. We see this country as a land of opportunity. You have vast resources that can attract a lot of investors to your shores," said Jean-Marie Guillermou, President of Exploration and Production in the Asia Pacific region. "Asia is a booming market for LNG, and PNG presents an exciting opportunity for us in upstream (exploration). We want to be here for the long term," Mr Guillermou said. Mr O'Neill welcomed their keen interest in investing in the LNG sector. "PNG is a vibrant democracy with a strong economy that is growing. We have been producing oil for over 20 years and our LNG is now about to take off. "I'm pleased with your partnership with Oil Search. You have chosen a strategic partner in this business. The government is open to investment that will provide opportunities for our people, and we will support you in your endeavours," the Prime Minister said.

Panguna landowners want mine reopened

Islands Business, from POST-COURIER, 29 April 2013

PORT MORESBY, PNG --- Landowners of the Panguna Mine in Central Bougainville have reaffirmed their stand that they want the mine to be reopened. The assurance was delivered by an executive member of the United Panguna Mine Affected Landowners Association (UPMALA) during the 3rd Regional Forum on Panguna Negotiations that was held in Buin, South Bougainville, early this week. The UPMALA is an umbrella organisation made up of the nine landowner associations from the mine's affected communities. UPMALA executive Chief Michael Pariu said they supported the Autonomous Bougainville Government's (ABG) decision to reopen the Panguna mine because they see that it will generate and boost the ABG's revenue which will then be used to bring about tangible developments in Bougainville. The ABG has identified the reopening of the mine as a priority issue because it will generate the revenue which could be used to address all pressing needs and issues currently facing Bougainville.

At the moment Bougainville is only raising about K6 million annually which is not enough to address and sustain Bougainville's needs before the referendum period. Chief Pariu said they understood the financial situation of the ABG, therefore they were also supporting the decision to reopen the mine. Pariu added that they would stand behind any decision which would benefit the landowners, all Bougainvilleans and the ABG. He also clarified misleading reports, saying that it was the Me'ekamui faction and their supporters who have been going against the reopening of the mine, and not the landowners as what many people have been thinking. He, however, said UPMALA had already started discussions to try and lure them to their side to support the reopening of the mine. Chief Pariu is now appealing to all factions and people in Bougainville to be united with the ABG in its drive to facilitate moves towards the reopening of the mine.

LNG: OSL pays millions to landowner companies

The National, 29th April 2013

By GYNNIE KERO

OIL Search Ltd has spent US\$81 million (K174.6 million) on landowner companies providing services and supplies to camp caterers, according to the company's annual report. The company said it aimed to support and develop the capacity of local people and businesses so they prospered in the local market thus providing a range of goods, services and skills of international standards. "The success of landowner companies in particular is important for ensuring an adequate supplying of goods and services, generating an income for local community shareholders and mitigating any landowner related problems. "Supporting landowner companies is therefore an ongoing priority for Oil Search and in 2012 our spending on services provided by landowner companies increased by 43% to US\$81 million."

OSL says community participation in project business development and job opportunities remained strong. This was evident when two landowner groups from Southern Highlands signed an agreement in Port Moresby last week to pool their resources and bid for work in the petroleum industry. The memorandum of understanding was signed by the Hides Gas Development Company (HGDC) and KutMor (Kutubu Moran) Ltd. The company spokesperson said it would provide the companies an opportunity to combine their resources and compete for opportunities in the PNG LNG project. The spokesperson told The National that instead of having many smaller cluster groups, HGDC-KutMor joint venture would serve the interests of landowners and stakeholders in the LNG project.

O’Neill, ministers, officials talk LNG

The National, 29th April 2013

PRIME Minister Peter O’Neill met with two ministers and three department heads last Thursday to discuss commitments to Hela under the PNG LNG project agreement. Present were Finance Minister James Marape, Petroleum and Energy Minister William Duma, chief secretary to government Manasupe Zurenuoc, finance secretary Steven Gibson, acting secretary for petroleum and energy Rendel Rimua and Mineral Resources Development Company managing director Augustine Mano. They discussed concerns raised by Hela Governor Anderson Agiru in a petition to the government. O’Neill directed both departments to provide details of all commitments that the national government has to fund under the umbrella benefits sharing agreement and licensed-based benefits sharing agreement. He said this included all financial commitments for projects made to Southern Highlands and Hela landowners, Gulf and Central and the commitments yet to be funded.

“The people of Hela must know this: our government is committed to funding commitments that we are obliged to under the agreements relating to the LNG project,” he said. “But they must also know that we have paid millions of kina already under these agreements. “Is there anything on the ground to show for these millions of kina already paid out? “If not, the people must hold their leaders to account. I am now getting all the information from finance and petroleum departments. The details of where all the money went will be made public. “The people of Hela have the right to know this because it is for their benefit that the government instigated these commitments when we signed the LNG agreement.” He will release details of these commitments this week.

LNG: Group opposes Agiru’s threat

The National, 29th April 2013

A GROUP of landowners from Hela has condemned threats by Governor Anderson Agiru to shut down the PNG LNG project over alleged failure by the state and developer ExxonMobil to fulfill commitments under the Kokopo benefits agreement. The group, led Albert Mokai and John Gane, said they were not happy with Agiru’s threats. They said they did not want any disruptions to the billion-kina liquefied natural gas project because the construction phase was nearing completion and production would begin in 2014. The landowners claimed Agiru was part and parcel of the Kokopo agreement and “should not to cry over spilt milk”. “He was part and parcel of all the problems suffered by the landowners and other Hela people.

“For Agiru to say that all social and economic development project commitments agreed in the umbrella benefit sharing agreement (UBSA) and license based benefit sharing agreement (LBBSA), were not fulfilled by the developer ExxonMobil and government is regrettable,” spokesman Mokai said. He said Agiru was the governor of Southern Highlands when the agreements were signed between the landowners, state and the developer. He became Hela governor after winning the new provincial seat in the national elections last year. Mokai added that the governor should, instead, work on reviewing the agreements and include Hela provincial government in the LBBSA agreement. “At this stage, Hela provincial government is a stranger to the LBBSA for Hides, Angore, Moran and Juha. This is why my team of principal landowners has filed proceedings in the National Court to sort out some of these failures and problems the landowners are facing,” Mokai said.

Agiru gets good comments from developer

Post-Courier 29.4.2013

HELA Governor Anderson Agiru has remained firm in his resolve to petition the national government to bring tangible development to the LNG capital of Papua New Guinea. Governor Agiru said

in a statement yesterday that he has held discussions with several senior cabinet Ministers and ExxonMobil team in the last few days which he said has been very encouraging. “Getting positive feed-back from ExxonMobil and I am grateful to Peter Graham and the team. They are responding quickly and the discussions we’ve held are very encouraging.” Governor Agiru said. “HELA is the only provincial headquarter in Papua New Guinea without any kind of sealed roads. It is also a provincial capital without vacant state land. It is the only provincial headquarter without electricity connected, without communication lines connected.” “Therefore, we the LNG capital of Papua New Guinea is nothing but a dusty town with few houses built during the colonial era”

Governor Agiru said that he is empowered under Organic Law on Provincial and Local Level Government and as Chairman of the provincial planning committee is to set the development agenda for Hela. “That is my responsibility. Minister (James) Marape has to focus on how he can develop Tari-Pori, his district. Minister Marape says money has gone to the province but all of those payments have gone to individuals and so called landowner leaders.” Mr Agiru said the provincial government has no records of those payments. “As far as I am concern, non development kina was given to the Hela provincial government. I forgive Minister Marape for encroaching into my responsibility.” “When he was chairman of the Hela Transitional Authority I did not interfere with him in the way he has expanded some K140 million that was given to HTA. Therefore don’t encroach on my responsibility” Mr Agiru said in response to Minister Marape statement that government has been honoring its commitment. “What I am doing is to seal his town which is part of his electorate. The majority of the developments we are talking about will benefit his people.” Governor Agiru said.

Governor Agiru said the infrastructure development grants (IDG’s) and high impact project funds are negotiated outcomes which will compliment what the national government invests. He said high impact and IDG funds alone cannot change Hela around but those funds will be used to compliment program funding. He said the UBSA agreed on petroleum resources area economic development which will compliment the IDG and high impact projects but with construction phase going down and none of this has been fulfilled. “My Prime Minister has heard the plight of the Hela and Southern Highlands people and I am sure he will address the issues raised when I meet him at an appropriate time.” “Minister Maru has done the right thing. No Minister has spent four days in Tari. He was the first and I am so grateful he was able to come to receive my petition. Minister Maru will inform the Prime Minister and Cabinet of what he’s seen. He’s a freshman, he has no vested interest. The only interest is to protect the interest of Papua New Guinea so therefore he is the right man to receive the petition.”

French TOTAL eyes PNG LNG

The National, 26th April 2013

EXECUTIVES of global giant, Total, met with Prime Minister Peter O’Neill yesterday and declared their keen interest in oil and gas exploration in the country. Total, a French company, is number two in the LNG business in the world, recently opened a Singapore office with PNG in mind. It already has a partnership agreement with Oil Search for exploration in the country but wants to carry out more under this partnership or on their own. “We are very excited about PNG. We see this country as a land of opportunity. You have vast resources that can attract a lot of investors to your shores,” Jean-Marie Guillermou, president of exploration and production in the Asia Pacific region, said. “Asia is a booming market for LNG, and PNG presents an exciting opportunity for us in upstream exploration,” Guillermou said. O’Neill welcomed the company’s interest in investing in the LNG sector, saying: “We have been producing oil for over 20 years and our LNG is now about to take off. “I’m pleased with your partnership with Oil Search. You have chosen a strategic partner

in this business.” “The government is open to investment that will provide opportunities for our people, and we will support you in your endeavours,” O’Neill said.

Lake Kutubu: Australian lab tests will confirm cause of fish deaths

The National, 26th April 2013

THE cause of fish deaths in Lake Kutubu, Southern Highlands, can only be revealed after laboratory tests are completed in Australia, Environment and Conservation Minister John Pundari says. And he is appealing to communities in the Lake Kutubu area, Esso Highlands Ltd, Oil Search Ltd and other stakeholders to be patient and wait for the result from Australia. He said Lake Kutubu communities had been claiming that the area had been contaminated by Esso Highlands Ltd, the operator of PNG LNG project, during the laying of gas pipelines and Oil Search Limited during drilling activities. “I want to assure the communities of Lake Kutubu that the department has treated the allegations as high priority and is investigating,” he said. He said investigations had been carried out by experts from within the department and outside. “So far, the department has met with EHL, OSL and local people to find out what they know about the fish deaths,” he said. The department deployed three experts from the University of Papua New Guinea and Inland Fisheries Agency to carry out independent investigations.

Marape slams governor’s threat

The National, 26th April 2013

By SHIRLYN BELDEN

FINANCE Minister James Marape has slammed the manner in which Hela Governor Anderson Agiru has gone about petitioning the government and ExxonMobil with a threat to close down the liquefied natural gas project. According to Marape the approach by the Hela MP was inappropriate as there were significant benefits which the national government has delivered to Hela and Southern Highlands under the umbrella benefit sharing agreement (UBSA) signed in 2009. On Tuesday, the media reported that Agiru, on behalf of landowners, gave a 30-day ultimatum to the government and LNG developer ExxonMobil to honour certain conditions contained in various agreements and ministerial commitments or face a legal challenge to halt work on the LNG. Marape, who is also the Education Minister and Member for Tari-Pori in Hela, said Agiru should have consulted him or the Prime Minister on his and the landowners’ grievances instead of making sudden outbursts through the media. “From what I know under the UBSA millions of kina were remitted from the national government to SHP and Hela, whether through government or landowner associations and companies, all in the name of honouring the national government commitments.

“The PM and I are from those two provinces which Agiru has an easy access to discuss or talk if he feels he or our provinces are deprived. We are bound by what was signed in Kokopo.” While I do not dispute the outstanding issues like social mapping and landowner identification, I deplore the manner in which the learned Governor chose to use surprisingly and emotionally charge his petition through the media,” he said yesterday at a press conference in Port Moresby. Marape said K25 million for high impact projects was released to Hela late last year while there is K65 million held in trust account awaiting Agiru’s disbursement list. He said the government had honoured the infrastructure development grant payments to Hela provincial government, Hela Transitional Authority and the landowners. Marape also announced that Prime Minister Peter O’Neill would be addressing the matter next week in detail where he would put forward all payments and remittance made from the national government to the provinces and landowners. He has invited Agiru for close consultation with him and the prime minister to maintain close confidence and assured SHP and Hela provinces that the government is committed to the agreements.

Editorial

Billions yet nothing!

Post-Courier 25.4.2013

WE, as a people and as a nation, have billions in terms of natural and renewable resources and other blessings. But there is nothing, or very little, to show for it. Why? This is the reality of PNG today. The vast majority of our people, especially those living in rural Papua New Guinea and the less fortunate and disadvantaged eking out an existence in the many urban cities and centres throughout the country are asking questions and looking for answers. Who can deliver them from their bondage of poverty, sickness and death? Treasurer Don Polye returned on Tuesday after attending the World Bank and International Monetary Fund meeting in Washington full of praises for Papua New Guinea. According to Mr Polye, both the World Bank and IMF have highly commended PNG for the progress it has made in recent years - despite facing huge development challenges - to becoming one of the “emerging market economies” of the Asia-Pacific region.

PNG has also been acknowledged by the IMF and World Bank and the international community, according to Mr Polye, for taking a big leap forward with respect to empowering women and related gender issues. However, this has been undermined by the negative publicity on violence against women, especially with respect to sorcery-related killings, rapes and domestic violence etc. The facts are there for all to see: malnutrition, sicknesses, tribal fights, rapes, murders, exorbitant compensation claims, violence against women, drug addiction and general lawlessness throughout the country. No wonder PNG has some of the lowest human development indices in the region and the world. The recent spate of sorcery-related killings of both men and especially women and the rape of two expatriate women in the space of one week are a symptom of what can be described as a sick nation.

On top of this, we have Hela Governor Anderson Agiru threatening to disrupt the K19 billion PNG LNG Project if their demands for the Government and developer ExxonMobil to honour millions of kina worth of commitments under the various project agreements are not honoured. But compare this to what former top cop Gari Baki says about Hela sitting on a time bomb; about the people squandering their windfall gains on junk food, beer and drugs and having no respect at all for the Rule of Law. We also have landowners of Ramu Sugar demanding huge amounts of what they claim to be compensation and royalty payments or they will not renew the 50-year land lease between them and the government and Ramu Agri Industries Limited. There is no excuse for anyone in Papua New Guinea to go hungry. We have the land and resources to feed ourselves; to make sure that we are educated and stay healthy. An educated population is a healthy population, which translates into a prosperous and enlightened future for all. This is what the government is trying to do. Let's not blame the government, resource companies or others for our problems that are our own making. We have the keys to our own destiny as individuals and collectively to our destiny as a people and as a nation.

Election for Chairman

Post-Courier 25.4.2013

AN announcement of fresh elections for a new chairman of the Petroleum Development Licence 8 (PDL 8) umbrella company has brought relief throughout the Angore area in the Hela Province. Trade, Commerce & Industry Minister, Richard Maru made this announcement during his visit to the Angore Well Head on Tuesday (23/04/13). He said it has come to the government's attention that there is so much in-fighting for leadership of this PDL umbrella company with so little done to create spin-off businesses for the people. “Therefore, fresh elections for the chairmanship of the umbrella company will be called in the next two weeks. “The election will be presided over by the Registrar of Companies,” Mr Maru said. He said after the election, the government will bring in a

completely independent and competent management under the supervision of the Department of Trade, Commerce and Industry, so that grants are not mismanaged by board MP Richard Maru members and chairmen. The Minister said this management would be charged with identifying contracts and particular businesses, where landowners will be fully engaged, under the funding of the Business Development Grants, to establish spin-off businesses.

His visit was also to collect views from the Angore people, if the court order taken out by Hamia Yulai (claiming to be the initial landowner of PDL 8) to stop the release of the outstanding K12 million BDG funds, is in the best interest of the people. Despite the other PDLs receiving over K110 million in Business Development Grants since 2010, Angore's portion has been withheld and delayed by this particular court order. Mr Maru called on all landowner representatives to clarify whether the plaintiff was the rightful landowner, appointed by the people to take out the court order and put the K12 million outstanding BDG. "This, however, was not the case. The people clarified that Mr Julai was acting in his own interest and that this new evidence will be presented in court on May 9, 2013, to lift the court order," he said. The judge presiding over the case, Ambeng Kandakasi, last week advised that a team from the Department travel to Angore and identify whether the plaintiff is actually endorsed by the people and present its finding in court on the set date. Mr Maru also expressed sympathy that despite Hela Province being the Papua New Guinea's biggest investment project, there is completely nothing to show for, as only few individuals have benefitted from these grants.

LNG: Anarchy rife in Hela

Post-Courier 25.4.2013

By *TODAGIA KELOLA*

THE Resource rich province of Hela is sitting on a time bomb unless the National Government intervenes and takes immediate action in relation to the situation of lawlessness on the ground. That's the observation of former Police Commissioner and former Controller of a State of Emergency in the then merged provinces of Southern and Hela, Gari Baki who is currently in the project area. In an exclusive interview with this reporter, the former top cop said: "When you drive from Tari to Nogoli in the Hela Province, after passing the Koroba road junction all the way to the Hides 4 LNG GAS Plant, you will easily notice a complete shift in the behavior of people along the road. "Most will be armed with long tramontina bush knives, and axes, there is no care in the way they walk on the road, high trenches and drainage have been dug all along the road as territorial boundaries, Dogs, pigs, small children walking along the road side unattended, endless road side markets, road side tucker boxes with all the same type of goods sold over the counter, dart boards, betelnuts being sold along the road, drunkards (despite the liquor ban) and the list goes on. You would think the LNG Gas Project would have changed the lively hood of the people, living within the immediate vicinity of the project site, but the real truth is that it has brought nothing for them to live or show for of a project of this Magnitude.

The project he said has influenced a complete shift in the traditional cultural setting to a newly adopted life style. It has transformed the mindset of the people living within the immediate vicinity of the project site to one of Dependency, Money or Compensation, and disrespect to the rule of law. He said the National Government must intervene immediately. "The RPNGC had lost focus of this situation, which must be given attention. Police in Hela Province need every support in order to carry out proper police functions. They lack vehicles, resources and manpower, but are doing everything possible under the circumstances. With new developments and more explorations of possible resources finds in the Hela Province, the impact from the LNG Gas project, has influenced the people into a totally different attitude towards law and order and policing. They have no regard for the Law.

He further stated that no one has given any thought to policing the LNG Corridor, which includes the Highway from the Project site to Lae, as if it bears little or no significant importance on the project and our people, the Gas Pipe line route, the International Airport, the Wellheads, the Gas plant, and the general population outbound of the project site, including the other Highlands Provinces. The RPNGC must re-focus itself and develop a policing strategy to specifically police the PNG LNG Gas project, including its Corridor aligned or influenced by social issues affecting our people. "It's better for the Government to address the need to have a better equipped Police Force, now then to wait for the worst to happen, and the RPNGC does not need to justify its position to the Government, as there are various and numerous documentations already in place for the Government to act upon," he concluded.

LNG: Locals back Agiru

Post-Courier 25.4.2013

By *DAVID MURI*

LANDOWNERS of the PNG LNG Project have vehemently supported threats issued by Hela Governor Anderson Agiru to shut the multibillion-kina project. And the landowners have asked Esso Highlands boss Peter Graham to back off as there was no time to bargain as "negotiation time is over and now is the time for real action". Chairman of PDL 7 South Hides Umbrella Association, John Kaloma, his deputy Andy Hamaga and landowner executives Willie Ayule and Ngini Mapuli held a press conference at Hotel Hodava in Port Moresby yesterday to support Mr Agiru's 30-day ultimatum to ExxonMobil and the State to respond positively. Mr Agiru, through a petition presented to Trade, Commerce and Industry Minister Richard Maru, had highlighted issues and failures by the State and the developer to honour various commitments under various LNG agreements. "Under Petroleum Resource Area Economic Corridor (PRAEC – Subsidiary Agreement), I am giving 30 days statutory notice for the State and PNG LNG to address their obligations. Failing this, the Hela Provincial Government shall institute legal proceedings," Mr Agiru threatened.

Yesterday Mr Graham said that in their view, they have met – if not – exceeded their commitments to the project as well as to partners such as the Hela province. "I encourage Governor Agiru to engage with me face to face about any concerns he has, and I stand ready to discuss these issues with him," Mr Graham's statement read. But the landowners asked governor Agiru not to submit to such gimmicks but to stand by his words as the people were right behind him to force the project's closure. "We are in support of the governor's concerns. These are not his concerns but our concerns raised over the years. ExxonMobil has asked the governor for talks but time for talking is over, now is the time for action," deputy chairman of South Hides PDL 7 Umbrella Association Andy Hamaga said. Mr Hamaga said the well-head landowners, pipeline landowners and the general Hela population is right behind Governor Agiru. He said they are ready to force the project to close if the 30-day ultimatum was not met.

PREMIER THANKS GOVERNMENT FOR REFUSING LICENCE TO RELEASE CONTAMINATED WATER INTO RIVER SYSTEM

Solomon Islands Broadcasting Corporation, 24 April 2013

Guadacanal Premier Steven Panga says he is happy with the government's refusal to allow the release of contaminated water from the Goldridge tailings dam into the Metapona River. The Government had recently refused a request by St Barbara Mining company for a license to release its wastes at the tailings dam into the river. The Government's decision was based on an assessment report conducted by three local experts at the gold ridge dam recently. Premier Panga, who is also the president of the Metapono Downstream Landowners Association, says the government's refusal to grant a de-watering license was a positive step towards addressing issues his people are experien-

cing. He adds this issue is a long standing one, and the government is now effectively acting in the interest of its people. The provincial premier Mr. Panga praises the government for its decision, saying this gives his people a light of hope with the present dialogue and joint efforts of stakeholder. Meanwhile, it is understood the danger of waste spillage from the dam remains, as the company continues its mining operations in the absence of a recycling process and a working treatment plant.

Impunity Mined Out? Barrick in PNG

Press Release, via MiningWatch Canada, 24 April 2013

Barrick Seeks Immunity from Rape Victims

Barrick Gold has finally acknowledged that the security guards at its Porgera Joint Venture (PJV) mine in Papua New Guinea have been raping local indigenous women for years. Barrick's shareholder meeting today is the first since the company has started to implement a long-overdue remedy program for hundreds of alleged rape victims. However, in return for individual benefit packages the women must provide Barrick legal immunity by signing an agreement never to sue the company for their rape. Barrick's Remedy Framework stipulates that; "the claimant agrees that she will not pursue or participate in any legal action against PJV, PRFA [Porgera Remediation Framework Association Inc.] or Barrick in or outside of PNG. PRFA and Barrick will be able to rely on the agreement as a bar to any legal proceedings which may be brought by the claimant in breach of the agreement." Barrick has defended this requirement publicly on numerous occasions in recent months. However, in a recent release of April 16, Barrick says that a newer version of the remedy framework "contains much narrower terms" for the legal waiver. It is unclear what those terms are and Barrick has not provided the new version of the remedy framework.

ExxonMobil upset with Governor Agiru

Post-Courier 24.4.2013

EXXONMOBIL has expressed disappointment with Hela Governor Anderson Agiru who went direct to the media to raise his concerns about alleged failures by PNG LNG project proponents and the PNG government. Peter Graham, the CEO for the ExxonMobil subsidiary Esso Highlands Limited said they were serious in any commitments they made relating to the PNG LNG project and it was a concern the MP chose to use the media instead of sitting down with them. He said in their view they have met – if not exceeded – their commitments to the project as well as to partners such as the Hela province. "I am extremely disappointed in Governor Agiru's decision to raise these concerns through the media without any prior discussion with Esso Highlands Limited. EHL takes seriously any and all commitments we make. In our view, we have met, if not exceeded, our commitments. We have worked closely with Governor Agiru for many years to establish Hela province and successfully develop the PNG LNG project.

I encourage Governor Agiru to engage with me face to face about any concerns he has, and I stand ready to discuss these with him," Mr Graham said in a statement. Mr Agiru presented a petition on Monday to Richard Maru, minister for Commerce and Trade, which highlighted alleged failures by ExxonMobil and the PNG government to meet their obligations to build his new province. These, among others included the construction of road infrastructure and the establishment of new townships, which had an estimated cost of about K2 billion. He has given ExxonMobil and the PNG government 30 days to meet their obligations, in which time failure to do so could result in legal proceedings. "Under Petroleum Resources Area Economic Corridor (PRAEC – Subsidy Agreement). I am therefore giving 30 days statutory notice for the state and PNG LNG to address their obligations. Failing this, the Hela Provincial government shall institute legal proceeding," said the Governor.

Newcrest plans review of mines' future

The National, 24th April 2013

NEWCREST Mining Ltd is reviewing the future of its higher-cost mines after a slump in gold prices including last week's dramatic plunge to two-year lows. The price of gold fell by about US\$300 an ounce in a fortnight to below US\$1,400 – threatening Australia's higher cost producers.

Newcrest said in its March quarter update that it was reviewing all of its business activities, particularly those related to higher-cost current or future production. It revealed it had cut 150 jobs in March, mostly from its Brisbane and Melbourne offices. The company's most expensive mine, Hidden Valley, is losing money and costs A\$1,790 per ounce of gold in the latest quarter while production had fallen 8% from the previous quarter. Newcrest, which has a 50 % stake in the project, called Hidden Valley's production and cost performance unacceptable.

It said its improvement plan included installing a new crusher to process higher-grade mill feed. The company noted that operating and capital costs were high in the global gold mining industry, adding that the drop in prices had not been accompanied by a reduction in the strength of the Australian and PNG currencies. Newcrest expects to produce between 2.0 and 2.15 million ounces of gold this financial year. It produced 2.29 million ounces last year. NML produced 514,421 ounces in the three months to the end of March, down three percent on the previous quarter and at a cost of A\$799 an ounce. This is a 31% jump on A\$609 an ounce of a year ago. The company's shares had fallen 31 cents or 1.82 % to A\$16.70. "The company is now focused on creating a strong return from our major investments in expanded lower cost production sources and generating free cash flow," Newcrest says.

Ramu NiCo doing well, despite price drop

The National, 24th April 2013

RAMU Nickel project in Madang is going well despite the fall in nickel price caused by weak stainless steel production outside China, according to Highlands Pacific Ltd. The company holds an 8.56% interest in the project carried to production, which can be increased to 11.3% once debt has been repaid out of cash flow. Highlands Pacific said this after investment bank Macquarie released a research stating that the nickel prices have seen a sharp fall in the past week as part of the broader commodity sell off and stocks on the London Metal Exchange (LME) currently stand at historically high levels. According to data obtained from the International Nickel Study Group, the market has been in a sustained surplus since 2011. Macquarie said despite the surplus, nickel prices have lost their typical relationship to stocks, with prices today higher than they were in August 2012, when stocks were 50,000 million tonnes lower.

However, the bank said that a sharp fall in the nickel price and rising open interest implies that large shorts have been put in place over the past month. "The weakness in the nickel market is due to weak stainless steel production outside China – production is estimated to have fallen year-on-year in Japan, Europe, Korea and Taiwan in the first three months of 2013," Macquarie said. Primary nickel has also suffered from an increase in the amount of secondary nickel being used in the European stainless steel industry. The bank expected a nickel surplus of 82,000 million tonne in 2013, with supply up 5.6% year on year at 1,856,000 million tonne. "From a fundamental perspective there is no reason for optimism about the nickel price in 2013 unless there are large-scale production cuts," Macquarie said.

Bougainville: Forum held to discuss mine

Post-Courier 23.4.2013

By *WINTERFORD TOREAS in Buin*

THE third Regional Forum on Panguna Negotiations is currently underway in the Buin district of South Bougainville. Themed 'Fostering people's participation in deciding the future of the Panguna Mine', this forum was officially opened yesterday by the President of the Autonomous Bougainville Government Chief Dr John Momis. The forum which ends today is being held at the Buin secondary school Hall and attended by selected representatives from Buin and Siwai districts. The purpose of organising this forum is to update the various stakeholders and the wider communities in South Bougainville, especially in Buin and Siwai, on the progress of preparing the ABG and the Panguna landowners to participate in negotiations concerning the possible reopening of the Panguna mine in Central Bougainville. This forum will also be used to gauge the views of the people of Buin and Siwai districts regarding the reopening of the Panguna mine.

Other ABG members who are also attending the forum include the South Bougainville Ex-combatants representative Michael Laita, Peace and Reconciliation Minister Newton Kauva, Minister for Finance, Treasury and Planning Albert Punghau, Mining Minister Michael Oni, Minister for Community development Melchior Dare, Minister for Primary Industry Nicholas Daku and ABG constituency members Joseph Buia (Baubake-Buin district), Steven Suako (Torokina-Torokina district), Lawrence Wakai (Bolave-Bana district), William Silamai (Baba, Bana district) Philip Kuhena (Kopii-Siwai district), Thomas Mauroko Pa'ataku (Ramu-Siwai district) and John Ken (South Nasioi-Kieta district). Representatives of the Panguna landowners and the Me'ekamui faction are also attending the forum and have also presented their views regarding the opening of the Panguna mine. Grade twelve students of Buin secondary school are also attending the forum as observers.

The forum is being spearheaded by the Office of the Director for Panguna Negotiations and is being facilitated by the ABG Mining Department, Division of Law and Justice and the Office of Panguna Negotiations. Topics that will have been covered during these two days forum include the Update on the 15 Steps Strategic Framework on transfer of functions and powers over Mining, Oil and Gas, Update on ABG's Preparation to negotiate Panguna Mine, Update on Landowner preparations and Implementing Autonomy in relation to Mining. ABG President John Momis, before officially opening the forum, outlined some of the achievements that will come about following the opening of the mine. Mr Momis also updated the participants on some of the developments that ABG is taking to address this issue concerning the reopening of the Panguna Mine.

One of this is the drafting of the ABG Mining Act. This draft Act, which was made in Buka and not Australia (as what some people have been saying), will benefit both the landowners and the people of Bougainville. He also took the opportunity to rectify some of the misleading statements that some Bougainvilleans together with certain foreigners, have been making regarding ABG's stand towards the mining issue. The ABG President said he will not sign and approve any decisions that will not benefit all Bougainvilleans. He added that his commitment is for the betterment of the people of Bougainville. Mr Momis also urged all Bougainvilleans to be united and help ABG achieve the dream and wish of all Bougainvilleans.

Porgera locals want review of deal

The National, 23rd April 2013

PORGERA mine landowners in Enga have called on the government and the miner to explain the prolonged delay in reviewing the mining agreement. They are concerned that many outstanding land and environmental issues needed to be resolved. Porgera Landowner Association chairman Mark Tony Ekepa said they were affected by outstanding issues such as tailings disposal, environ-

ment damages, industrial risk accident and injuries and local workers employment conditions. “The Porgera mine agreement should also cater for infrastructure development programmes, local business spin-offs and balance distributions of wealth creation but that have all been denied under the pretext of delaying the mine review,” he said. “The review exercise is the only option for check and balance that will examine adequate and accurate process for the stakeholders’ benefits, including the landowners’ welfare since 1989.” He said the state through its agencies, were not complying with the conditions of the mining agreement. “We want the state through the Department of Mining and the Mineral Resource Authority to furnish full benefit programmes on issues raised. “The state through Mineral Resource Authority and departments like Mining, Treasury, Finance, National Planning and provincial and local level governments should consider and take effect the release of our benefits packages,” Ekepa said. He said these included:

- 1 Off load additional share value from state to landowner;
- 1 Free carry on landowner’s equity;
- 1 Special support grants funds to be accessed directly between Department of National Planning and Porgera Development Authority fixed amount from years since; for district priority infrastructure development projects; and
- 1 Tax credit schemes, programme funds to be tied direct to identified programmes.

Gulf Tribe sets up Resource Holdings

Post-Courier 23.4.2013

By *KEVIN TEME*

The 6000 population of the people of Pawaya Tribe of Wabo in Gulf Province can finally benefit from the multibillion PNG LNG project after finally setting up its own Resource Owner Holding Company (ROHC) this year. Chairman of the Pawaya Resource Owner Association, John Amai said the registered entity has the support of the 45 sub tribes and 142 registered incorporated Land groups as well as the backing of the Gulf Provincial government. This includes those that are living outside of Pawaya Tribal area of Wabo in the Gulf Province. Amai said the ROHC that is recognized by the Gulf Provincial government under the leadership of current governor Havila Kavovave have given their full blessings for the benefit of all the people with in PPL 236, 237 and 238 areas. “With the able support of our JV Company, ROHC Ltd is prepared to secure major contracts from the Developers in the coming weeks,” Amai said. Meanwhile Amai is calling on the Prime Minister Peter O’Neill and Minister for Mining and Petroleum, William Duma to quickly carry out the final social mapping activity before the final investment decision is approved. “Through this exercise, all Pawaya tribal clans and members who are living outside of Wabo area are to be identified and recorded to benefit from these multi-billion projects to avoid any physical confrontation and legal battles,” Amai said.

PNG’s LNG Project Threatened With Legal Action

Petition claims stakeholders have failed their obligations

PORT MORESBY, Papua New Guinea (The National, April 23, 2013) – The State and ExxonMobil, the developer of Papua New Guinea’s first liquefied natural gas project, were yesterday given 30 days to address their obligations under various agreements or face legal action to shut down the project. This ultimatum was contained in a petition handed to Commerce and Industry Minister Richard Maru by Hela Governor Anderson Agiru in Tari. The petition separately lists nine failures on the part of ExxonMobil and lists over 20 against the state. Maru accepted and supported the petition, promising to bring it to the attention of cabinet next week. Agiru said: "I understand the enormity of the cause of action my people and I have undertaken today but my hands have been forced.

"It has been forced by the negligence on the part of the state and the developer to undertake clearly stipulated obligations as outlined in various agreements and commitments," Agiru said.

"I supported this project and I supported the national government on the premise and the promise that they will fund core infrastructure that will be the basis to grow from. "I hear of K500 million [US\$226.1 million] for Port Moresby roads and K500 million for Highlands Highway but we have not got anything. Where will they get the money to fund these projects? We have to stop this (LNG) project to bring some sense to government." Maru sympathized with the Agiru and the resource owners of Hela. "I support this petition. The home of gas (Tari) is full of dust. Gas from Hides has been powering Porgera mine," he said. "Yet there is no power to the people's homes here. They have no permanent homes. The sheer neglect is indescribable. I am horrified. It is a crime against our own people," Agiru said. Among key obligations Exxon is said to have reneged on are:

- Heavy haulage road from Hides 4 to the now completed Komo international airport which has not started;
- Business opportunity for Angore;
- Transfer of Kikori-Kutubu-Tari road to National Roads Authority;
- Completion of 21 bridges;
- Komo Airport perimeter road;
- Water supply system for Komo Airport site villages;
- Failure to deliver college output as discussed at Juni Technical College.

The State's obligations are far longer and more serious and include:

- Local business content plans which remain unknown;
- Tari to Komo road sealing yet to be undertaken;
- K29 million [US\$13.1 million] for PDL 1 seed capital still outstanding;
- Failure to fund Tari Airport;
- Failure to build provincial Hela Hospital at Tari as per Hides MoA of 1996;
- Hela province has not been considered for public investment programme funding in 2013;
- Failure to declare Hela city as tax free zone as per Kokopo UBSA;
- There is no clear demarcation as to what Hela and SHP gets as all high impact funds are for Hela except for Mendi, Ialibu and Gulf SHP highway; and
- Failure to fund commitments made by ministers and members of gas and economic committees.

The PNG LNG project is the single biggest democratically negotiated project, with agreements involving five provincial governments and more than 3,000 landowners. The UBSA (umbrella benefits sharing agreement) was concluded in Kokopo in May 2009 following the execution of the Gas Agreement 12 months earlier. This was followed by the LBBSA (license-based benefits sharing agreements) for the six licenses – PDL 1 Hides, PDL 5 Morgan, PDL 6 Northwest Moran, PDL 7 South Hides, PDL 8 Angore and PDL 9 Juha which together contribute 88% of the PNG LNG. Agiru said since the signing for PDL 1, which will contribute 57% of the gas next year, no key player had returned to Hela province. He called for the government's and developer's assistance in direct funding, sovereign guarantee, tax credits, development incentives and tax concessions, execution of project infrastructure indemnity over ownership transfer, materialize PNG LNG project commitments, public investment projects funding and timely appropriation and release of PNG LNG negotiated benefits.

Solomon Islands: Landowners withdraw support

Solomon Star, Bradford Theonomi, 22 April 2013

Landowners of Kolosori land; a potential earmarked tenement area for nickel prospecting on Isabel have revoked their support for Sumitomo metal mining (SMM) company to operate on their land. They also demanded fair treatment if their support is required. The landowner also calls on the government to respect landowners' wishes and rights as the resource owners on whatever decisions they make. Spokesperson of the Kolosori land trustees Elliot Curtis said with the current controversial stand on their earmarked land for nickel mining, they want a fair treatment for landowners. He said as resource owners, they want the government to listen to their cries and let them have the opportunity to choose the best investor onto their land. "What we want is a fair treatment that is base on partnership in the operations when actual nickel mining kicks off." Mr Curtis said from observation since Sumitomo Metal mining has been granted the letter of intent (LOI) for prospecting; there is nothing tangible and seen forthcoming for the future benefit of landowners.

He said they welcomed foreign investors to invest on their land but there are guidelines within the local society that needs to be upheld by those foreign investors when on the ground. "The Sumitomo Metal mining company although have been here for over seven years did little to our communities and have since working the opposite to our desires," he said. He highlighted that what as landowners of the Kolosori land want to see is partnership, respect to their cultural society and an environmental friendly approach from the mining company. "This does not speak well of what Sumitomo is currently doing and we strongly oppose to its presence on our land. "In seven years SMM has been on Isabel and they have never accepted our request to work in partnership, so we will never let them on our land and we never ever will. "SMM also refuse to acknowledge our constitutional rights as custodians of the land, instead they instigate division to our families and tribes."

Mr Curtis further claimed that workers of SMM on Isabel are mistreating resource owners and have since been not in the best interest of working together with the landowners. "We landowners have been chased by the Japanese in choppers and boats including being harassed in Honiara, we are sick of it. They took us to court 5 years ago and we beat them and they are taking us to court again over our same land. We do not know why our government continues to let this happen to us." "Thus we are calling on the government of the day to be more considerate to us the landowners, to give ample fair treatment in this cause." Curtis claimed what Sumitomo has brought to their shores instead is division amongst families and communities in their dealing tactics of luring support. He added that the court case currently in the High Court against the government and landowners of Kolosori is a mere nonsense so to speak. "Though lawful, common sense that speaks of a foreign company taking the government of the land and its landowners to the High Court seems more like a joke," he said.

"We speak for our earmarked Kolosori land like the Choiseul people do; we do not want Sumitomo to operate on our land." SMM chief executive officer (CEO) Yoshi explained that the court case is something to do with the earlier letter of intent which was granted to SMM by the then Ministry of Mines when Mark Kemakeza was the minister in 2010. Then it was later cancelled by the Cabinet because it was alleged to be done in a corrupt manner however SMM sees it as legal according to the procedures, he said. "Cancelling this letter of intent is what SMM is challenging because it is illegal to our view whilst it was done according to right process, thus we are taking the government and the landowners to court over this matter to justify." SMM Director and General Manager Technical, Toshiaki Maeda also denied the claims that SMM workers in Isabel were being mistreated. He said SMM has been trying its best to work closely with the resource owners and are going to hold meetings to engage them achieve the best. Maeda further denied allegations of using attendance list of signatures of landowners who usually attend the SMM meetings to get false declaration from landowners' signatures to say they agreed. Meanwhile, it is understood that this issue has

been brought before the High Court and the hearing is still on. And the government under the leadership of Danny Philip at that time was said to investigate the issuance of the letter of intent to SMM which was claimed as corrupt. However, since then there is nothing forthcoming from that investigation.

Australian companies benefit

Post-Courier 22.4.2013

By *ALEXANDER RHEENEY*

AUSTRALIAN companies have secured about A\$3 billion worth of contracts from the PNG LNG Project. The Australian Parliamentary Secretary for Pacific Island Affairs, Senator Matt Thistlethwaite, said this at the recent Australia-Papua New Guinea Business Forum conference in Port Moresby confirming Australian businesses benefited from the ExxonMobil-led project. "With over 10 years of continuous growth, PNG stands today as one of the world's fastest growing economies. The minerals boom and the development of the PNG LNG project have undoubtedly been a major part of this story," Mr Thistlethwaite said. "Australian business has shared in the benefits of this boom. Australian companies have contracts related to PNG LNG project worth around \$3 billion alone," he said.

Goods trade between the two neighbours is also on the increase, hitting the A\$6 billion mark, which is close to five per cent higher than the previous year. Two-way trade between Australia and PNG currently stands at A\$7 billion. According to Mr Thistlethwaite, Australian investment in PNG is now over A\$16 billion and exceeds the value of its own investment interests in China, thanks again to the PNG LNG Project. "Australian investment in PNG, now valued at more than A\$16 billion and exceeding our investment in China, has also benefited from the LNG and minerals boom, having grown five-fold over five years ago." It is hoped the growth in trade between Australia and PNG will be taken to the next level with the signing of an Economic Cooperation Treaty last December, which the Senator emphasised was not a free trade agreement. "It's not a free trade agreement and does not replace existing arrangements on trade, such as the PACER Plus negotiations.

Rather the Economic Cooperation Treaty (ECT) is an umbrella agreement, bringing together trade and economic cooperation with development assistance," Mr Thistlethwaite said. "Australia will continue to look for ways in which it can further promote economic cooperation with Papua New Guinea, and to smooth the path for business," he said. It is understood the ECT will provide the framework for Australia's bilateral aid program to be switched from aid to trade and economic development. The previous Somare and now the O'Neill Government pushed for the change due to growing criticism over the overall impact of Australia's aid program. The Australian aid agency, AusAID, currently manages close to \$A500 million (for 2013/14) in development assistance programs focused on education, health and HIV/AIDS, law and justice and transport infrastructure in PNG.

Morobe Mining: Locals want to partake in spinoff activities

The National, 22nd April 2013

By *PISAI GUMAR*

WAFI-Golpu project landowners have urged Morobe Mining Joint Venture not to engage outside contractors in spin-off activities but provide business opportunities to locals to avoid future problems. At the opening of the Lukwo Bridge at Demakwa base camp, in Mumeng, Morobe, three landowner representatives from Yanta, Hengabu and Babuaf told MMJV not to neglect their people in the spin-off activities of the project. Hengabu chairman Paul Yanam commended the company for building the bridge and giving the people access to the project area. "Wafi is not Hidden Valley

that most landowners missed out on spin-off business,” he said. “This is Wafi and any business dealings need to be done and executed in corroboration with landowners, district and provincial government.” Huon Gulf MP Ross Seymour, Morobe provincial acting administrator Geoving Belong and Bulolo district administrator Tae Gwambelek also urged MMJV to work closely with landowners and the provincial administration to avoid future issues.

“You (MMJV) are honest to build the bridge not only links the project but a symbolic link with landowners, government and company; therefore all business activities must be executed using the bridge and not by air or other routes,” Gwambelek said. Last month, Babuaf landowners blocked a portal access to the underground mine site and what they claimed as failure by MMJV to address their concerns about spin-off activities. Mumeng LLG president Mathias Philip said the people did not want the Wafi project to be disrupted by such issues. MMJV project director Max Esparon said the company realised its responsibilities and would honour its commitment with all stakeholders to develop the gold mine. “It ensures to connect people to business and stakeholders to opportunities; as the project was a significant milestone, the bridge was a great symbol of mutual benefit for all to work together for greater benefit,” he said.

Ramu: Government facilitates projects

Post-Courier 22.4.2013

The National Government through the Mineral Resources Authority (MRA) has successfully facilitated work on projects committed to by the National Government under the Ramu Nickel Mining Projects Memorandum of Agreement (MoA). The work covered renovation of students’ dormitories, ablution blocks and the messing facility at Raicoast High School which has recently been completed. Students are already using these facilities. Classrooms and administration blocks will also be renovated soon. Other projects that have been completed are the construction of eight police houses at Walium and Usino Police posts and construction of Banu-Danagari and Banu-Brahman roads in Usino. These projects are funded under the government’s initiative of Public Investment Projects (PIP) for the mining sector at the cost of over K3 million.

Member for Usino/Bundi Anton Yagama assisted with K2million to fund the Banu-Brahman road. The MRA Acting Managing Director Mr Philip Samar said the government in developing these projects was fulfilling its commitment to the people of the project area and Madang province, under the Ramu Nickel Mining Project MoA. He explained that the funds that were being used to implement these projects were not MRA’s funds but the National Governments’, which came from consolidated revenue. He said these funds were allocated every year to MRA to fund projects committed to by the state in mining projects MoAs. Mr Samar said the MRA would continue to work on other projects identified in various mining projects MoAs so that simple villagers, wards, LLGs and provincial governments of mining provinces could see tangible benefits.

Raicoast High School Principal Ernest Sawiang expressed gratitude towards the national government and MRA for assisting the school. He said the students’ morale had been boosted with the new-looks of the dormitory. He said his administration had observed that since the dormitories had been renovated, students’ academic performances had improved compared to the past when they were residing in run-down dormitories. Mr Sawiang said it was the first time in 27 years of the school’s life that its facilities had undergone renovation. Member for Usino/Bundi Anton Yagama and commander for the Walium Police Station Sergeant Dickson Amute thanked the national government for bringing impact projects in the area adding that the projects would greatly benefit their respective parties.

Pacific region faces seabed mining challenge

Cristelle Maurin*, Islands Business, 22 Apr 2013

Minerals, such as rare earth metals, are increasingly becoming an important commodity in a resource-constrained world economy. As a result new frontiers both onshore and offshore, to the depths of the ocean, are emerging around the world. The Pacific region stands at the forefront of this pioneering venture. Yet concerns abound about the environmental impacts of future offshore mining projects on deep sea ecosystems. With limited experience in managing extractive resources and embryonic capacities to oversee offshore activities, Pacific Island governments must remain cautious in making decisions about whether to engage with seabed mining activities, and consider how to do so in the best and long-term interest of their nations. Conscious of the opportunities but also the risks, states in the Pacific Islands region have recently embarked on a regional initiative. This initiative is the development of policy and legislative regimes to manage seabed mining activities, with the assistance of the Secretariat of the Pacific Community and the European Union. Seabed minerals: a new frontier The recent discovery of rare earth elements in the deep seabed by Japanese interests, and the granting by Papua New Guinea of a pioneering offshore mining license for seabed mineral deposits 1500m below sea-level, has drawn renewed international attention to the Pacific region.

Resource competition continues to intensify for rare earth metals critical to the new high-tech and "green" economies, whereas China still maintains a near monopoly on current world supplies. Global demand for various other metals found within deep seabed mineral resource samples - copper, gold, manganese, cobalt, nickel and other strategic metals - is on an upward trend, sustained by the industrialization of the BRICS countries (Brazil, Russia, India, China and South Africa) and other emerging economies. Since the discovery of polymetallic nodules in the abyssal plains of ocean basins in 1873, the deep seabed has been viewed as a potential new mining frontier. Marine mineral exploration in the 1970s and 1980s highlighted two additional seabed mineral types: cobalt-rich crusts found on the flanks of submerged volcanic islands and seamounts throughout the world's oceans (at depths of 400 - 4,000 meters), and seafloor massive sulfides (SMS) (or 'black smokers') that form along seabed ridges in water depths ranging from 450 to 5,000 meters.

A 21-year seabed mineral prospecting program run by the government of Japan in collaboration with the South Pacific Applied Geoscience and Technology Commission (SOPAC) investigated the seabed minerals potential in the Exclusive Economic Zones (EEZs) of 12 countries in the Pacific region. A number of Pacific Island countries (PICs) have since issued exploration licenses within their EEZs to exploration companies. In a pioneering move, in January 2011, the government of Papua New Guinea granted Canada's Nautilus Minerals Inc the rights to extract SMS deposits containing gold, copper, silver and zinc from the Bismarck Sea under its "Solwara 1" tenement: a world-second deep sea mining license to be issued. The copper grades of SMS are found to be several times the grades currently mined onshore. From the early 2000s, increase in metal prices on global markets have reignited commercial interest in deep sea mineral potential, and have encouraged advances in subsea mining technology, building on methods used for offshore gas and oil, relatively shallow marine diamond mining, and sand and gravel dredging.

Pioneer state-owned entities from Japan, Korea, China and France now share the ground with private entities enticed by the estimated commercial value of seabed recoveries. Significant new investments in exploration activities presage prospects for a long term source of revenues for PICs. The economic development potential of this new offshore mining industry, enormously attractive for developing nations like the PICs, remains however to be balanced against the risks to the marine environment (that could impact on other essential industries), and existing capacities to monitor such developments and mitigate adverse impacts. Initiated by PICs governments, with the support of the Metal Mining Association of Japan, the Pacific Islands Forum and SOPAC, a Workshop on

Offshore Minerals Policy was convened in February 1999 in Papua New Guinea, which led to the adoption of some principles for the development of national offshore mineral policies (Madang Guidelines, December 1999).

Building on this initiative a decade later, PICs requested technical support from SOPAC to assist with the development of policy and legislative regimes to manage their deep sea mining potential. With funding from the European Union, SOPAC, now a Division of the Secretariat of the Pacific Community (SPC), launched in 2011, the "Deep Sea Minerals Project" to provide relevant assistance to 15 Pacific ACP states. A dual regime for DSM activities The UN Convention on the Law of the Sea (UNCLOS) divides the ocean space into maritime zones and prescribes rights and responsibilities within those zones, including conferring sovereign rights to coastal states over the seabed minerals within their EEZs and an overriding shared responsibility by all states for the protection and preservation of the marine environment. Beyond the limit of national jurisdiction the seabed is known as "the Area". State parties to UNCLOS recognize the seabed resources of the Area to be the "common heritage of mankind."

UNCLOS established a body - the International Seabed Authority (ISA) - to organize and control seabed minerals activities in the Area. States, through their own agency or through sponsorship of private contractors, can carry out activities in the Area under the control of the ISA and in accordance with its regulations. A special regime applies to developing countries, who are given preferential access to 'reserved areas'. The ISA's regulations currently cover exploration only. Regulations for exploitation are aimed to be completed by 2016. Developing such a regime while so many scientific "unknowns" remain is challenging, and there is concern whether the ISA organs will have sufficient teeth to monitor contractors' performance and enforce compliance with the regime. Whether state party consensus on the exploitation regulations can be achieved remains also to be seen. The ISA has already approved 17 contracts for exploration in the Indian, Atlantic and Pacific oceans. Lying between the Line Island Group of Kiribati and Mexico in the international waters of the Pacific Ocean, the Clarion Clipperton Fracture Zone, known for its elevated abundance of polymetallic nodules, is currently subject to 13 exploration licenses, including three sponsored by developing small island states, all from within the Pacific region: Nauru, Tonga and Kiribati.

Potential for development in PICs With some of the world's largest EEZs and known seabed mineral potential, Pacific Island countries stand at the forefront of this new industry. But concerns are voiced regarding national regulatory capacities, particularly given the lack of scientific consensus on the risks to marine ecosystems and biodiversity associated with deep sea minerals. To secure national development from resource extraction, a range of factors are at play including effective macroeconomic management and high quality governance institutions characterized by transparency and the rule of law. Comprehensive and well implemented legal and regulatory frameworks for deep seabed mining are a requirement of UNCLOS, and equally important to attract responsible foreign investors into a state jurisdiction. For projects that entail such high risks, consistency of regulation and security of tenure would be a prime expectation for any creditable operators in this pioneering field. How states (and the ISA) formulate fiscal regimes for seabed mining taxes and royalties will also be key. Facilitating a viable industry must be balanced against securing appropriate return to the states (or for "mankind" in general) whose resources are being exploited.

As the SPC-EU Deep Sea Minerals Project assists PICs with the development of legal and regulatory frameworks to govern deep sea minerals activities, prospects are taking shape for a new economic opportunity for the Pacific region. But lessons must be learnt from history: from decades of negative social and environmental impacts from ill-managed onshore mining operations, and from failure to maximize returns to the state from the exploitation of other natural resources - on-land mining, logging and fisheries. Pacific states now have the opportunity of a new start, developing well-thought-out, precautionary, proactive policies and dedicated seabed minerals legislation before any

mining activities commence. The Cook Islands and the Kingdom of Tonga have taken the lead amongst PICs to establish national legislative regimes to complement the ISA's efforts at the international level - designed to uphold international law standards, minimize adverse social or environmental impacts, and the realization of economic benefits.

All parties recognize, however, that the implementation of such regimes will be a challenging "ask" of small island governments. Looking ahead, and building on the work of the regional SPC-EU Deep Sea Minerals Project, there is conceivable benefit to PICs adopting a collaborative approach at the regional level. Strengthening regional capacity to oversee and assist with legal and technical matters, and the setting of minimum standards on a regional basis, for the management and monitoring of DSM activities is recommended. A coordinated negotiating bloc of PICs, using pooled capacity for regulatory mechanisms, could support equitable and sustainable development across the region, rather than mere exploitation of those non-renewable resources. A different kind of "race to the bottom" could be avoided if PICs coordinate, rather than compete, to attract investors.

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Papua administration wants 10% of Freeport

Nethy Dharma Somba, The Jakarta Post, April 19 2013

The Papua administration has announced that it will ask for a 10 percent stake in mining giant PT Freeport due to the fact that the company operates on Papuan soil but contributes little to regional development. "We demand the Papuan people's customary land right in the form of a 10 percent stake in the company," newly installed Governor Lukas Enembe said on Friday. According to him, a 10 percent share in PT Freeport was equal to Rp 87 trillion in cash. "Of course, we cannot afford to buy the shares, but the company could grant us the shares in compensation for the years of mining on our land," he said. Lukas also expects Freeport to help more with increasing Papuan people's welfare. He said that all this time Freeport had paid only the central government in the form of taxes and royalties and it was the central government that allocated funds for the Papuan administration. He said Papuans wanted the company to help the local administration in building infrastructure, such as bridges, highways and other public facilities. Commenting on this, Papuan activist Joseph Rahawadan said the Papuan administration's request was reasonable considering Freeport had operated in the province for years and had benefited from its presence here. "In fact, according to my estimate, it would be OK if the local administration asked for a 25 percent share," he said.(dic)

Hela: Landowners dispute talks on land groups

The National, 19th April 2013

By ELIAS LARI

LANDOWNERS from Tari town in Hela say that they do not have any registered landowner associations, companies and incorporated landowner groups. And any company or business claiming to represent them under any company name is illegal. Spokesman Timon Henry, a member of the Peri-Kopira Kia clan who owns portion 107 in Tari town, said that due to the current situation, any payments from the state for land compensation should be made directly to the individual clans. "Currently, we do not have any knowledge of any umbrella company or we do not appoint any person or a company to talk or receive money on our behalf," he said. "We commend Governor Anderson Agiru, Finance and Education James Marape and acting provincial administrator William Bando for their efforts in ensuring that we receive the K10 million from the government. "There are 26 clans and they do not have any record of forming any association in the past but they are looking

forward to be paid in Tari without any business or an umbrella company representing them. “Some of us did not benefit from the K11.7 million paid out last year and that is because some companies and people had claimed to represent us and made away with the money.”

Ok Tedi: Ex-MP supports PM’s call on mine

Post-Courier 19.4.2013

FORMER governor of Western Province Norbert Makmop has supported Prime Minister Peter O’Neill’s call to relocate the multi-billion kina PNG Sustainable Development Company funds and office from Singapore to Papua New Guinea. Mr Makmop said the company should be renamed as “Western Province Sustainable Development Fund” and tie it to the province’s Capital Works Program for development. “This will cater for all types of capital infrastructure activities including roads, youths, women, churches, culture, tourism and building ring roads connecting Telefomin in West Sepik and Southern Highlands, Gulf as well as Central provinces,” Mr Makmop said. Within Western Province, the capital funds can also be used to construct roads from Tabubil to Daru through Lake Murray using Ok Tedi Mine waste materials (rocks and purified sediments). The former governor also proposed for the establishment of a local bank and he wants it to be called a “Min Bank” for the Min people along the Western and West Sepik PNG – Indonesia border regions.

Mr Makmop has called on every local level government (LLG) as well as elites in Western Province to support this call and offer views and decide what the province want and express through elected representatives or direct dialogue with the O’Neill-Dion Government to be heard and accommodate their needs and aspirations, in support of the moves taken by the Government to redress PNGSDP as well as restructuring Ok Tedi Mine share structures to benefit the people. He said: “The people of Western Province have not been given the opportunity to participate during the early stages of Ok Tedi Agreement including the setting up of PNGSDP Programs. The management and operations of Ok Tedi Mine have always been controlled and manipulated by non-Western Province people for the last 38 years.” Mr Makmop says: “In doing so, Western Province people have been cheated. Now all of us need to stand up and be counted on these current Ok Tedi issues, together with PNGSDP and the proposed LNG projects in the province.”

Successful year for TWL

Post-Courier 19.4.2013

PAPUA New Guinea’s biggest logistics mover and transportation company, owned by resource-site landowners in the Highlands has proven to be a success story as it continues to increase its profit significantly. The transportation company Trans Wonderland Limited (TWL) has announced 2012 as another successful year for the company both in its operation and financial aspects. TWL Managing Director Mr Larry Andagali said the company’s net profit from last year was a massive K19 million compared to K14.6 million in 2011. This was from a K125m turnover in 2012 compared to K93m turnover in 2011. He said the company have paid a total of K3.6million in dividends since its establishment in June 2009 which is 150% net return on their K2.4million investment. The board of directors will make their decision for 2012 dividends when the audits are finalised.

Mr Andagali said from K120 million seed capital paid by the National Government only few landowner companies decided to investment their money into TWL Subcontractors Consortium concept excluding Upstream Hela Woman Limited. “I am pleased to announce that subcontractors consortium members who purchased ten trucks at the cost of K7.5million in June 2011 have done very well. They received a total of K4.9m net revenue after operating for 18 months which is 65% net return on their investment plus a semi-trailer they will keep”, he said. Mr Andagali said the LNG construction activities both by Exxon Mobil and Oil Search reached its peak period starting April to December 2012, which has contributed to the increase in TWL’s total revenue. Our fore-

cast for 2013 will be slightly lower than 2012 results. “Trans Wonderland Limited as a company through its employees’ group tax, income tax and dividend withholding tax, we contributed over K30 million to the National Government’s Budget since June 2009”.

Meanwhile, Mr Andagal has also appealed to the National Government to give priority to fixing Highlands Highway. In 2012 TWL spent more than K1million in addressing truck stoppages, extortion, inflated and unfounded compensation claims and general lawlessness along certain sections of the Highway. This excludes management and employees’ time and resources to resolve matters that does not even worth pursuing. “Not fixing or giving priority to rebuilding highlands highway is national disaster in waiting. I foresee that this country will come to its knees if the Highlands Highway law & order and maintenance issues are not seriously addressed. High transportation and logistics cost will kill economic activities and kill national progress and prosperity. Mr Andagali thanked his board of directors for their undivided support in directing the company forward by developing strong policies and procedures. “I thank my hard working management team and staff for bringing the company to its current position. I would like to encourage everyone to continue the hard work and take TWL to the next level in the years to come”, Andagali said.

Nautilus: Seafloor mine has advantages

Post-Courier 17.4.2013

By *GRACE TIDEN*

SEA floor resource production offers many social and environmental advantages for mineral development, says Nautilus PNG corporate social responsibility advisor Ray Lari. Mr Lari who did a presentation on Monday during the first day of the PNG Marine Program workshop in Kokopo in ENB said some of the advantages of sea floor resource production include minimal waste, minimal overburden or stripping, reusable infrastructure, limited social disturbance and increased worker safety. He also said Nautilus Minerals remained committed to PNG and has taken a responsible approach to develop the Solwara 1 project. In applying the precautionary approach, the company’s plans on minimising the impact on the sea environment include having a fully enclosed system as well as using biodegradable fuels and oils in all subsea equipments. Mr Lari also said there will be no hazardous chemicals, no blasting and no tailings to be discharged into the sea, adding that all ore processing will be done offshore. Nautilus is also working on a concentrator solution that would mean no tailings are produced from the Solwara 1 project at all. This reiterated the “above and beyond” measures that Nautilus has taken to ensure that the project was done responsibly and the company hopes to set a good example for other companies.

Mr Lari said during awareness programs, coastal villagers continue to raise concerns on their fish resources, but he made it clear that there will be no extraction impact shallower than 1300 metres water depth, which meant that the livelihood of the people who rely on fish will not be affected as there will not be any harm done to the fish. He said that mitigation strategies have been developed by a team of independent world experts and all strategies suggested were accepted by Nautilus. Some of the protection measures include setting aside a reference site, refuge areas within Solwara 1, animal relocation and installing artificial substrates. He also said independent monitors and reviewers will be present during the actual mining of the sea floor and the company will be transparent in all its activities. Mr Lari also highlighted the company’s assistance towards maritime safety in PNG. He said Nautilus exploration data has already been made available to PNG’s National Maritime Safety Authority which will improve details of navigational charts.

Sparks fly in battle over Ok Tedi mine

Rowan Callick, The Australian, April 16, 2013

THE extraordinary battle for control of the vast copper-gold mine at Ok Tedi and of its revenues, including the \$1.4 billion long-term fund reserved for future generations, has heated up in Papua New Guinea. The conflict emerged in November, when Prime Minister Peter O'Neill told parliament: "I want to put it on record that (the then chairman of Ok Tedi Mining, Ross Garnaut) will be no longer welcome in this country until BHP surrenders control of PNG Sustainable Development Program to the government and people of PNG." The mine -- which provides almost 20 per cent of the government's income, more than \$500 million a year -- is owned 63.4 per cent by PNGSDP, a trust established by BHP Billiton when it quit the mine a decade ago, 24.4 per cent by the PNG national government, and 12.2 per cent by the government of Western province, where the mine is located. Mr O'Neill wants BHP to give up any residual say in matters relating to the revenues, via the constitution under which PNGSDP operates. He and former prime minister Mekere Morauta, who presided over the legislation through which the mine's new structure was created, and who has now succeeded Professor Garnaut as chairman of OTML and PNGSDP, have been trading arguments through paid advertisements in PNG's newspapers.

Mr O'Neill -- who also attacked The Sydney Morning Herald's finance columnist Michael Pascoe for what he called "a truly bizarre justification for BHP's past and current roles" -- said "new management at BHP in the period prior to 2002 wanted to close the mine because of its appalling environmental and social damage history, and because that history was attracting the most adverse regional and international media attention". He said BHP insisted, and the Morauta government approved, that PNGSDP's funding be managed via Singapore, "denying PNG significant taxation and other revenue". "That was a vote of no confidence in PNG and was a reflection of the colonial-era mentality that existed in BHP then, and clearly exists in BHP Billiton today," Mr O'Neill said. The PNG parliament, he says, gave BHP immunity from prosecution that almost certainly spared it and its partners costly legal proceeding and compensatory payouts that may have run into billions of kina. "The campaign by vested interests and their barrackers to portray the government's commitments as being dangerous, and worse, will not succeed," Mr O'Neill said.

He has threatened that unless the ownership terms change, his government will not renew the mine's leases and will force it to close, with the prospect of a new owner being brought in. Sir Mekere has responded that when told by BHP in 2001 that it wanted to close the mine, his government carefully balanced "the environmental impact against the economic and social importance of the mine at that time", when "PNG stood on the brink of financial collapse after several years of gross mismanagement of the nation's public finances". "Closing the mine would have had truly disastrous consequences for the country and the people of Western province," Sir Mekere said. The creation of PNGSDP, he said, aimed to ensure that dividends from the mine would "be used wisely, independently, transparently and accountably", and to provide income for the people of Western province. This structure "has stood the test of time", he said, and BHP now "has no involvement whatsoever in PNGSDP" or the mine.

O'Neill: Taxes have to be fair

The National, 16th April 2013

By GYNNIE KERO

TAXES and charges imposed on the resource sector have to be fair to resource companies, landowners and citizens, says Prime Minister Peter O'Neill. He said a panel of experts would be reviewing the taxation system, including a comprehensive review of the mining, oil and gas sectors' taxes and charges. "This is one of the most important reviews we have undertaken since Independence," he

said. “I hope the members of the business councils will take the opportunity to contribute constructively to this process. “It is also part of the government’s commitment last year to ensure the country’s economy lifted and encourage competition among export industry.” O’Neill said infrastructure was a huge challenge for the government, the people and stakeholders. “But it is also a budget that makes a real medium term commitment to spending on economic infrastructure.

“The challenge is actually on how we deliver these massive spending commitments to the nation. “By decentralising, devolving, decision-making and resources to agencies closest to the people, the country can get better outcomes. “We simply cannot continue the wait-and-see approach that has placed us in our current state of affairs – a collapsing education system, poor health care, increasing lawlessness and certainly aging infrastructure.” In the 2013 budget, the government planned to borrow within the guidelines set under the Fiscal Responsibility Act, with a certainty of increase in revenue in the medium term. “We must get the balance right – and we must get an outcome where all stakeholders are happy. “The national interest must come first. We must secure a long-term investment model in our resource sector that is sustainable and meets the expectations of our people,” O’Neill said.

Gold Anomaly now sole owners of Crater Mountain project Post-Courier 16.4.2013

GOLD Anomaly (ASX: GOA) has inked a deal with Triple Plate Junction (AIM: TPJ) and Celtic Minerals (CNSX-CWE) to acquire the remaining interest in the Crater Mountain Project in Papua New Guinea, giving Gold Anomaly sole ownership of the project. The company currently holds a 90 percent interest in the project through its PNG subsidiary Anomaly. Gold Anomaly will acquire Triple Plate Junction’s 8 percent interest and Celtic Minerals 2 percent interest for A\$200,000 and \$50,000 respectively. The move to full ownership of Crater Mountain will facilitate ease of administering and running the project, as well as making the project more attractive to potential joint venture partners. The Crater Mountain Gold and Copper Project is Gold Anomaly’s flagship project, which is located in the Eastern Highlands of PNG, near the eastern end of the New Guinea Orogen geological province. The New Guinea Orogen hosts a number of world class copper-gold deposits, including the world’s largest copper-gold mine at Grasberg in Indonesia’s Papua Province.

Crater Mountain hosts an Inferred Resource of 790,000 ounces gold within the Mixing Zone. The High Grade Zone has been identified as an area where small scale mining of some 100,000 ounces of gold could be undertaken. Gold Anomaly is in the process of raising \$6.9 million in a fully underwritten rights issue which will leave the company fully funded to continue the ongoing exploration and potential trial mining of the Crater Mountain Project’s High Grade Zone. The company also secured a \$1.5 million loan from major shareholder FreeFire Technology (23 percent), which is also the underwriter of the rights issue. The funds will be used to arrange the required regulatory approvals, develop an exploration audit and commence small scale production at the High Grade Zone with the view to commencing full scale production. The cash flow generated from the small scale production at the High Grade Zone is planned to finance ongoing Mixing Zone drilling and exploration at Crater Mountain.

Le Grande Heist: Why Kumul Holdings aint Temasek?

Martyn Namorong, The Namorong Report, 12 April 2013

Some of my friends have described the distribution of shares in Kumul Holdings into the hands of several former Prime Ministers as a Grand Heist. Others have described Kumul Holdings as being modelled around the Singapore Government’s business arm – Temasek. Temasek owns various Singapore government assets including SingTel and Singapore Airlines. Whilst Temasek has projected

Singaporean economic power beyond its boundaries, Kumul Holdings is bound to be an oversize failure like the Independent Public Business Commission (IPBC) and its sorry cousin Petromin. Both IPBC and Petromin are chronic sufferers of the scourge of political interference that has prevented them from making sound business decisions. Whilst they both have served their political masters well, this has been at great loss to their commercial interests.

Petromin's acquisition of Tolukuma was a political decision and not a commercial one. Today Tolukuma has halted production for a couple of weeks and still carries significant litigation risks associated with environmental damages caused by its previous operator. You can draw your conclusions about how the government will run Ok Tedi if it takes over that mine. It amazes me that many people have been taken by surprise with regard to the announcement of Kumul Holdings. So let me set some context for all you mere mortals. When O'Neill began threatening to take-over Ok Tedi, the obvious question that arose was –how? Firstly, he could “nationalize” the mine (which is unlikely because of the spill over effects on those who have invested big or intend too). Secondly, he could ask BHP to hand over PNGSDP (BHP aint handing over its interest). Finally, he could get a Chinese loan to buy out PNGSDP's interest in Ok Tedi.

If O'Neill were to buy Ok Tedi, he'd need a massive loan. Ok Tedi Mining Limited (OTML) is worth about K3 billion and PNGSDP's interest in the mine is around 63.4 %. Whilst current mine life is extended for 10 years (2015-2025), the mine could potentially operate for another 50 years with ore brought in from nearby sources. What O'Neill had good fortune of is that the some of the creators of IPBC and Petromin are Ministers in his cabinet. It was only a matter of time before they re-arrange state assets into the IPBC-Petromin model aka the creation of Kumul Holdings. With the consolidation of state assets, those which aren't already mortgaged for the PNG Liquefied Natural Gas (LNG) project will now perhaps be mortgaged to buy out Ok Tedi. The Big Winners out of this little adventure by the boys in Parliament is that the Banks will end up owning every PNG Government asset and perhaps own the country.

So what have Papua New Guinea's predatory elite have to gain from fiddling around with state assets? If they're not directly dipping their sticky fingers into these State-owned honey-pots, the predatory elite are laughing all the way to the bank with fat supply contracts. I suspect that many would love to get their hands on the services contracts from Ok Tedi, once they buy out the mine. It would be interesting to find out if any current politician has an interest in the services contracts at the unprofitable state-owned Tolukuma mine. A Marxist friend of mine, who disagreed with me over my opposition to PNG politicians controlling Ok Tedi, said that it was okay for a *National Bourgeois* to control such economic assets. Some people and blogs have framed this as economic independence.

But let's face it, when Telikom and BMobile had a monopoly, we had some form of economic independence during which many ordinary Papua New Guineans suffered from the high cost of communications. PNG's predatory elite have shown themselves to be self-serving since independence in 1975. Unlike Temasek, Kumul Holdings and the take-over of Ok Tedi, aren't as a result of some ideal or national interest matter rather, the current moves are engineered by PNG's predatory elite for their own self gain. The other obvious question that now hangs in the air is that what becomes of PNG's Sovereign Wealth Fund. Board appointments for the SWF are due later this year and it seems unclear what impacts Kumul Holdings will have on the SWF.

Ex-Prime Minister hails 'success' of Ok Tedi, PNG trust fund

ABC Radio Australia, 12 April 2013, Jemima Garrett, Port Moresby

Papua New Guinea's former prime minister says the Ok Tedi copper mine and its billion-dollar trust fund has been a unique success story.

Papua New Guinea's former prime minister says the management of the Ok Tedi copper mine and its \$US1.4 billion trust fund for the people of PNG has been a unique success story. Sir Mekere Morauta has published an eight-page defence of Ok Tedi and the trust fund in the PNG Post Courier. His defence comes after Prime Minister Peter O'Neill accused the mine's former owner, BHP Billiton, of having secret arrangements to maintain its influence. Mr O'Neill has vowed to bring the independent trust fund, known as the PNG Sustainable Development Program (PNGSDP), under government control. But critics have raised concerns about PNG's record on keeping such funds safe from corruption and mismanagement. Sir Mekere is the chairman of both Ok Tedi Mining Ltd and PNGSDP, which is its majority shareholder. He has mounted his defence by publishing 11 years of financial accounts. Sir Mekere says PNGSDP has shown, for the first time, a successful way to save the proceeds of mining for future generations, proving it is a unique and valuable organisation. He has denied any secret arrangements with BHP Billiton.

\$4.2 Billion Missing From PNG Trust Accounts, Minister Alleges

Awesa seeks investigation, fears losing LNG money in the future

PORT MORESBY, Papua New Guinea (The National, April 12, 2013) – A Minister last night revealed that K9 billion [US\$4.2 billion] appears to have disappeared from government-held trust accounts between 2007 and 2011. Works and Implementation Minister Francis Awesa said much of the money could have been applied to urgent infrastructure projects around the country. Awesa said an investigation must be conducted and quickly to uncover where the money had disappeared to. "Some K9 billion is missing in trust accounts," Awesa said. "Nobody can account for it. There are no records to verify how the funds were used. "When my money from the LNG project comes in 2015, I don't want the same thing to happen. "We have missed out big whenever we took in big windfalls from major projects. I want to address issues of infrastructure," he said. The minister made the same remarks when he addressed a gathering in Wabag, Enga, last Friday. Last night Awesa said: "We seem to be forgiving and forgetting all the time even though we talk forever about corruption."

In his own area, he said he had uncovered instances where companies and individuals had been double dipping in contracts. He said if a donor funded a project, companies that won contracts would collect money from the donor and then go to treasury or finance departments with the same claim and, using their cohorts within the system, would extract payment and he would not tolerate such actions. A few companies and individuals would be made an example as soon as his own investigations were complete, he said. Awesa said the government would not relax its push to expose people abusing public funds. "The government is trying to change the attitude of leaders, including senior public servants, who abuse their authority and apply public funds for their personal gains. They will pay their price dearly." Awesa has directed acting works secretary David Werh to ensure contracts, mainly on construction, were awarded to companies with good track records. He said he would travel around the country to ensure that projects worth millions of kina were carried out properly so that people in rural areas would benefit.

Ramu NiCo: MRM impressed with project

Post-Courier 12.4.2013

THE BOARD of Directors of the Mineral Resources Madang (MRM), a subsidiary of the Mineral Resources Development Corporation (MRDC) in the multi-billion Kina Ramu NiCo Project is impressed with the ongoing production of the only nickel and cobalt project in the country. Imbi Tagune, clients and administration general manager of MRDC representing the Board of Directors (BOD) said despite all the technical problems and challenges faced, it is relieving to see that opti-

misation issues are identified and are being addressed and the management is optimistic to overcome them and deliver the project in its full production capacity soon. MRDC represents the project landowners in the country and also a partner in the Ramu NiCo Project and manages the 2.5 percent equity set aside for the project landowners. “We want to understand the project and ensure it is economically viable sooner.” “As a joint venture partner, we fully understand the difficult situation Ramu NiCo faces at the moment in finding both short and long term solutions for the long term benefits for all stakeholders, importantly the landowners,” Mr Tagune said.

Mr Tagune said this during a brief visit by the MRM BOD comprising the Chairman of MRM and KBK landowners’ association chairman, Mathew Denguo with directors of MRM including Lima Mullung, Chairman of Basamuk Landowners Association, Peter Tai, chairman of Maigari Landowners Association and Steven Saud, Chairman of Coastal Pipeline landowners association. Carter Oiee, Coordinator of Ramu project from MRA, Joe Tayman, Technical Manager from MRDC, Kini Renagi from MRDC, former ambassador to China and current First Secretary to the Ministry of Mining Max Ray also accompanied the directors on Wednesday April 10 on a day familiarization trip to Basamuk Refinery. Mr Tagune assured Ramu NiCo Management that the visit was part of MRM comprising of landowner association chairmen to understand the Project as business partners to assist and support the Project and not as landowners.

Ramu NiCo’s Chief Operating Officer Mr Gao Yongxue, his assistant Mr Wang Baowen, Deputy General Manager of Basamuk Refinery Mr Wang Jun, Basamuk Safety Manager Mr Douglas Turner, Assurance Manager of Basamuk Refinery Mr Graham Gerrard and Training Manager Mr Jeffers Heptol were present to welcome the delegation. Mr Gao welcomed the delegation and briefly introduced the Project update. “We are currently operating around 30 percent of our designed capacity and we are working hard to address the technical challenges and implement process optimizations to improve the capacity,” Mr Gao said. But he assured the directors that the company is committed to the project and will continuously commit resources to achieve the optimisations and at the same time train and equip its work force to ensure the project reaches its full designed capacity in the near future.

Following the safety presentation by Mr Heptol, the delegation was taken on a guided tour of the refinery where they visited the important components including the central control room, high pressure acid leaching trains (HPAL), new acid plant, production and packaging plant and others. Mr Wang Baowen, assistant to the Chief Operating Officer later exchanged ideas and answered queries from the delegation on areas including production, product export, community development activities and others. Later in Madang, the Board Members met with the Director and Executive Vice President of Ramu NiCo, Mr Gu Yuxiang and were presented the project’s financial model covering expected revenue, expenditure, levy and royalty components and other financial models. Mr Tagune thanked Ramu NiCo’s management for allowing them to visit the Refinery and the presentation on the Project update and financial model.

Cooks seabed minerals attracts Chinese

PACNEWS, 11/04/2013, Cook Islands

A five member team from China is due to arrive in the Cook Islands this week to explore whether it's worth investing in the country's seabed mineral resources. The China Ocean Mineral Resources Association is also visiting Fiji and Samoa to check out theirs. The Cook Islands Seabed Minerals Authority (SMA) has put out international tenders of exploration blocks and the Chinese want to examine whether the country and Government is stable. SMA Commissioner Paul Lynch told Cook Islands News that it will not necessarily accept the highest tender but will look at other things such as environmental impact and equipment. Also in Rarotonga are top officials from the Pacific Islands

Applied Geoscience Commission which has been helping the Cook Islands with its deep sea mineral regulations.

PNG investments boost growths in Pacific region

The National, 11th April, 2013

THE Pacific was the fastest growing sub region in 2012, with natural resource investments in Papua New Guinea boosting the overall growth rate to 7.3%. Asian Development Bank said this when it released its annual Asian Development Outlook (ADO) revealing a varied picture for the economies of the Pacific region. According to the ADO, Pacific economic growth will be slowing in 2013 from its rapid pace last year. Growth in the Pacific is expected to slow to 5.2% in 2013 before rising slightly to 5.5% in 2014. It says a fall in growth in PNG is a significant development for the region as a whole, and some of the smaller economies are slowing down. The report stated that government spending is said to be the main engine of growth in Fiji and Solomon Islands has to look for alternatives outside logging. As for PNG, until the completion of construction on the PNG LNG project, the country should expect slower economic activity until gas exports commence at the end of 2014. Timor-Leste will continue its double-digit growth led by oil and gas. The growth outlook for the rest of the subregion is mixed. Inflation in the Pacific is expected to increase to 6.1% in 2013 and 6.3% in 2014 from 5.3% in 2012, despite forecast softness in international food and fuel prices. Again, developments are largely driven by PNG, where inflation is forecast to rise in both 2013 and 2014 on high government spending and rising local prices for imports.

Ok Tedi mine landowners back O'Neill

Post-Courier 11.4.2013

Ok Tedi mine pit landowners of Mt Fubilan have expressed their unequivocal support for Prime Minister Peter O'Neill in taking a hardline approach towards the wrongs committed by BHP. The landowners urged Mr O'Neill to get to the bottom of the whole saga, including returning millions of kina of mine proceeds stashed away in Singapore for the benefit of future generations back to PNG. Mine pit principal landowner and chief Kambomyap Allolim of Savonam village said he would seek an audience with Mr O'Neill soon in Port Moresby to formally thank him for his boldness and courage in standing up to BHP's bullying tactics. Chief Kambomyap said unlike others around the country that normally resorted to the extremes to claim benefits and other compensation packages from the development of their resources, he believed that one day God would enable him and his people to rightfully benefit through recognition by the O'Neill Government. "I am so grateful that our Prime Minister is taking on a corporate giant like BHP and trying to clean up the mess left by the developer," chief Kambomyap said. "Mr O'Neill has my full support and the backing of all the mine pit landowners in fighting for what is right," he said.

The principal landowner questioned the justification by Ok Tedi Development Foundation to buy aircrafts and boats and also disbursements of millions of by PNG Sustainable Development Program for various projects in the guise of development when he and his people continued to suffer. Another landowner and secretary for mine pit landowner group, Kimka Sepiyan Sub-Tribe Incorporated Land Group, John Clement, said his only wish was for roads to be built to link all outlying areas within the mine vicinity. "All major Government services such as roads, health centres and schools are lacking and that has been the cry of our people for many years," Mr Clement said. "So what is the point of having one of the world's biggest mines and the country's top revenue earner operating at your doorstep when there is literally nothing to show for its existence?" The landowners said they were very concerned that State entities such as Mineral Resources Authority and Mineral Resources Development Company continued to fail in their responsibilities by recognising the legitimate landowners of Ok Tedi mine area.

“We call on the Prime Minister and the Minister for Mining to give directives to these entities to settle our outstanding royalties as per the various court orders starting from the Local Land Court which ruled in favour of KSSLGI and importantly, a previous legal clearance by the Office of the State Solicitor for OTML and the State to settle all outstanding royalties for the group,” the landowners said in a press statement. An impasse between disputing parties which has seen royalty payments being withheld since the mid 1980s has been cleared, and chief Kambomyap was recently declared as the legitimate chairman of the mine pit landowner group. The landowners are therefore seeking advice from both State Solicitor and Attorney-General for an urgent legal clarification before a deed of release can be issued for payment of the outstanding royalties that they expect to run into hundreds of millions of kina, if backdated to 1976 when the mine began operations. There are currently six CMCAs for the six geographical areas within the impact area of the Ok Tedi mine. They include Ok Tedi mine area, Tabubil –Kiunga Highway area, Upper Ok Tedi River area, Lower Ok Tedi River area, Middle Fly River area and the South Fly River communities who had signed agreements with OTML that benefit from the mine. The mine landowners say it was highly regrettable that the State, through the previous government and OTML, had misled the mine-impacted communities into signing the CMCAs without properly understanding the full implications. “The continual denial and counterclaims by OTML through the media ... concerning claims of environmental damage caused to the environment in the early 1990s are classic examples of the developer’s ignorance and defiance,” the landowners said.

EITI: Declare payments!

Post-Courier 11.4.2013

By ISAAC NICHOLAS

MINING and petroleum companies will be required to disclose revenue payments they make to the national government, Treasurer Don Polye announced yesterday. Similarly, the government will also disclose receipts of such payments to the people to encourage transparency of revenues generated from the extraction of natural resources in Papua New Guinea, he said. Minister Polye said the National Executive Council has endorsed Papua New Guinea’s intention to sign the Extraction Industries Transparency Initiative (EIT) as part of the O’Neill-Dion government’s on-going commitment to fight corruption. “This places information regarding sector-specific taxes and revenues in the public domain thereby empowering stakeholders to ensure accountability in financial transaction between government and extractive industry companies,” he said. “We want to see transparency in how much proceeds that the government or the State earns through the mining and petroleum sector.

“At the same time, we would like to see transparency in the transaction of those proceeds from the businesses that engage in the extractive industry to the government. “The public has the right to know how much money we are getting from the extractive industry that the government uses to develop infrastructure and other social services on the ground. “And on behalf of the people, the government has the right to know how much is actually coming out and the transactions involved in terms of the proceeds we get from those areas. “I have also announced a review on the taxation regime in PNG and the initial stage of the work has started. We have not, as a nation, done proper auditing on the mineral sector and the strongly emerging petroleum sector.”

Minister Polye said PNG now, as part of the EITI initiative, will now be in a position to seeing a lot of transparency and also knowing what is going on in terms of resources development in the country. “The initiative will be championed by me as the Treasurer while its implementation will be led by the department of Treasury,” Mr Polye said. “With this unequivocal declaration, the government commits to working in a meaningful and constructive way with the extractive industry participants and civil society organisations to implement the initiative in PNG.” The leader of THE Party and

Kandep MP said the government will be inviting all stakeholders to formalise a Multi Stakeholder Group (MSG) to oversee the implementation of EITI in PNG.

Simberi project meeting starts

The National, 11th April, 2013

A MEETING between the state and parties to the Simberi Mining Project started yesterday in Kavieng to review the project's memorandum of agreement (MoA). Issues to be discussed by the parties include benefit streams, infrastructure development, special support grants and royalties. High on the agenda for review will be each party's undertakings which they committed to in the initial which was agreed to in 1996. The government led by the Mineral Resources Authority aimed to review the rest of the mining projects MoA this year except the Hidden Valley mine whose MoA was review recently. MRA project coordinator for Simberi Mine Wesley Doria said the government was ready to lead the discussions and hoped that the forum would find ways forward to achieve a win-win situation for all parties. He said the government wished to ensure that all parties were happy with the outcomes so that the project could continue to produce benefits. Doria added that agreements that were still to be reviewed or are in the process of being reviewed are Ramu nickel, Lihir, Porgera, Sinivit, Tolukuma and Ok Tedi. Simberi Mining company general manager Peter Du Plessis shared similar sentiments adding that the review had taken a while to be conducted and that the company was prepared to ensure that all parties were happy particularly the landowners.

Gau: Ramu Nickel must not use Lae port

Post-Courier 11.4.2013

By *KOLOPU WAIMA*

RAICOAST MP James Gau has urged the management of Ramu Nickel Company (MCC) not to transport chromite from Kurumbukari in Raicost to Lae wharf for export. Mr Gau told a press conference yesterday that he was backing the call made by Madang deputy governor Bob Wati for MCC to stop transporting chromite from Kurumbukari to Lae. Mr Gau said any resources that were developed in Madang and or any other province for that matter, must have return on benefits through internal revenue sources and community services obligations through socio-economic development programs. He said it was unfair and an injustice to the people of Madang to have the shipments done in Lae. "How can Madang, especially Raicoast where the refinery is located, benefit?" he asked. The Raicoast MP said that experiences had shown that Madang had missed out on various internal revenue sources and that they did not want this to continue. Mr Gau pointed out that Raicoast had a world class and state-of-the art wharf facilities built by MCC purposely for the Ramu Nickel project and the company must use this facility instead of the Lae wharf. "Why constructing this international wharf here in Basamuk and then ship our resources out of Lae?" Mr Gau asked. He said that memorandum of understanding on the project was yet to be reviewed and the issue would be raised at the appropriate time. He said that the Ramu NiCo management Ltd had to work in partnership with all the stakeholders for all to benefit.

Cook Islands Could See \$170 Million From Deep Sea Mining

'Tremendous potential' of Cooks' seabed resources in 'early days'

WELLINGTON, New Zealand (Radio New Zealand International, April 9, 2013) – The Cook Islands Seabed Minerals Authority says the government could generate about US\$170 million from deep sea mining. This follows a report into the country's mineral resource by a London-based professor of marine geochemistry, Professor David Cronan. The findings reveal there are ten billion tons of nodules in the Cook Islands exclusive economic zone, including larger than expected quanti-

ties of cobalt, nickel and copper. A minerals and natural resources advisor from the Seabed Minerals Authority, Darryl Thorburn, says there is tremendous potential for seabed mining in the Cooks, but it is early days. "The technology has to be developed. As it's being developed, China government research centres are looking at it. The same thing for Korea, Japan and India. "Darryl Thorburn says he expects deep sea mining in the Cook Islands to be launched in about seven years.

Bougainville Copper set to re-open Panguna mine

Post-Courier 9.4.2013

By *PAEOPE OVASURU*

BOUGAINVILLE Copper Limited (BCL) announced yesterday that it is ready to re-open the Panguna mine in Bougainville at its annual general meeting (AGM). The company has estimated that it will cost about K11 million to start-up the mine and it will take about six years to start production. According to chairman, Peter Taylor, BCL conducted an Order of Magnitude Study (OMS) last year and the key findings revealed that the project is economically viable, based on key assumptions of mining up to 100 million tonnes of copper per year and processing up to 60 million tonnes of ore per year. "The capital cost is high at \$US5.2 million (K11 million) and it has been assumed that most mine site facilities will need to be replaced," Mr Taylor said in his opening statement. He said the study considered a wider range of development and production options, including higher mining and processing rates, alternative power, infrastructure and tailings options.

"I emphasise the study has a degree of accuracy of positive or negative 30 per cent and is not a substitute for the feasibility study that will be needed to support redevelopment," he said. He said the mine has the potential to process 60 million tonnes of ore per annum, a similar rate that it achieved prior to the mine being suspended. "The project is very dependent on copper and gold prices. Lower metal prices may still be economically viable but the cut off grade would have to rise and the size of the resources would reduce, as would mine life," Mr Taylor said. He said the study revealed that the mine life would be approximately 24 years. Mr Taylor also said although the study was based on particular assumptions and infrastructure, there are many choices and final decisions that have to be made. "The study assumes a workforce of approximately 2500 direct employees," he said.

"These options will be given more detailed attention at the appropriate time and in consultation with government regulators and landowners," he added. He said the purpose of the study was to determine the technical and financial feasibility of redeveloping the Panguna operation. The study does not address landowner, community, the Autonomous Bougainville Government (ABG) and the PNG government's issues and considerations, Mr Taylor said. He said the relationship between ABG and BCL was cordial and engaged. "President Momis maintains his support for the reopening of the mine," Mr Taylor said. A series of regional forums are being held across Bougainville to allow all stakeholders to discuss the re-opening of the Panguna mine. Meanwhile, Dame Carol Kidu was voted to the board of directors of BCL yesterday.

Misima: Mine issues irk Governor

Post-Courier 9.4.2013

MILNE Bay Governor Titus Philemon has rejected suggestions in the media that the Milne Bay Provincial Government is to blame for the problems left behind on Misima Island after the closure of the Misima mine over a decade ago. While acknowledging the new push by the O'Neill-Dion Government to change the landscape in benefits of resource developments to give more equity to resource owners, Governor Philemon said consideration must be given to empower the provincial governments and resource owners to have more or direct say on those benefits. He said the comments attributed to Commerce, Trade and Industry Minister Richard Maru must be put into its proper perspective. It is the National Government and not the Milne Bay Provincial Government that

made decisions on issues like Mines closure and Rehabilitation plans. He said the Milne Bay Provincial Government, like the landowners, were the supposed beneficiaries to the various development and benefits agreements.

“We were mere beneficiaries. The decisions on equity, taxes and royalties over the life of the mine and the Mine Closure and Rehabilitation were made by the National Government. The blame for the failures and problems must be placed on past governments,” he said. Mr Philemon said his Government was now grappling with issues relating to the Misima Rehabilitation Fund and the equities held for the resource owners in trust accounts and also sale of shares in various investments. “The landowner associations have not resolved their differences despite court directions last year for them to resolve the issues through mediation process,” he said, adding that only last month, he had directed the two disputing factions of the Misima Towhoho Siun Association to resolve their differences.

Chevron Considering Possible Operations In West Papua

Nearly \$7 billion reportedly invested into exploration rights

WELLINGTON, New Zealand (Radio New Zealand International, April 8, 2013) – The U.S.-based energy multinational Chevron is hopeful of beginning drilling for oil and gas in West Papua after completing a seismic survey of two exploration blocks in the eastern Indonesian province. The Jakarta Post reports that Chevron aims to review the results of the survey as soon as possible before deciding when it could start drilling. The leading crude oil producer in Indonesia, Chevron holds a 51 percent operating interest in the two West Papua exploration blocks in Kaimana and Fakfak. The remaining interest is held by British corporation BP, which currently operates the massive Tangguh gas project in Teluk Bintuni, West Papua. According to data from the Energy and Mineral Resources Ministry, Chevron has invested almost US\$7 billion into its West Papua interests since winning exploration rights for the two blocks in 2008.

Ok Tedi: O’Neill commended for decision on mine

Post-Courier 8.4.2013

By *DAVID MURI*

The Resource Owners Federation of Papua New Guinea has praised and congratulated Prime Minister Peter O’Neill for his bold decision to take full control of the PNG Sustainable Development Program and the Ok Tedi Mine. The federation’s president Jonathan Paraia said it was a right move in the right direction to save the country. He said BHP had surrendered ownership of the Ok Tedi Mine but kept on running the affairs of the multi-billion kina PNG Sustainable Development Program. “The federation finds it difficult to understand, why BHP had continued to be in control of PNG Sustainable Limited and consequently the OK Tedi mine after relinquishing its ownership of the mine,” Mr Paraia said. He said any Prime Minister would be astounded after being told all these years that BHP had relinquished its ownership, therefore control of the mine, only to find a decade later it never left Ok Tedi at all. “We do ask the Prime Minister to ensure that the funds are managed by an independent institution established by law for the benefit of those affected by the mine firstly, secondly the Western Province and then the rest of the country, in that particular order,” Mr Paraia concluded. Last week, Mr O’Neill had a feature on this issue.

Wafi: Farmers urged to grow for mine

Post-Courier 8.4.2013

By *OSEAH PHILEMON*

MOROBE farmers have been called on to produce quality fruits and vegetables for the giant Wafi

gold and copper mine in their province. Strategic adviser Bernard Maladina who is advising Morobe politicians Gisuwat Siniwin (Nawaeb) and Bob Dadae (Kabwum) on the future markets for their people's agriculture produce told a meeting at Bandong in the Boana area of the Nawaeb District that discussions are being held with the Morobe Mining Joint Venture (MMJV) to look at buying local produce. The Bandong meeting was also attended by the two MPs and the Minister for Commerce, Trade and Industry Richard Maru. Mr Maladina said discussions were underway with rice importer Trukai Industries to lease part of a land owned by the company at Erap near Nadzab Airport to establish a fresh food depot to buy, process and package locally produced fruits and vegetables for the Wafi mine.

He urged the farmers not to wait for outsiders to come and sell their produce to the giant mine that is right at their door step. Mr Maladina said in 2011 Australian producers exported to resource companies in Papua New Guinea fruits and vegetables worth around \$A15 million. "This is money that our farmers should be earning and we have missed the opportunity," Mr Maladina told the Boana farmers. "We need farmers from all parts of Morobe to bring their fresh fruits and vegetables to the depot. The depot belongs to you as landowners. "Wafi mine should be buying your fruits and vegetables. But you must stand up and grow the produce first," Mr Maladina said. Meanwhile Mr Siniwin and Mr Dadae called on the Morobe Provincial Government to demonstrate leadership in helping the village farmers to produce the best quality produce to sell to the mine.

"We have qualified agriculture experts in the provincial government and we need them to come out and help the people. People need advice on how to produce the standard and quality of food products from their gardens for the mine. "Our little farmers can do it but they need government support and advice on the standards required by the mine," Mr Siniwin said. Mr Dadae said it is time for Morobe farmers to grab the opportunity now before them to earn better money for themselves. "Morobe can produce every kilogram of vegetable needed in the mess at Wafi. It is time for us politicians to wake up and help our people raise their standard of living," Mr Dadae said. Mr Dadae and Mr Siniwin said the mine must buy all its fruits and vegetables from Morobe farmers. But both agree the local farmers must produce quality vegetables and fruits that meet international quality standards acceptable to the Wafi mine. Said Mr Dadae: "The mine cannot simply buy anything from our farmers. We must produce the very best that meet their requirements." Mr Siniwin agreed with Mr Dadae.

Government moots 2% equity increase

By OSEAH PHILEMON

Post-Courier 8.4.2013

THE government is seriously considering lifting the two percent equity for landowners in resource projects to five percent. Commerce, Trade and Industry Minister Richard Maru told Lower Watut villagers in Morobe province on Friday who are also landowners of the upcoming giant world class Wafi-Golpu gold and copper mine in the Morobe Province that the two percent equity currently provided under the Mining Act was "lousy." Mr Maru said several key ministers in the economic sector as well as Prime Minister Peter O'Neill were already discussing the need to amend the mining law to give landowners a better deal in the development of resources they traditionally own. He indicated that this would happen sooner rather than later. Mr Maru also told the people of Lower Watut that he was calling a meeting shortly to discuss the need to enact a Local Content Act to protect the interests of landowners in spin-off businesses in the resource sector. He said the new law would set the standard for landowner businesses in all resource projects throughout PNG and ensured landowners are fully engaged with spin-off businesses from the start of any project.

Later at Bandong primary school in the Boana area of Nawaeb district, Mr Maru indicated he would soon be introducing legislation to reserve the running of trade stores exclusively for Papua New

Guineans. He said the new law would stop outsiders running trade stores in PNG. In lending his support for landowner participation in resource development businesses, Mr Maru also warned that all landowner companies must have properly-established boards run by highly-qualified professional people who would protect the interests of the landowners. He said the government would consider seed funding to help landowner companies only after they show sound governance structures and membership comprising high calibre professionals who will protect the interests of the landowners. Mr Maru was at Tsilitsili station where he met Lower Watut landowners and discussed their interests in the Wafi mine, as well as look at their co-operative society which is heavily involved with cocoa growing.

Morobe Mining Joint Venturers (MMJV) has given a lot of support to the Lower Watut landowners to go into cocoa growing to improve their cash income opportunities. Mr Maru commended the company for the initiative it has taken to help the village people and appealed to the people to ensure they grow the best cocoa. The Minister announced that his department would fly a group of cocoa farming leaders from the area to East New Britain Province to look at the success story of Tolais in cocoa farming. He told the Watut people the government wanted to ensure that landowners have a good life long after the life of any mine in the country. He said the sad tale of the Misima mine in the Milne Bay Province must never be repeated in the country. He said the mine had left behind nothing but a "big hole" for the Misima people.

Prime Minister says government to revamp all SOEs
By ISAAC NICHOLAS

Post-Courier 8.4.2013

Prime Minister Peter O'Neill has announced the government's major policy reform in restructuring all State investments in petroleum and mining assets, and other state owned enterprises in the country. "Our history is littered with all the missed opportunities. That's not something to be proud of. In many cases we have been promoting inefficiencies in many of those businesses," Mr O'Neill said. "We have been trying to run it like a public service machinery when in fact it should be run like a business; and many organisations have been overlapping each other trying to do the same thing under different organisations, thereby creating inefficiencies as a result. "The government it its wisdom has come up with a major review of the policies of government being in business and at the same time how it manages those businesses," the PM said. Mr O'Neill said the government has approved a Kumul structure which is now being developed with three major business arms: Kumul Petroleum, Kumul Mining and Kumul Holdings. Under the restructure, Petromin PNG Holdings Limited (Petromin) and Independent Public Business Corporation (IPBC) will be wound up and their assets and interests transferred to the new Kumul structure to be set up.

All mining assets and interests for the State will be transferred to a new entity known as Kumul Mining Holding Limited (KMHL). This includes the State's interests in Bougainville Copper Limited (BCL), the Ok Tedi Mining Limited, and the State's interest in Ramu Nickel project, currently held by Mineral Resources Development Corporation (MRDC). Also to be transferred to KMHL are the State's interests in Tolukuma Mines, which are currently held by Petromin. All petroleum asset and interests owned by the State will be transferred to an entity known as Kumul Petroleum Holding Limited (KPHL). This includes the State's interest (16.575%) in the PNG LNG project currently held by Kroton, a subsidiary of IPBC; 0.2% interest in the PNG LNG project held through a Petromin subsidiary called Kumul LNG Limited; the State's interest in Eda Oil currently held by Petromin; and exploration licences and other assets/interests held by Petromin. The IPBC will be wound up and all the State owned enterprises will be transferred to a new entity called Kumul Holding Limited. The Prime Minister said the restructure and consolidation of these State-owned assets are necessary to remove inefficiencies and duplication and overlapping of participation. "The State's posi-

tion is not made any better with duplication and overlapping of participation in the PNG LNG project, with Kroton holding 16.57% in the project, while Petromin holds 0.2%, both for the State.

PNG To Shutter Petromin, State Owned Oil, Mining Corporation

New entities to be established that separate mining, petroleum operations

By Isaac Nicholas

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 5, 2013) – Prime Minister Peter O’Neill will today announce a major government decision to realign all major State corporate entities, including the dismantling of Petromin PNG Holdings. A recent National Executive Council decision 85/2013 approved the repeal of Petromin Act, effectively dismantling Petromin Holdings. A spokesman for the Prime Minister said Mr O’Neill will hold a media conference today to announce details of the NEC decision to restructure State holdings or interests in petroleum and mining assets. “Petromin will be dismantled and all its holdings transferred to the new entities to be set up. The new entities will manage the State’s mining interests separately from the petroleum interests, in line with current global practice which oil and gas majors are pursuing,” the spokesman told the Post-Courier last night. “Since it bought Tolukuma Mines (in Central province), Petromin has suffered losses. It also took up interest in the PNG LNG project (0.2 percent) on behalf of the State, which already has 16.5 percent equity through Kroton.”

The spokesman said the duplication and overlapping of participation only creates confusion and dilemma. The restructure will remove this scenario, and create more focus beneficial to the State. Petromin was set up by the Somare government. Joshua Kalinoe has resigned as CEO of Petromin on his own accord and staff of Petromin will be deployed to the new entity. The short response from the Prime Minister’s office follows reports by PNGIndustryNews.net that Petromin Holdings Limited has been disbanded, with its mining and petroleum assets transferred to two other state owned companies and Petromin’s long-standing managing director and chief executive officer Mr Kalinoe has tendered his resignation. A Petromin spokesman confirmed to PNGIndustryNews.net that Mr Joshua Kalinoe had resigned effective April 4. The spokesman said Petromin’s mining and mineral exploration assets would go to a new State-owned entity, Kumul Minerals, while its petroleum assets would go to a separate but similarly named Kumul Petroleum.

The spokesman said the changes made all of Petromin’s staff redundant, but there were opportunities for its staff to go to the two new companies. With discussions ongoing, he said legislation had to be amended and the administrative side of things was being looked into. One administrative issue is what will happen with the modern offices of Petromin Haus at Boroko in NCD. The spokesman’s hunch is that the “petroleum guys might get a different building”. Another issue is what will happen to the strategic alliance struck by Royal Dutch Shell with Petromin in 2011. On this matter, he suggested PNG to wait and see. “Let’s hope that will continue,” he said. “I’m not sure at this stage how that will evolve.” PNGIndustryNews.net has separately heard that the 16.6 percent stake of the PNG LNG project held by State-owned Independent Public Business Corporation’s National Petroleum Company of PNG (NPCP) might end up under the Kumul Petroleum umbrella, but this is yet to be confirmed.

One source said that former prime ministers were going to be on the board of the holding company of the two Kumul entities while another source said the new structure would have PM O’Neill as the trustee. Former PMs who are part of the O’Neill coalition Government include Grand Chief Sir Michael Somare, Sir Julius Chan and Paias Wingti. Petromin’s existing assets include the Tolukuma Gold Mine and a string of associated exploration licences, a 22.5 percent stake of the Elk-Antelope field underpinning InterOil’s Gulf LNG project, a 0.2 percent stake of the PNG LNG project with an 11.28 percent interest in the central Moran field, plus a series of unproven offshore pet-

roleum prospecting licence applications in northern PNG. Petromin also has a 30 percent stake in Nautilus Minerals' Solwara deep-sea mining project in PNG, with Nautilus claiming it owes more than \$A50 million for its share of development costs so far. Kumul Petroleum is actively recruiting for at least a dozen positions through job advertisements in the local press with the jobs ranging from human resource management to technical roles.

Editorial

More money but where is it going?

Post-Courier 5.4.2013

THE announcement of a major realignment of State entities today by Prime Minister Peter O'Neill has to be a major policy decision by his Government since taking office last year. Reports of the abolishment of Petromin PNG Holdings Limited have been doing the rounds in Waigani in recent weeks, our story today as well as details provided by respected petroleum and energy online portal PNGIndustryNews.net points to discussions taking place at the National Executive Council (NEC) level to that effect. What is the rationale behind the abolishment of Petromin and the realignment of State entities? Will the Government create a new entity to manage the State's interests that Petromin currently oversees in the problem-plagued Tolukuma goldmine, the Elk-Antelope field, the PNG LNG Project and the central Moran field?

The spokesman for the Prime Minister did not give away too much detail in our story today. But the duplication of functions and confusion between the various entities charged with similar roles and responsibilities appears to be one major factor behind the realignment exercise. In fact, if one is to go back in history to research the establishment of Petromin in early 2007, the entity was created in controversial circumstances by the Somare Government. The entity was set up to principally be the State's mining and petroleum holding company by holding equity in the various mineral, oil and gas resources. The sticky point back then was that Petromin was "independent" of the State and were managed by a powerful trio of trustee managers who had veto powers. Consequently, there was criticism that the entity was not subject to public scrutiny.

Now over five years later Petromin has come under scrutiny again and could be on its death bed, depending on how the Government would like to incorporate its roles and responsibilities into the new entity that it intends to replace it with. The decision to realign the State entities also coincides with moves by the Government to have more control over profits that come out from the giant Ok Tedi Mine. Mr O'Neill has indicated that his Government intends to relocate the PNG Sustainable Development Program (PNGSDP) and its monies back to PNG from Singapore. Will the new entity that would take over from Petromin also "manage" the PNGSDP as part of a new management structure that the Government intends to put in place?

We applaud Mr O'Neill's push for Papua New Guineans and specifically landowners to have more say in resource projects such as the Ok Tedi Mine. However, we remain sceptical about the Government's own record in managing public money, and ensuring public funding is channelled to core policy areas that would definitely make a change in the lives of Papua New Guineans. The Ok Tedi Mine reportedly paid over \$500 million in tax last year, how much of that money did the Government access and channel to the appropriate intervention programs that would have benefitted all Papua New Guineans? Past experience shows that having a national purse overflowing with PNG Kina has not necessarily translated to better life for people.

Lihir: Mines women truckies

Post-Courier 5.4.2013

Julie Kenny and Hendriella Suvina are two young Lihirian women who recently graduated from Newcrest's Lihir Gold operations Heavy Equipment Operators (HEO) Training Program. 14 Lihirian women are qualified as haul truck drivers and working at the Lihir Gold operations. The 12 month comprehensive training program includes three phases. The first being the secondment to the various mine departments so trainees can gain an understanding of the mine operations. The second phase involves an intensive supervised segment whereby trainees are guided through the concepts of heavy equipment operations and finally a six month probationary period where trainees operate trucks and undergo weekly assessments to track their progress. This stage also includes heavy vehicle simulator assessments. A Competency Certificate is issued to graduates and validates that they are now fully competent to operate haul trucks in all areas and conditions of the open pit operations. Julie of Mazuz and Hendriella of Pangoh, Lihir, were awarded Competency Certificates in front of their very proud parents and trainers at the graduation ceremony held at the Lihir Gold operations Mining Department on Saturday March 23. "Growing up on Lihir, I would always look at the large haul trucks and I made a promise to myself that one day I would drive those trucks," said Julie.

SOPAC defends its work on Pacific undersea mining

Radio Australia, 4 April 2013

The region's main technical organisation SOPAC has defended itself against claims it is promoting the interests of companies wanting to exploit undersea mineral deposits. SOPAC is the science arm of the Secretariat of the Pacific Community, and has been working on an EU funded "Deep Sea Mining Project". That's led to criticisms by NGO's its working for the mining industry, not the Pacific nations. With the world's richest deep sea deposits of gold, silver, cobalt manganese and other minerals found in the Pacific there has been a rush by mining companies to take up exploration leases. But the Director General of the SPC Dr Jimmie Rogers says any deep sea mining in the Pacific must be sustainable and protect the environment, and he told Pacific Correspondent Campbell Cooney that that is the focus of the SOPAC project.

Solomon Islands: UQ Leads Study on Environmental Impacts of Mining

The University of Queensland has joined industry partners in a program designed to help ensure a major mining project takes account of the needs of Solomon Islands communities and the environment. Solomon Times, 4 April 2013

The partnership between UQ's School of Civil Engineering, international consulting firm Golder Associates Pty Ltd and global group Sumitomo Metal Mining will undertake an environmental and social impact assessment of a proposed large-scale nickel mine in the Solomon Islands. Lead researcher and School of Civil Engineering academic Dr Simon Albert said the mining project had the potential to provide significant benefits to the economy of the Solomon Islands, but it was essential that diverse social and environmental values were maintained. "Given the local communities rely on marine and terrestrial resources for food, transport, medicine and shelter, it is critical to minimise the impact of the project on the local environment through the implementation of sustainable practices," Dr Albert said.

He said the Solomon Islands had limited development opportunities to support the government in providing essential services to the mostly rural communities. "The few resource extraction activities that do exist often come at a high environmental cost due to limited environmental regulations and small companies with limited experience," Dr Albert said. The Sumitomo Solomon Islands Nickel Project brings together Sumitomo's 400-year history in mining, Golder's global experience in en-

vironmental and social impact assessments and UQ's world-class research capacity. Dr Albert said this would ensure the project was well placed to minimise environmental impacts through the implementation of sustainable practices. The UQ research team consists of Dr Albert, Dr Alistair Grinham and Dr Badin Gibbes, who have expertise in research on the environment, water resources and hydrology.

Dr Grinham said it was essential that marine water quality was monitored throughout the process to ensure international guidelines were met. "This project provides a rare chance to collect high-precision data from the top of the catchment, freshwater streams, estuaries, coral reef lagoons, and down to deep sea that we can use to guide numerical models," Dr Grinham said. School of Civil Engineering head Professor José Torero said the project recognised the School's reputation in producing high-quality research. "This phase of the project is worth approximately \$1 million, providing significant research experience to the School and the University," Professor Torero said. "These types of partnerships raise the School's profile in the water and mining industry, which can lead to further opportunities within these sectors. "Initial scoping of the study has been completed, and the first round of field monitoring and research is scheduled to begin this month."

Nautilus runs financing under gun from suppliers

Nautilus Minerals explains the rationale for a C\$40 million rights offering amidst crisis.

Author: Kip Keen, 04 Apr 2013, HALIFAX, NS (MINEWEB)

The timing of Nautilus Minerals' C\$40 million rights offering, announced a week ago, may have come as a surprise. Nautilus is in the midst of a battle with the Papua New Guinea government over their partnership in the Solwara 1 underwater mining project that has punished its shareprice in the past year. Meantime Nautilus President and CEO, Michael Johnston, has also recently said resolution to the PNG-Nautilus dispute may be on the horizon. Indeed, in a conference call for investors on Thursday, Johnston gave his firmest indication yet possible resolution could come and pretty soon; sometime around the third quarter this year, he said. In an ideal world, Nautilus might hope to raise cash after the crisis has been resolved. Since the news of the dispute came to the fore mid-last year Nautilus' shareprice has sunk from over \$2 to well under C\$0.50, where it has stayed for the better part of the past five months. Presumably a resolution of the dispute would help mend such shareprice damage and ease financing options. But this is not an ideal world.

The need to finance now comes down to a matter of keeping suppliers happy – invoices paid – and thus key contracts alive that would otherwise fall to the wayside, causing multi-year delays. This, according to Nautilus, is due to uncompromising order schedules of its subsea-equipment builders. To conserve cash Nautilus cancelled what it saw as non-critical contracts late last year. These, Johnston noted, would be easy to restart. But it signalled at the time, as Johnston reiterated Thursday, that it would enter talks with other suppliers – who primarily build equipment for the oil and gas industry - about whether it could easily stop and restart these other contracts. "We maintained discussions with those suppliers because of the heated nature of the oil market and our concern that those particular contracts if stopped would be very difficult to start again," Johnston said. In short, the message from such suppliers was: if you delay the contracts, you risk being shunted to the back of the line. "Slots are pretty much taken up for the next few years on construction of these sorts of tools," Johnston said, adding it was "very important that we maintain those slots."

Such a state of affairs factored large in Nautilus ongoing pursuit of the awkwardly-timed C\$40 million financing through a rights offering comprising 200 million more shares @ C\$0.20, which, as a rights offering, will mostly be available to existing shareholders. It also has some firm backing on the financing that could see an already significant shareholder gain a greater stake in Nautilus. Nautilus has said MB Holdings, which owns about 16.9 percent of Nautilus shares, agreed to pick up

any stock other shareholders do not take via the rights offering. “It gives us a lot more certainty,” Johnston said, speaking to the timing of the financing more generally. “Getting resolution is one thing. Getting money in the bank is another. So that's one of the reasons why we've gone for the rights issue now. “The other thing is the timing. It does take time to put together and fully close an offering like this. So if we were to wait until resolution was achieved, formerly, then we would still have, roughly, a two month closure process, which would potentially leave us hanging out in the wind a bit.” Apart from MB Holdings, Nautilus also counts Metalloinvest, Anglo American and Teck as significant shareholders with about 21 percent, 11 percent and 5 percent of Nautilus' stock, respectively. It was not clear if any of these three intended to pick up additional shares in the rights offering. They had not responded to an emailed request for comment at presstime.

Porgera: Miner helps police uphold law

The National, 04th April, 2013

THE Porgera Gold Mine in Enga is assisting the local police to improve law and order in the Porgera valley. Executive general manager Greg Walker said yesterday that the mine operator Barrick Niugini Ltd was working with the police to ensure that police were equipped to carry out their duties effectively. He added that the company had assisted in constructing the Paiam police barracks under the Tax Credit Scheme. He said the police manpower was increased from 10 to more than 40 officers. Walker added that the Porgera Gold Mine ensured that a police mobile squad is present to assist the local police. Paiam police station commander Inspector David Kongua said the officers were now on a 24-hour roster after the increase in their manpower. But he said the shortages in fuel, vehicles, and firearms had interrupted their operations.

Lagaip-Porgera administrator Mori Iarume said illegal mining, alcohol-related offences, and tribal fighting were affecting the district. He revealed that the illegal miners were spending their money on alcohol and women. “A lot of the law and order problems we have in the district, the main contributing factor is alcohol,” Iarume said. He added that illegal selling of alcohol and the rise in the production, sale and consumption of homebrew were happening in Porgera. “We have licensed clubs which are sanctioned by the provincial liquor licensing board to operate but there are some illegal activities happening which are contributing to law and order problems,” he said. Iarume said the major tribal fights had stopped under Operesen Mekim Save carried out by a group of village courts magistrates and chairmen.

PNG: LNG work windup bugs growth

The National, 04th April, 2013

By GYNNIE KERO

THE winding down of the construction phase of the PNG LNG project will likely affect economic growth and employment, Bank of Papua New Guinea (BPNG) Governor Loi Bakani said. He said all the sectors, which benefited from the spin-off activities of the LNG project, will be affected. “On the other hand, the winding down will free up a lot of resources, including manpower and capital goods, which could be utilised in other sectors of the economy to maintain the momentum of economic activity. The strong level of investment in the non-mineral private sector, combined with the government’s fiscal stimulus in the 2013 budget is expected to partly offset the decline in activity as the PNG-LNG project winds down”, he said. Bakani highlighted that the 2013 budget is very ambitious, which aims to drive economic growth by rehabilitating major infrastructures and investing significantly in priority areas such as education, health and agriculture as well as to other sectors of the economy. He said this will also involve significant funding to the provincial and local level governments. While this is a commendable undertaking to shift resources to the rural majority,

Bakani cautioned that implementation capacity at lower levels of Government is still a major concern. "Lack of capacity to spend efficiently and effectively can result in mismanagement of scarce resources."

SPREP Warns Pacific Mining Outpaces Biodiversity Studies

Director says companies should fund research into impacts

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, April 3, 2013) – The peak environmental body in the Pacific warns ocean research is lagging behind mining exploration of the sea floor. The Pacific sea bed has abundant deposits of gold, copper, silver, cobalt, manganese and other minerals. David Sheppard, the director of the Secretariat of the Pacific Regional Environment Program (SPREP), says the potential environmental impacts of mining can't yet be fully understood because of the limited knowledge of the Pacific's biodiversity. "There's so much that isn't known. A study of sea-mounts indicated that one-third of the species were actually new to science," he told Radio Australia's Pacific Beat. "So it's likely that the more studies that are undertaken, the more new species will be discovered."

Mr. Sheppard says Pacific countries have little money to fund such research, and it should be up to mining firms to pay for independent studies. "The companies need to allocate money for independent scientific studies of the biodiversity and the environment in the deep sea, and particularly the impacts that may be associated. "So this is an area that is lagging behind exploration of mineral resources, but it is important - it does need more attention." Mr. Sheppard says his organization is working on creating a broad coalition of expertise to improve knowledge and management of the Pacific. "The aim would be to get key stakeholders, and that includes civil society, environmental experts in the governments of Pacific countries, and also those people that are knowledgeable in this area. "So we'd like to have a cross-section to have quality participation and to really come out with some useful recommendations as we go forward."

PNG Government to take charge of Ok Tedi funds

Post-Courier 3.4.2013

THE government of Papua New Guinea will restructure the management of the Ok Tedi copper mine to ensure its funds are managed in PNG and not in Singapore, Prime Minister Peter O'Neill says. In a two-page article written by the PM in Port Moresby's Post-Courier newspaper on Tuesday, Mr O'Neill vowed to end what he termed "secret arrangements" between the mine's former owner, BHP Billiton, and the PNG Sustainable Development Project. The PNGSDP was created by BHP in 2002 to manage OK Tedi's profits on behalf of the people of Western Province, following massive environmental damage caused by the mine. OK Tedi's mining lease expires at the end of 2013. "When the lease expires, the national government will put in place management arrangements that end any secret arrangements, and ensure that the people of Papua New Guinea, including the local landowners, have a say in the mine's future and its management," Mr O'Neill said.

"We will ensure the PNGSDP is managed in Papua New Guinea, and its funds are held in Papua New Guinea, and used transparently for the good of the people of the Fly River Province, and the nation generally." The \$US1.4 billion (\$A1.35 billion) PNGSDP fund is currently held in Singapore, where the company is registered. Mr O'Neill wrote the article in response to a Fairfax newspaper column last week which described the PNGSDP as "by far the biggest act of corporate philanthropy in Australian history". BHP had nothing to be proud of, Mr O'Neill said. "Nor can BHP be proud of its majority ownership and managerial control prior to 2002 when it divested itself of its majority

shareholding, and pretended - and I use the word advisedly - to end its control over the mine," he said.

"The establishment of the PNGSDP was designed by BHP to keep control of the mine, and the direction of its profits, principally through the PNGSDP, over which it clearly exercised effective control." Mr O'Neill said past claims by BHP that it had no say in running OK Tedi and the PNGSDP were untrue and that the company held effective control over the mine "through a myriad structures". In 2010 the OK Tedi mine was the largest single contributor to PNG's tax revenues, to the tune of \$US543 million. BHP announced in September last year it planned to no longer appoint board members to the PNGSDP. However, it is understood BHP must agree to any changes in the core terms of reference under which the trust operates. PNG's national government and the provincial government of Western Province jointly own a 36.6 per cent share of OK Tedi, while the PNGSDP currently holds a 63.4 per cent stake. Both the PNGSDP and BHP have declined to comment. - AAP

PNG mining sector earns largest export revenue

Post-Courier 3.4.2013

THE mining sector remains as the single largest revenue earner for Papua New Guinea, Minister Byron Chan told an international symposium in Fiji last week. Minister Chan said this at a three-day symposium on managing extractive industries in Pacific island states to improve human development, held in Nadi on March 18-20. The minister was guest speaker at the UNDP "Managing Extractive Industries in Pacific Islands States to Improve Human Development". He was accompanied by president John Momis of the Autonomous Region of Bougainville. Mr Chan told the meeting of the PNG mining history, potential new projects that are coming up soon, and gave an update on the policy and legislative developments that are being undertaken by the mining department and ministry in PNG. He said mining alone contributed over 50 percent of PNG's country's export revenue for the last 15 years and had been the largest contributor to the economy since Panguna mine in 1967. He said the resource industry in PNG has experienced an unprecedented period of activity and growth.

Minister Chan said PNG could now boast that it was the envy of many other mineral producing nations, and had gained the confidence and respect of the international market. "The basis for the huge investor confidence in PNG includes a good mineral policy, an attractive fiscal regime and vigorous marketing of PNG's potential by the ministry of mining," he said. Mr Chan said the Quarterly Economic Bulletin of the Bank of PNG up to 2011 shows some amazing facts. "In 2011 the export earnings by the sector saw the agriculture sector contributing 23 percent of the country's total receipts, forestry with 4 percent, fisheries and marine products 1 percent, crude oil 15 percent, copper 19 percent and gold 37 percent," he said. The mining sector alone contributed 57 percent, which was equivalent to K9 billion, in 2011.

Minister Chan said the current investment environment had attracted and renewed the interest of major players in the mining industry, such as Barrick, New Mont, New Crest, Vale, BHP Billiton Rio Tinto and other investors. In his concluding remarks, Mr Chan reiterated that the PNG constitution called for wise use of natural resources and equal distribution of wealth to all. He told the conference participants that he would be implementing the O'Neill-Dion government initiatives and his ministry would also undertake policy initiatives until 2015. These initiatives include downstream processing, geothermal, mine waste management, mine closure, sustainable development, study into state equity options, state fiscal provision, royalty options and compensation rate review and dispute resolution.

Xstrata and Glencore merger date delayed again

The merger has been delayed a number of times since it was agreed last year
BBC News, 2 April 2013

Xstrata and Glencore have once again pushed back the date for when they expect to complete their \$35bn (£23bn) merger. They now expect the deal to be completed by 2 May, not 16 April. This is yet another delay for the deal, and is due to the ongoing investigation into the deal in China. Glencore said it had held "constructive discussions" with China's Ministry of Commerce. The deal was originally meant to go through on 31 December. The merger offer was first announced in February last year, when Glencore offered 2.8 shares for each Xstrata share. After months of negotiations, the offer was increased to 3.05 shares in September.

Ramu NiCo: Employees on strike

The National, 02nd April, 2013

EMPLOYEES from the mining division of Ramu NiCo mine in Kurumbukari, Usino, Madang have petitioned the management regarding wage increase, working conditions, safety, risks allowances and training issues. Meanwhile, landowners are planning another protest tomorrow regarding outstanding land issues. According to police on site providing security, the employees submitted the petition last week allowing the management to respond after seven days that ended yesterday. All mining division employees walked off their jobs yesterday and held a sit-in protest. Police said that most employees claimed that they have been working for the company for six years and were being paid as the plantation labourers with K250-K300 fortnightly. Police said the mine division employees would continue their stop work until Labour department officers from Madang addressed their grievances. The situation was quiet but tense as local landowners were preparing for their protest tomorrow. Attempts to contact Ramu NiCo deputy community affairs manager Martin Baining for comments were unsuccessful.

Feature...

Post-Courier 2.4.2013

Facts from fiction

By *PETER O'NEILL, CMG, MP, Prime Minister.*

THE attempts by certain influences and a small section of the media to justify a continued role for BHP Billiton in the operation of the Ok Tedi Gold and Copper Mine and the PNG Sustainable Development Fund (PNGSDF) have sunk to a new low in desperation and credibility. The time has come for the facts surrounding the ending of the then BHP's ownership of the mine to be fully and frankly outlined and the nonsense being pedalled put to rest for ever. Recently, the Sydney Morning Herald finance columnist, Michael Pascoe, offered a truly bizarre justification for BHP's past and current roles in Ok Tedi and PNGSDP. He wrote that the establishment of the PNGSDP, for which he credited BHP, was "by far the biggest act of Corporate Philanthropy (which is defined as caring, nourishing, advancing what it is to be human) in Australian history!"

The history of the Ok Tedi mine is simply one no Papua New Guinea government since the mine began operations in the early 1980s can be proud of. And nor can BHP be proud of its majority ownership and managerial control prior to 2002 when it divested itself of its majority shareholding, and pretended – and I use the word advisedly – to end its control over the mine. The establishment of the PNGSDP was designed by BHP to keep control of the mine and the direction of its profits, principally through the PNG Sustainable Development Fund, over which it clearly exercised effective control. This is defined by Mr Pascoe and others as an act of extraordinary generosity – the

most generous in the long and proud history of corporate charity and generosity in Australia. But what Mr Pascoe conveniently overlooked are a couple of indisputable historic facts.

The first is that new management at BHP in the period prior to 2002 wanted to close the mine because its appalling environmental and social damage history, and because that history was attracting the most adverse regional and international media and other attention. It was common knowledge at the time that the company imminently faced damages and compensation claims that would run into billions of dollars, would tie BHP up in the courts for years, and damage, if not wreck, its international corporate standing. Closing the mine down, regardless of what that would cost the local workforce, and small business, and the national budget given that the mine was the largest source of revenue at the time presented a challenge for the PNG Government at that time. The response of the then Morauta Government was to give legislative approval to the future structure BHP insisted on, a structure which would allow BHP to exercise effective control over the mine's revenue flows for as long as the mine continued operating. But that wasn't the end of the story.

BHP demanded more, and what BHP demanded, the then government simply delivered. Firstly, BHP insisted that the funds managed by PNGSDP – the mines profits – be located in Singapore and managed out of Singapore, denying Papua New Guinea significant taxation and other revenue. That was a vote of no confidence in Papua New Guinea and was a reflection of the “colonial era” mentality that existed in BHP then, and clearly exists in BHP Billiton today. The decision by the PNG Government of the day to meekly agree to BHP's conditions was unfortunate. I was not in Parliament at the time. Had I been in Parliament I would have expressed reservations – if not opposed the whole proposal completely. But it gets much, much, worse ... One of the conditions BHP insisted on was that the Parliament of Papua New Guinea pass watertight laws that would totally, and forever, grant to BHP an immunity from criminal or civil court action arising from the pollution and other damage caused by the mine's activity.

The then government agreed and the 1997-2002 Parliament gave BHP the total and unqualified immunity it demanded. That decision almost certainly spared BHP and other partners in the mine years of costly, and very damaging court cases, and compensation payouts and other penalties that would have run into billions of kina. BHP was effectively given a pardon by the Government and Parliament of Papua New Guinea ... a pardon for years of appalling mismanagement that ruined the lives, and the livelihoods of tens of thousands of people in village communities along the Fly River. The question which Mr Pascoe should be asking is whether the Parliament of Papua New Guinea failed in its duty to the people of Papua New Guinea, and the people of the Fly River in particular, by giving Ok Tedi a pardon from any court action no matter how overwhelming the case against BHP might be?

Instead of claiming BHP is entitled to almost hero status, he should be asking whether justice and fairness prevailed – and also who got the best out of the “deal” done by BHP with the then Government? In my view, and in the view of my government - and I believe the view of the seven million people of Papua New Guinea — BHP was treated with extraordinary generosity. I am in no doubt it got the best deal, and it got it by a long way. You would have thought BHP would have breathed a corporate sigh of relief when the then PNG Government gave it everything it wanted, and an unqualified immunity in particular. But no, it wanted more – and it still wants more. Even though BHP effectively had no equity in the mine after 2002, it effectively controlled the mine's management, and operations, both directly and indirectly through the PNGSDP.

It controlled the board of PNGSDP – by appointing the Chairman, and a majority of the board members. And its control of PNGSDP gave it effective control over Ok Tedi, the majority shareholder in PNGSDP. And it insisted PNGSDP's funds be held in Singapore, and not in Papua New Guinea. The claim that BHP, and more recently BHP Billiton, has no say in the running of Ok Tedi

and PNGSDP is just not true. It might be an “indirect” say, through a myriad of structures, but it has not just been an effective say, it has been and remains, effective control. The leases relating to the Ok Tedi mine area end next year. Under Papua New Guinea law, and long established law, the state owns the nation’s mining, oil and gas resources. It grants leases to companies to development these resources. When the term of a lease expires, the state can extend it, or it can cancel it.

What I have simply said, and what the National Parliament and the landowners of the Ok Tedi mine area strongly support, is that when the lease expires, the National Government will put in place management arrangements that end any secret arrangements and ensure that the people of Papua New Guinea, including the local landowners, have a say in the mine’s future and its management. And we will ensure the PNGSDP is managed in Papua New Guinea, and its funds are held in Papua New Guinea, and used transparently for the good of the people of the Fly River Province and the nation generally. The campaign by vested interests and their barrackers to portray the government’s commitments as being dangerous, and worse, will not succeed. Nor will the desperate attempts to rewrite the history of BHP’s management of the mine – and the tragic consequences its management for tens of thousands of innocent Papua New Guineans.



Environmental damage from the Ok Tedi mine, 1999. Source: The Australian theaustralian.com.au



BHP Billiton operation in OK Tedi and the direct discharge of toxic mine ... ramumine.wordpress.com

Ok Tedi: Selective projects for Western Province

Post-Courier 2.4.2013

PRIME Minister Peter O’Neill has assured the people of Western Province and PNG that no more funds would be expended on community projects for villages affected by Ok Tedi Mining until the government was fully satisfied that the projects are serving the interest of the people of Western Province. The Prime Minister said this during Question Time in parliament last Thursday in response to questions raised by Chuave MP Wera Mori. Mr Mori said there were speculations that a group with political motives associated with Ok Tedi Mining Interest Association (OTMIA) had gone ahead and changed the trust deed to take over from Ok Tedi Development Foundation (OTDF) which has been successfully delivering community oriented projects to landowner communities surrounding the Ok Tedi Mine and those living along the river system. “If this is true, this is broad day light robbery and corruption in its worst form. The OTMIA has no capacity whatsoever to manage community affairs, let alone have carriage of some K69 million parked under the OTDF,” Mr Mori said.

In response, Mr O'Neill said OTDF was established by PNG Sustainable Program (PNGSD) and Ok Tedi Mining Limited and under the agreement, OTDF would serve the nine villages impacted by the mine and PNGSD would look after the rest of Western Province and particularly those living along the Fly River system. "From what I gather, there is no involvement from government in the manner in which OTDF has been operating," Mr O'Neill said. He said OTDF is jointly owned by PNGSD and OTML alone and was set up with good intention to serve the nine main villages surrounding the Ok Tedi Mine area. "But this foundation does not extend down to the river villages of which the mine has done enormous damages and that was the reason why the landowners have taken up a position which is now before the court," Mr O'Neill said. "From what I gather, although I have not received a full brief on this particular issue, the K69 million issues is now before the court and the court is yet to determine the matter," Mr O'Neill said.

Mr O'Neill told parliament that the PNGSD had failed to live up to the expectation of the people in the Western Province and that was the reason why the frustrated landowners had taken up the issue in court. "There is now an agreement coming into shape that will include the involvement of Provincial Government, the local Member and relevant landowners along the river system so they can participate in the OTDF," Mr O'Neill said. He said once that is done, everybody would be fairly served with the funds earmarked for them. "We are galling about hundreds and millions of kina which the department of mining is managing but I want to assure that no toea will be spent until we are fully satisfied that it is serving the interest of the people of Western Province.

Newcrest shares plunge

Post-Courier 2.4.2013

INVESTORS have dumped shares in Australia's biggest gold miner after it cut its production targets by 10 per cent, blaming continuing problems at a key mine. Newcrest shares plunged more than 8 per cent last Wednesday — its biggest single-day rout in 18 months — after the miner released the bleak production update. The group's shares are now trading at their lowest price since late 2008 and have halved since mid-2011. While Newcrest's assets in Australia and Indonesia are performing soundly, the Lihir operation in New Ireland Province has been plagued by maintenance problems. The Melbourne-based group revealed the mine would run at reduced capacity for up to seven weeks as it carried out another round of repair work at its production plant. Fresh problems at Lihir, which the company bought for \$9.5 billion in 2010, may undermine Newcrest's plans to lift its dividend. The group, which is the fourth biggest gold miner in the world by market value, had flagged a dividend increase in the current half. It now expects to produce between 2 million and 2.15 million ounces of gold in the year to June - about 10 per cent below its earlier forecast.

The company has decided to completely repair its autoclave — a machine that extracts the gold from ore — in a process that will take five to seven weeks. Morningstar resource analyst Mathew Hodge said yesterday's price fall was excessive. "Ultimately what matters for Newcrest is that they ramp up Lihir and ramp up Cadia and get solid, consistent low-cost production," Mr Hodge said. "If they do that they'll restore their position as a low-cost producer. "People are implying that things are going to continue to be bad, but I think it's a bit overdone." Operations at Cadia Valley in NSW and Bonikro in the Ivory Coast are expected to deliver within their original forecast ranges, while Hidden Valley production in PNG is in the range of 80,000 ounces to 90,000 ounces. The Telfer operation in Western Australia was affected by the heavy rainfall in February associated with Cyclone Rusty but Newcrest still expects to achieve its earlier forecasts at the site. Forecasts for annual copper output have not been changed. Shares in the company fell \$1.82 last week to close at \$20.05.

Lihir is Newcrest's shiniest hope

Glenda Korporaal, The Australian, March 30, 2013

NEWCREST chief executive Greg Robinson has had the dubious distinction of seeing the share price of his company halve since he took over in July 2011. When he succeeded Ian Smith, the shares in Australia's largest goldmining company and one of the world's largest goldminers were approaching \$40. Now, long-suffering Newcrest investors have the rest of the Easter break to decide whether they might regard Thursday's closing price of just over \$20 as one of those "buy on weakness" events or a sign to further exit the company's shares following the latest piece of disappointing news. It was only last month that Robinson, on releasing the company's half yearly results, was assuring investors he was hopeful the company would meet the lower end of its production guidance range of 2.3 million to 2.5 million ounces of gold. This followed confirmation that the company's interim profit for the six months to December was only \$320 million - almost half the \$611m it reported in the six months to December 2011 -- on the back of lower sales and lower gold prices. But the company's share price rose at the time on words of comfort from management that the current half would be better.

On Thursday, shareholders learned that Robinson was downgrading the company's production guidance to two million to 2.15 million ounces, mostly because of production issues at its Lihir goldmine in Papua New Guinea. They reacted badly to the news, wiping off almost \$1.4 billion of its sharemarket capitalisation - yet more disappointing news for the company and yet another profit downgrade from a leading Australian Securities Exchange-listed mining company. A cynic might say this was further bad news from a company that had been a serial disappointment for investors and yet another reason to get out of gold shares altogether. The immediate reaction by some analysts has been a little more benign. Morgan Stanley noted that "a downgrade was somewhat expected . . . but the magnitude was greater than we expected. However, key growth projects are on track for significant growth in financial year 2014."

Credit Suisse estimated that the production downgrade was expected to reduce Newcrest's net profit after tax for the current financial year by 20 per cent, or \$177m, to \$716m. It described the latest issue as "disappointing as it is a new problem with the old plant". But it argued that Newcrest's guidance on Lihir now appeared to be conservative and "from an investor point of view, the issue should not be overstated". The latest downgrade has served to highlight again the fact Newcrest, under Smith, overpaid for Lihir in 2010 when it spent \$9.5bn buying the operation. As Morningstar noted in its analysis of the problem, "the Lihir acquisition decimated Newcrest's returns on capital and sees the company without a moat". "Such was the extent that Newcrest overpaid that it's unlikely returns on invested capital will improve to acceptable levels in the foreseeable future," it said. But it noted that "the underlying assets remain of reasonable quality and we believe it is unlikely management will repeat the Lihir mistake".

Mining is always a risky business - just ask former Rio Tinto chief executive Tom Albanese - but the issues also highlight the difficulty of doing business in PNG. The country has some of the richest mining deposits on earth and its citizens should be among the better-off people in the world, but for foreign companies operating there it has presented many difficulties. There are always the memories of the old Bougainville Copper, which operated the world's largest open-cut mine, producing copper, gold and silver, before it was closed after a long-running dispute between landowners and investors back in 1989. At its height in the 1970s and 80s, the company's tax payments made up 20 per cent of PNG's national budget. Earlier this year, well-respected economist Ross Garnaut was forced to quit his role as chairman of Ok Tedi Mining, PNG's biggest earning company, after he was barred from entering the country by the political leaders in Port Moresby.

In Newcrest's case the issues with Lihir relate to production rather than politics. And Lihir offers Newcrest large, low-cost gold deposit, much more economical than its operations in Australia. Newcrest's operations are focused on the Asia-Pacific region, with Australia and PNG accounting for 40 per cent each, and Indonesia and Ivory Coast in West Africa making up the rest. If Newcrest can get its production from Lihir on track, it will put the company back on a growth path and help reduce its operational costs. But the question for shareholders, with the price of gold coming off its peaks, is: how patient are they prepared to be? As Morningstar says: "Returning to an exploration and development focus rather than acquisitions is correct but the arduous delay between initial discovery and first production means that it will take years to improve returns."

Locals urged to cooperate over mine operations

The National, 28th March 2013

LANDOWNERS at the Mt Kare gold mine in Enga have been urged to work together with their MPs to ensure the smooth operation of the mine. Aginape Mapia, spokesman for the 31 landowner associations in Mt Kare said the mine operation would run smoothly if everyone co-operated. He was responding to a statement by Isapa Lape, the chairman of the Apa Youpe Mt Kare Gold Deposit Company Ltd, who said he did not want the members of parliament from Enga interfering in the mine operation. Lape said he did not want any MPs in Enga to interfere with mine because they did nothing to help its progress. Mapia said disunity and differences would only destroy the good work of many people who had sacrificed so much for the mine. The MPs from Enga are Governor Peter Ipatas, Don Polye (Kandep), John Pundari (Kompiani-Ambum), Robert Ganim (Wabag), Rimbink Pato (Wapenamanda) and Nixon Mangape (Porgera). He said Lape's statement was improper because he did not consult other landowners before making that statement.

Down the Fly River with a Paddle #PNG

Martyn Namorong, Namorong Report, March 27, 2013

Yesterday I arrived in Port Moresby after a 6 month stint at the Ok Tedi copper- gold mine in the Star Mountains of western Papua New Guinea. The experience has been overwhelmingly positive as it has given me a lot of insights into the political economy of the resources sector in Papua New Guinea and Western Province in particular. I observed and participated in discussions towards the end of last year, that led to 156 communities signing up to extend mine life at Ok Tedi beyond 2015. What stunned me about the discussions was the amount of scientific information that was given to the village leaders. It was as if Ok Tedi Mining Limited (OTML) had put itself on trial in the eyes of the leaders and given them the evidence against itself.



Above: Dredging the Ok Tedi River at Bige

I do not believe the discussions with the community leaders would have had a positive outcome had it not been for such level of transparency and openness to respond to criticism. So why do I describe Mine Life Extension as a positive outcome? Firstly, much of the damage has already been done to the Ok Tedi and Fly Rivers. Even if the mine were to close today, the riverine impacts from BHP operations will be around for 200 years. Mine Life Extension will have a net benefit on the Ok Mami, Ok Tedi and Fly rivers in that, OTML will continue to add limestone to the for another 10 years, improving the acid-base balance for the river systems. In addition the dredging of the Ok Tedi River at Bige will continue at current levels during mine life extension, even though Ok Tedi will be operating a smaller mine at 60% of current mining operations.

Communities down river also have the opportunity to enjoy a further 10 years of economic and social benefits from the mine as a result of the Community Mine Continuation Extension Agreement (CMCAEA). I haven't met anyone at Tabubil who has denied Ok Tedi's environmental legacy. I did meet many who were keen on doing the right thing by the people and the environment. It has therefore been quite distressing for me to see the recent turn of events regarding Ok Tedi.



ABOVE: Mine of the Cloudlands: The Ok Tedi Mine pit

And so as my contract with OTML has expired, I have felt compelled to tell the truth about Ok Tedi. If any readers can recall, there was a Post Courier article and several blog posts about women on the Fly River dying of a mysterious bleeding illness. Whilst opportunists took advantage of these stories to accuse Ok Tedi for causing the mysterious bleeding in women, independent journalist Jo Chandler's investigations found that the cause of the bleeding was cervical cancer. Chandler wrote regarding the "mysterious" bleedings: „PNG has among the highest rates of cervical cancer in the world; the disease kills at least 700 women a year. Kebei's imminent death, at 49 years of age, may be unfathomable in the Australian context. But without early detection (pap smear screening), treatment (PNG has a single overworked radiotherapy machine, and access to chemotherapy and surgery is extremely limited) and prevention (HPV vaccine, while it holds great promise for developing nations, remains financially beyond reach), in PNG her death is no mystery.“

Cervical cancer is caused by the Human Papilloma Virus (HPV) and has nothing to do with wastes from the Ok Tedi Mine. Since 2002, OTML has paid K10 billion in taxes and dividends to the Papua New Guinean government. Yet during the debate that ensued regarding the poor health of Fly River women, no one (including the blogs and newspapers) asked the Government of Papua New Guinea how it had used all that money for the benefit of those women or to improve oncology services. So why have all these parties with vested interest been attacking [Ok Tedi Mining Limited](#), the [Ok Tedi Development Foundation\(OTDF\)](#) and the [PNG Sustainable Development Program \(PNGSDP\)](#)? I won't answer that question but if you are a journalist or blogger wanting to know the truth, go to the Waigani Courthouse on the 8th of April 2013. There is an interesting court case that will be heard regarding K69 million from the Western Province People's Dividend Trust Fund - a Fund that holds dividends from Ok Tedi. There you will find that some people are actually wolves in sheep's clothing.



Above: *Community Leaders from the Kiwai Islands at the mouth of the Fly River (KIWABA TRUST Region), sign the CMCAEA to approve Mine Life Extension*

Should OTDF, OTML and PNGSDP be doing more for the people of the Fly River? I believe these organizations can as they have the resources and capacity to mobilize those resources to do a lot of good. I believe the Governor of Western Province, Hon. Ati Wobiro recognizes this as well and has decided to work with them to improve development indicators in the Province. I myself, as a Western Province man also see great potential in such cooperation. The reality on the ground in Western Province is that OTDF, OTML and PNGSDP are the only parties working with the Churches and Government to improve conditions. While everyone else is just puffing hot air from Waigani, or somewhere in else in cyberspace, these organizations are travelling down the Fly River with a paddle.

Economic Update: Papua New Guinea: Sowing fortunes

Oxford Business Group, 27 Mar 2013

The coming years pose considerable challenges to Papua New Guinea's (PNG's) agriculture sector as it continues to come down from the record highs it achieved in 2011. However, increased financial support from the government, as well as several planned infrastructure developments, should help the sector keep pace with overall economic growth. Having grown 8% in 2011, the agriculture, forestry and fisheries industries grew just 0.8% in 2012, a drop brought about by declining global commodity prices. While the sector is expected to enjoy a partial rebound to 2.8% growth in 2013, the government expects real expansion to hit 3.5% in 2014, rising to 5.6% by 2017. Commensurate with this higher output is an expected 21% increase in value, from PGK4.07bn (\$1.92bn) in 2012 to PGK4.92bn (\$2.33bn) by 2017. However, the sector's fortunes remain subject to several critical issues, such as global commodity prices, transport bottlenecks that inflate production prices, as well as its position as the economic bedrock of PNG's largely rural economy. Agriculture supports an estimated 80% of the population, accounting for 32.2% of GDP.

Loi Bakani, governor of the Bank of PNG, told investors in 2012, "The most effective way of counteracting the 'Dutch disease' phenomena is by developing traditional industries, and agriculture in PNG will be the preferred industry to concentrate on." The economy has benefitted from riding the largely Asian-driven growth in commodities since 2002, but the advent of PNG's liquefied natural gas (LNG) advances since 2009 may have skewed the economy directly into the Dutch disease trap that it has sought to avoid, according to the World Bank. Agriculture has been no exception, enjoying prices in 2012 not seen since the late 1970s, but with commodity prices susceptible to global trends and currently declining, hard times are expected. The impact is expected to be amplified by the reduced production of cash crops historically seen when prices fall, as well as the impact of tens of thousands of workers demobilised from the PNG-LNG project by 2014. Substantial portions of these are expected to return to their rural economies, particularly in the case of unskilled labour, unless new projects receive government approval and funding.

Yet the years ahead may also prove a defining point in the agricultural sector's emergence, particularly for rural and informal economies, as the impact of critical developments are felt. While the sector has been the recipient of substantial government support under the National Agriculture Development Plan 2007-16, local-level budget disbursements outlined in the 2013 budget are expected to provide further support. Beginning this year, for example, some PGK1.49bn (\$704.13m) is being disbursed in direct financing to the provinces, districts and local-level governments. While 10% is earmarked for support to the economic sector, including agriculture and fisheries, 30% is flagged for local infrastructure, such as roads and jetties. PNG's dilapidated transport infrastructure has long posed a critical bottleneck to competitive agricultural production and wider national economic development. Banking on LNG revenues from 2014 and front-loading budget disbursements, the transport sector is set to receive PGK1.6bn (\$756.11m) in 2013 from direct government financing, development grants and loans. Targeting road, maritime and air transport modalities, rural economies can expect acceleration in connectivity to the wider economy, as well as reductions in transport costs.

In parallel, the proliferation of mobile network coverage across 70% of PNG's 425,000 sq km has overcome market barriers presented by varied terrain. This has translated into direct benefits for farmers, such as mobile banking services, which have been widely embraced by formal economy workers in rural areas. The past 12 months also saw legislative reform enacted in the Integrated Land Groups Act 2012 (ILGA), which has strengthened sale and lease frameworks relevant to customary lands. With 97% of land formally held under customary titles, strengthened legal frameworks contained within the ILGA will help the government release 20% of customary land for development by 2030. While the legislation is still being field tested, it is expected to have a profound

effect on the formal economy, whose development and expansions have been curtailed by land restrictions and unclear legal frameworks. If successful, this should also facilitate development of industrial facilities in PNG's agricultural sector akin to the proposed \$161m Free Trade Zone and the regional tuna processing centre at Madang's Pacific Marine Industrial Zone. These remain pipeline developments although they are unprecedented catalysts for sector-wide change. Near-term challenges remain unavoidable, but the sector that should emerge over the next five years will likely be far removed from today's majority subsistence holdings.

New Caledonia Emerging As Big Environmental Polluter

Pollution from nickel industry may triple if new plants open

MELBOURNE, Australia (Radio Australia, March 27, 2013) – Environmental groups say New Caledonia will become one of the world's biggest carbon emitters per capita due to expansion of the French Pacific territory's nickel production. The World Wildlife Fund and Conservation International have written to New Caledonia's President Harold Martin claiming the territory's carbon emissions will almost triple if two proposed nickel plants open. Hubert Geraux, a spokesman for the World Wildlife Fund in New Caledonia, has told Radio Australia's Pacific Beat he wants the government respond to civil society's sustainable development concerns. "I hope that in the next days or next weeks we will have a concrete response to our questions," he said. Mr. Geraux says it is New Caledonia's tiny population and the nickel industry's high energy requirements that make the French Pacific territory such a high per capita carbon emitter. "The situation is due to our small population, because we're only 270,000 people," he said. "At the same time we have important development of mining projects. The nickel industry needs a lot of energy to transform the minerals in nickel."

Porgera: Landowners warn government over delays to review mine deal

The National, 27th March, 2013

LANDOWNERS in Enga say they will shut the Porgera gold mine if the government continues to delay a review of the mining agreement. Their mouth-piece, Porgera Land Owners Association (PLOA), said yesterday that the government's lack of interest in reviewing the agreement raised grave concerns about the future of the world-class mine. Association chairman Mark Tony Ekepa said for more than 22 years the mine had delivered massive revenue and benefits to the country. "The landowners are willing to bring in constructive dialogue to change face with the agreement review in conjunction with current times," he said. "However, the national government and Mineral Resources Authority have shown a lack of interest in the review. "We now feel that PLOA have had been misled many times by the government and MRA in dragging and deferring of the mining agreement review over many years.

"Since our last meeting on March 26, 2012 in Kokopo, we have not received any assurance from both the national government and MRA. "Therefore we want the national government to advise us, the landowners of Porgera mine, on what steps are now being taken to fulfil the promises that the state has made with PLOA in Kokopo regarding the resettlement of SML landowners, Porgera hospital, Porgera-Tari road, business development and spin off opportunities." Ekepa warned that if the mining agreement review was not started by end of this month, the landowners would take action to shut the mine. "However, we call on the national government to avoid such actions by initiating the MOA review immediately," he said.

German research director charts future of undersea mining

Ivan Semeniuk, The Globe and Mail, Published Mar. 26, 2013

The ocean floor is littered with hidden treasure including gold and other valuable metals that are in high demand on world markets. This is the undersea realm that most excites Peter Herzig, an economic geologist who supports responsible development of marine resources and who heads GEOMAR, one of the world's largest centres for ocean research, based in Kiel, Germany.

No one has yet managed, on a commercial basis, to mine the seafloor for precious metals, though Toronto-based Nautilus Minerals Inc. has come close. It is currently pursuing a deal to develop the Solwara 1 gold deposit off the coast of Papua New Guinea, which Dr. Herzig first explored about a decade ago. The company (which is not connected to Dr. Herzig) now says the project is on hold while it seeks to resolve a contract dispute with the PNG government. Meanwhile, exploration licences have been granted to various countries interested in mining the central Pacific for its manganese nodules – potato-sized lumps of metal that are widely scattered throughout international waters. This week, Dr. Herzig was in Toronto to lay out the risks and benefits of mining the ocean for its resources. He also sits on an expert panel currently assessing Canada's ocean science program. Dr. Herzig's strong connections with Canada began in 1988 when he was a postdoctoral fellow at the University of Toronto. He spoke with The Globe and Mail about the coming era of ocean resource development as well as the state of Canada's presence on and under the waves.

What's the attraction in undersea mining for gold?

Metal prices have increased considerably and there is growing demand from Asian markets. Even though the deposits are not particularly large, the metal concentrations are extremely high and at current prices, the deposits are commercially viable.

What about the impact to the seafloor environment?

I think it's possible to do it in a sustainable way because the impact is focused only on the mining area.

How did the gold get there?

In volcanically dominated areas there are magma chambers that lie 2 or 3 kilometres below the seafloor. Seawater is pushed down into cracks near these chambers where it is heated to hundreds of degrees and chemically converted, becoming very acidic. As the water comes back up, it leeches gold, copper, zinc, indium (which is used to make flat-panel video screens), and other metals. At the seafloor the metals combine with sulphur and precipitate out of the water.

Where are the most attractive deposits located?

They are in the western to southwestern Pacific. That includes Papua New Guinea, Fiji, The Philippines, New Zealand, and also Tonga, where the government of South Korea has applied for a licence.

What do you say to people who argue that these deposits should be left alone?

My answer is that in a few decades we will have ten billion people on the planet and the pressure on the oceans for food, energy and resources will undoubtedly increase. We need to be able to reach a balance between the economic use of the oceans and the protection of marine ecosystems.

What about mining for manganese nodules?

That's more of an ethical question. These things took millions of years to form. Do we want to go and take them? Manganese-nodule mining would mean disturbing something like 200 square kilometres per year, so you can imagine what would happen to the central Pacific. This would greatly influence biological communities and I think it would be totally unacceptable with current technology.

What's your assessment of the state of ocean science in Canada?

It's not that visible and it's poor in terms of support. The people are excellent. The technology developed in Canada, such as ROPOS (Remotely Operated Platform for Ocean Science) is world class. But there was no host institution to run that, so it's faded from view. And research vessels have never been a strength of Canada, which means researchers here have to go elsewhere. Given that

you have the longest coastline in the world and that claiming jurisdiction in the Arctic is a big issue for Canada, I would say there is a lot of room for improvement.

What do you recommend?

I have suggested that Canada set up an ocean research institute. It probably would need \$100-million to start and an annual budget of \$50-million. And it would need one or two research vessels. The Canadian government has ordered the construction of patrol vessels for the Arctic and the hope of all my Canadian colleagues is that some of those would become research vessels.

PNG to grant gas concessions to Thai firms

Bankok Post, 26 Mar 2013

Papua New Guinea Prime Minister Peter O'Neill has agreed to grant natural gas concessions to the Thai private sector during talks with his Thai counterpart Yingluck Shinawatra.



Prime Minister Yingluck Shinawatra talks to Papua New Guinea Governor-General Michael Ogieo at his office in Port Moresby yesterday. PHOTO BY GOVERNMENT HOUSE

The decision applies especially to PTT Exploration and Production Plc (PTTEP), Thailand's sole oil and gas explorer. Ms Yingluck was on a two-day visit to Papua New Guinea which ended yesterday. Ms Yingluck's trip was aimed at forging closer ties between the two countries and boosting cooperation in energy investments. Mr O'Neill praised Ms Yingluck for being Thailand's first female prime minister, who came to power through an election, and being a role model for Papua New Guinean women. She thanked her Papua New Guinea counterpart for the praise. The two government leaders also agreed to cooperate in agriculture, fisheries and tourism.

Papua New Guinea wanted Thailand to transfer technological knowledge on agriculture and Thai rice species as Papua New Guinea was Thailand's second largest rice importer after Australia, she said. During the talks, Ms Yingluck said Mr O'Neill wanted Thailand to run direct flights to his country, which has many popular diving sites. Papua New Guinea also offered to remove tax obstacles to Thai businesses, she added. Thailand wanted to use Papua New Guinea as a gateway to the Pacific islands, said Ms Yingluck, who led a Thai delegation comprising representatives from 30 businesses. The countries have also agreed to hold a joint parliament meeting annually. Ms Yingluck has invited Mr O'Neill to visit Thailand.

Resource owners applaud Sir Julius Chan

Post-Courier 26.3.2013

By *DAVID MURI*

THE Resource Owners Federation of Papua New Guinea has supported the stand taken by New Ireland Governor Sir Julius Chan to return mineral and petroleum ownership rights to the landowners. Outspoken president of the federation Jonathan Paraia says this is what is expected of the current government by the people of this country and the international community. "The United Nations Assembly in its declaration of the rights of the indigenous peoples of the world in 2007 requires the Papua New Guinea Government to adopt the declaration. Article 26, requires the State to return land and resource ownership rights stolen in the process of colonisation to its indigenous owners," he said. Mr Paraia, who is a landowner of the giant Porgera Gold Mine in Enga Province, said almost all members of the UN have adopted the declaration, including the USA, Australia, Canada and New Zealand who initially voted against it. "What is the PNG government waiting for? Most Papua New Guineans are indigenous who have owned the same mineral rights which were stolen by the State, the new entity formed by our colonisers upon their arrival on this island," he protested.

Mr Paraia thinks the government at least owes an explanation to leaders like Sir Julius, an advocate for the return of mineral rights to traditional landowners, Ambassador Peter Donigi, traditional landowners across the nation and the United Nations, as to why it cannot return resource ownership rights to the original owners. "Certainly, the argument of the Chamber of Mining and Petroleum that 'only a few people will be rich' cannot be the reason. Papua New Guineans who believe such rubbish must have rocks in their heads because in other words the chamber is suggesting that Papua New Guinea should become a communist state, instead of a democratic state where economies thrive on capitalism," he said. Mr Paraia said practising communism in a capitalist society like Papua New Guinea is recipe for economic disaster as evidenced by the "Rich but Poor" tag that this country continues to carry. He continues to highlight that the greatest economy of the world today is still the USA, adding it has been built by private capitalists like John Rockefeller, Thomas Edison, J.P Morgan, Henry Ford, Bill Gates and many others over time.

Gas Project Pumped Billions Into PNG Economy, Created 21,000 Jobs

Report highlights benefits of massive LNG development

By Paeope Ovasuru

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 25, 2013) – The PNG LNG project has spent K6.65 billion [US\$3.1 billion] and 21,220 Papua New Guineans have joined the workforce. This is according to the fourth quarter environmental and social report for 2012. Papua New Guinean businesses remain prominent in the provision of goods and services across all project areas with land owner companies being the main focus of supplier development. PNG LNG has three pillars in their national content programs says William Senior, the national content advisor. The pillars are; workforce development, supplier development, strategic community investment. He said under the supplier development pillar, PNG LNG aims to maximize participation in the project, build capacity and sustainability for local businesses, set global standards for locals and enable local business to be globally competitive and attractive.

Under this pillar, PNG LNG established the Institute of Business and Banking Management (IBBM) Enterprise Centre. Under this enterprise centre, there are over 1500 local businesses registered, said Johnson Pundari, the manager for the IBBM Enterprise Centre. He explained that the enterprise centre provides communications for the local business and capacity building. "We run workshops for entrepreneurs and also have a database where we provide business for the suppliers and the developer," said Mr Pundari. He added that the enterprise centre acts as an avenue where the registered companies can find business within that network. The enterprise centre offers busi-

ness training, business advisory services and financial advisory for small to medium enterprises which are nationally owned. So far, there are 56 land owner companies that are active participants within the enterprise centre's network.

OK Tedi will stay in PNG, says PM

Eoin Blackwell, AAP, March 24, 2013

THE government of Papua New Guinea is still considering extending the mining lease for OK Tedi Mining Ltd under a new management structure, Papua New Guinea Prime Minister Peter O'Neill says. Mr O'Neill said last week's media reports quoting him as saying the lease would not be extended when it expired at the end of 2013 were wrong. "There is no divorce with OK Tedi. OK Tedi is in PNG and we will continue our engagement with them," he told reporters in Port Moresby on Sunday. "I said the partnership between the owners of OK Tedi - that is the PNG government and the PNGSDP (PNG Sustainable Development Project) - that partnership will not continue," Mr O'Neill said. The PNGSDP, which owns 63.4 per cent of OK Tedi, and is worth \$1.4 billion, was set up by mining giant BHP when it withdrew from the project in 2002 after it reported the mine was responsible for causing major environmental damage. "By 1st January 2014, if the mine life's extended, OK Tedi mine will be managed under a new structure," Mr O'Neill said.

He said the government would only consider extending the lease after consultation with the people and government of Western Province, where the mine is located in the Star Mountains. PNG's National and Western Province provincial governments jointly own a 36.6 per cent share in the mine. Mr O'Neill has previously criticised the PNGSDP as being run by BHP via remote control. "BHP divorced us long ago, we simply didn't realise that," he said on Sunday. "It's time for them to move on, that's precisely what this government is doing." Late last year Mr O'Neill ordered economist and former PNGSDP chairman Ross Garnaut be banned from PNG after the latter implied the government would not spend the PNGSDP money wisely. In November former prime minister Sir Mekere Morauta took on the chairmanship of PNGSDP. Mr O'Neill has just returned from a three-day trip to Japan where he held talks with Prime minister Shinzo Abe and promoted PNG to investors. Japan is a major importer of Liquefied Natural Gas and PNG's behemoth, \$16 billion, Exxon Mobil lead gas project is expected to go online in 2014. On Sunday evening Mr O'Neill is expected to greet Thai Prime Minister Yingluck Shinawatra, who is making an official trip to Port Moresby.

Strange days, fur sure

The Australian, March 22, 2013, by Michael Pascoe

It's not just the Labor Party capable of strange days indeed – US department store Neiman Marcus has been done over by the Federal Trade Commission for selling real fur as faux. There might be something profound about the way the world has turned when a top flight retailer is passing off the real thing as fake. Next authorities will raid Hong Kong's Ladies' Market to drag away a stall holder guilty of stocking genuine Louis Vuitton handbags. And it's not just Neiman Marcus being a little strange. *The Herald Tribune* reported two other retailers were selling genuine fakes, so to speak. Perhaps the most pleasing sentence in the story is: "The FTC also charged that The Neiman Marcus Group Inc. claimed that a rabbit fur product had mink fur, and failed to disclose where the fur came from for three fur products." I'm no furrier, but I'd guess the fur came from rabbits.

However, the world turning upside down is not confined to rabbits dressed as mink and non-faux faux fur. Earlier this month, *The Sydney Morning Herald* reported university deans more or less claiming they don't run dud faculties with low standards. As Mandy Rice Davies might suggest, they would say that, wouldn't they? The key sentence this time was: "According to government fi-

gures, only 20 per cent of those starting undergraduate teacher training courses each year had ATARs of less than 60.” Note that it's not “20 per cent managed an ATAR of 60” – it's 20 per cent scored 59 and lower. Well that's a relief – only one in five teacher training freshers was apparently incapable of doing much more than putting their name on the top of their HSC papers. How, therefore, could anyone doubt the high standards demanded by our august tertiary institutions, heavily subsidised as they are by taxpayers?

But then it gets serious. While the Australian government was auditioning on Thursday for a minor job with Ashton's Circus (they were turned down), real news was breaking to our north: Papua New Guinea's Prime Minister reportedly announced his government would seize control of the \$1.4 billion sustainable development fund set up by BHP in 2002 as a gift to the Papuan New Guinea people with a structure designed to try to pre-vent it being seized by the politicians of a country rated by Transparency International as one of the world's most corrupt – ranked 150th out of 176. This is the latest act in a saga of both tragedy and generosity. The Papua New Guinea Sustainable Development Program represents by far the biggest act of corporate philanthropy in Australian history. It was the compromise worked out by Paul Anderson when he was running BHP between the need to end the downriver pollution caused by Ok Tedi and the PNG government's determination to keep the mine operating.

When Anderson personally reviewed the studies commissioned by his predecessors of the Ok Tedi mine's impact, he found it morally impossible to continue to operate the mine. The initial plan was to effectively fill the hole in, a scheme that would allow mining to continue for a little longer without polluting the river, giving PNG time to adjust. But with Ok Tedi being the government's biggest source of revenue, Port Moresby would have none of it. The mine would continue to operate as long as it was profitable. Anderson nonetheless believed BHP could not ethically keep mining, so its majority stake was gifted to the people of PNG through the PNGSDP structure, a Singapore-based corporation with PNG government representation on its board, but not dominance. New PNG Prime Minister Peter O'Neill last year began his push to take control of PNGSDP. Steadily rising tensions broke surface when PNGSDP chairman Professor Ross Garnaut was banned from entering PNG after he very gently stated the obvious about the country, that it was “tempting for political figures to think of better ways of using it right now rather than putting it into long-term development”.

Thursday's development - O'Neill announcing that Ok Tedi's lease would not be renewed upon its expiry next year, that the PNG government would own and operate the mine and that “we will restructure the PNGSDP with our own people managing it, not by strange people who live beyond and do not know our needs” – would be a sorry conclusion to a magnificent effort to ameliorate an environmental disaster. There was hope that O'Neill becoming Prime Minister would help lift PNG and much of the new government's rhetoric has been encouraging about removing some of the infrastructure bottlenecks holding this complex country back. Certainly a good government could indeed put the PNGSDP funds to good usage, but good government to the benefit of all the people have not been the rule in PNG. Despite fabulous natural resources, delivery of services in many areas has gone backwards.

Giving O'Neill the benefit of the doubt, the tragedy here might not be what his administration might do with the money, but whatever crew takes over from him. It's a tough job standing between a politician and a bag of money the world over, including Australia. When the PNGSDP was set up, it was envisaged that it would ultimately be controlled by the PNG government. The timing and attempted safeguards could not be ensured a decade ago. The structure has at least preserved a large proportion of Ok Tedi's wealth for the people. In the end, it is indeed theirs to deal with. To have the structure end in rancour and high dudgeon though, bodes ill. Australia's nearest neighbour and major destination of Australian aid funds has a great many problems as well as potential. And

where's the Australian government been as this unfolded? Somewhat busy working up a circus act. Standby for some sort of reassurance from Canberra about maintaining faux fur standards and that the future of education here is in good hands.

Ok Tedi: Fly locals on government's side

Post-Courier 22.3.2013

By Paeope Ovasuru

OK Tedi Mines Impact Area association (OTMIA) has come out in full support of the government's decision not to renew the lease on Ok Tedi mine and to take over PNG Sustainable Development Program (PNGSDP). OTMIA president, Nick Bun, flanked by his committee members said for too long there has not been any tangible development. He said OTMIA was formed by Ok Tedi Mining Limited in 2009 to represent the people along the Fly River who are directly affected by the mine. He said that the association signed an agreement with the mine to access funds to develop the communities surrounding the project site. "Up to this day, my people have not seen any real development," he said. He said that instead of letting the association access that money, Ok Tedi went ahead to form Ok Tedi Development Foundation (OTDF) and PNGSDP.

He said his association has been appealing to Ok Tedi to look at other arrangements to benefit the people but to no avail. "We fully support the decision by the government because we want to see a change in our people's lives," said Mr Bun. He further stressed that health issues in the impacted area and the province was a big concern. "Western province people are happy with the decision because for too long we have suffered and Ok Tedi and PNGSDP have done nothing to address our basic needs," he added. South Fly Women's representative and secretary, Toti Sapera said the main concern for women in the impacted area is health. "I want the government to address the health issue and what we need is training for health workers," she said. She added that health workers from other parts of Western province don't like working in the mine impacted areas; so the training of more young people from the mine impacted areas will help the people a lot.

Elijah Anato, the president of Lake Murray LLG and vice president of OTMIA appealed to all leaders from the province to work with the association and the national government. Mr Anato urged the leaders to work with the government to bring services and development to the people and not fight against the association. Thomas Dugi, the president of Kiwai LLG, echoed his colleagues when he said that for so long the people of Western province have been denied tangible development and services. "Our main concern is a change in our livelihood. And we want to see that," he said. He stressed the impacted areas needs for basic services.

67 protesting landowners arrested at LNG site

Post-Courier 22.3.2013

THE umbrella company of PDL 8 Angore Corporation Limited and its landowners have welcomed the announcement by the minister for Trade Commerce and Industry, Richard Maru to personally visit the Angore PDL8 in April and meet the landowners and release their business development grants (BDG). The PDL8 project was stopped for 10 days early this month because of non payment of BDG and other commitments as agreed to in the LBSA and UBSA respectively after petitioning the government. Executives of the umbrella company Angore Corporation Limited had gone on site and stopped the project at Angore and Awa Tangi pipeline section leading to Angore. After 10 days of unsuccessful negotiations with security forces and Exxon employees, the security forces arrested 67 landowners and executives and locked them up at Tari and Nogoli police lockup. Each was asked to bail out with K500.

30 people were bailed out the next day while leaders with 36 others were transferred to Buiyapi prison in Mendi, Southern Highlands Province. Angore Corporation Limited executives sent their legal officers and yesterday they were released. No serious charges were laid against the protesters as they staged a peaceful protest over government failure to honour their commitment. However, the people are seriously wounded and the action by the disciplined forces may affect the general relationship between landowners from the project site and the state. A landowner spokesman, Philip Tukuyawini said manhandling of Angore landowners by security forces only tarnished the good relationship built over time with LNG project site communities. Such actions may affect the first PNG LNG project in the country.

“As a landowner leader from Komo Airfield, Hides and Angore, I feel for my people and the way the state is treating them. The BDG was supposed to be paid to landowners to participate in spin-off businesses; but due to political interference and landowner leadership struggles, it had led to these problem. An agreement becomes legal if all parties to the agreement are satisfied and implement terms accordingly. In the case of Angore, we are assuming that the LBSA is not legally recognised as an agreement because government’s commitments to landowners are long overdue and the project is just about to end,” he said. “The Angore landowners’ incident may be the tip of an ice and there may be more to it. The government of the day has to be more proactive in dealing with landowner issues if they wish to see the first LNG gas flow to be reality. I as a landowner and educated elite of the project feel pain in my heart as long as Hela Laitepo gas flows out of Tukupa land,” he said. But the minister for Trade Commerce and Industry Richard Maru’s assurance to visit Angore is a breath of fresh air for the landowners and their umbrella company.

Causes Unclear in Fatal Papua Clashes

Robertus Isidorus, jakartaGlobe, March 21, 2013

Six people have died in a clash between two ethnic groups that started on Friday around Freeport Indonesia’s Tanggul Tengah mining area in Papua. The conflict occurred around a river bank at Freeport’s Mile 34-35 area, said Freeport head of communications Daisy Primayanti. She said the company believed those participating in the conflict were illegal miners and the dispute centered on access to mining areas. “We are saddened by the incident that resulted in six civilians killed. Until now the company’s internal security officers and the police are still working together to monitor the situation to prevent the clash from happening again,” Daisy said on Wednesday. But based on reports by news outlet Gatranews, the cause of the clash between the two Papuan ethnic groups, the Damal and Key clans, remains unclear. “Although the situation in the city of Timika was conducive [to peace], people were advised to not go out to the Kwamki Lama area and were advised to remain cautious,” said an anonymous source quoted by Gatranews, referring to the still-tense situation on Sunday.

According to one report, two Damal group members from Kwamki Lama went to the area to check on animals traps they had installed. Soon after, 30 people arrived at the scene and accused the men of stealing goods from the Key clan. The accusation led to an argument and later the duo were mobbed by their accusers. One of the men escaped the scene and returned with dozens of men from the Kwamki Lama area to help with the dispute. The men who arrived were equipped with weapons, escalating the conflict. But according to a separate report, the incident stemmed from an earlier conflict between the groups over mining locations. The six people killed in the violence have been identified as Fitron, Etimus Mom, Rusli Rizal, Namura, Syamsul and Yosep Watfian. The bodies of Rusli and Etimus were discovered on Saturday at miles 32 and 34, respectively. Rusli’s body was discovered with serious arrow wounds.

Yosep's body was found by Yuli Mangera, a local resident who was doing road construction. Yuli discovered Yosep with an arrow stuck in his body. Yuli reported his discovery to the Kuala Kenca-na Police who immediately sent a forensic team to the location to identify the body. Papua Police spokesman Sr. Comr I Gede Sumerta Jaya said on Tuesday night that Yosep's body had been taken to the Mimika regional hospital for an autopsy. Some of the victims died after being hit by poison arrows, while others sustained serious blows from blunt objects. Local authorities are still investigating the cause of the clash. A disputed mining area had reportedly been set ablaze by the disputing parties. Freeport's copper and gold mining areas in Papua have been the backdrop for numerous violent clashes since 2009. In November 2011, eight illegal miners were shot and killed by police for encroaching Freeport's mining site in Paniai.

Locals welcome decision on Ok Tedi

The National, Thursday 21st March, 2013

OK Tedi Mine Impacted Area Association president Nick Bunn has welcomed the government's decision not to allow mine life extension. PNG Sustainable Development Program (PNGSDP) and Ok Tedi Mining Ltd (OTML) chairman Sir Mekere Morauta declined to comment. OTML managing director and chief executive Nigel Parker told The National he was aware of the prime minister's statement in parliament "but was unable to make further comment at this stage as it was a matter concerning the state of Papua New Guinea and PNG Sustainable Development Program Ltd, as the shareholders of Ok Tedi Mining Ltd". "This is a blessing for the people of Western," Bunn said. "This is exactly what we have been advocating."

Ok Tedi: Marriage over, says Prime Minister

The National, 21st March, 2013

By JEFFREY ELAPA

THE partnership between the government and Ok Tedi Mining Ltd is over, Prime Minister Peter O'Neill told parliament yesterday. He said the government would take over the running of the mine when OTML's licence expired at the end of this year and turn it into a model operation for the benefit of the people. OTML has been seeking to extend the mine's life and wanted to continue operating it from 2015 to 2025. O'Neill told parliament yesterday during question time that the government would not renew the licences of the mine developer and would not be part of any agreement for an extension to the life of the mine. "The marriage is not working," he said. "The government will break its partnership or marriage with OTML," he said. He said the state would own and operate the mine through PNG Sustainable Development Program Ltd (PNGSDP).

He said he had written to OTML informing it that the government could not support or allow the company to extend the life of the mine. "When the lease expires, this government, as a partner and director, will not allow or grant an extension. "The marriage is not working. "Like all marriages, we have to break it if it does not work. BHP has to move on. "I will not apologise to anyone, not even to BHP," the prime minister said. The government would operate the mine for the people of Western and address the ongoing problems in the province such as poor health facilities, education and other development needs. O'Neill said the government, a trustee through PNGSDP, would take over the operation of the mine and make it a model for others in PNG. "We will restructure the board of PNGSDP with our own people managing it, not by strange people who live beyond and do not know our needs."

Porgera: PM condemns illegal miners

Post-Courier 21.3.2013

PRIME Minister Peter O'Neill yesterday lashed out on perpetrators of illegal mining in the Porgera Gold Mine, singling out that the Government would look into the issue seriously. Mr O'Neill was questioned by Porgera Laiagap MP Nixon Mangape during Question Time whether the Government was aware of illegal miners operating in the mining area and the law and order situation that was badly affecting it. The Prime Minister was also questioned whether the settlers near the Pogera Gold mine were illegally settled and whether they should be moved. Mr O'Neill stated that there were deaths reported lately and these people settling near the mine were outsiders. "Yes these are illegal settlers and they should be moved because they are putting their lives and those around them at risk," he said. "The government will attempt to resettle these settlers in a more secured area where they can be away from harms way that can be caused when there is no safety and regulations for non-official residents," he added.

K643m spent in tax scheme

Post-Courier 21.3.2013

By *KONOPA KANA*

PARLIAMENT yesterday received the first-ever Tax Credit Scheme (TCS) report after 20 years, from the National Planning minister Charles Abel detailing K643.8 million spent by specific corporate bodies (named) for 423 impact projects in 12 provinces from 1992 to 2012. The report detailed the companies that have paid 0.75 per cent in the tax credit scheme development projects within these years, which was heavily criticised by MPs and ministers as a reap-off of public monies because of an unrealistic expenditure of K643.8 million spent on 423 impact projects in 12 provinces, while developers were alleged to have got away with millions of kina from tax payers money. In the report, Mr Abel highlighted the achievements by developers:

- Porgera Joint Venture — K191 million to fund more than 20 impact projects in the Highlands
- NBPOL — K16.8 million to fund a total of 129 infrastructure projects in West New Britain Province
- Chevron Nuigini — more than \$US88 million on health, education and transport projects in Gulf, and Kutubu and Gobe in the Southern Highlands Province.
- Oil Search (PNG) Limited — more than K196.4 million to fund 205 impact projects in Gulf, Kutubu, Gobe and SHP.
- Ok Tedi Mining Limited (OTML) — more than K235 million to fund 52 projects in Western Province and K28 million spent on Teleformin in Sandaun province.
- Ramu Agri Industries Limited — a total of K1.94 million on 12 impact projects
- Hargy Oil Palm Limited — a total of K1.94 million
- Lihir Gold Mine received a total of K33.5 million, however it has spent very little of this amount

Minister Abel said that the outcome of the TCS projects has been highly rewarded despite challenges and limitation on the capacity of contractors implementing the projects and the lack of capacity in monitoring and managing the TCS projects which lead to delays in approval. He said that TCS is one innovative funding source that enables the government to achieve its vision and goals by investing in our large mines and petroleum sectors. "The mutual understanding between the resource developers and the government is for resource developers to deliver basic infrastructure to rural settings where the government capacity is not present. In remote settings where the state does not have the technical capacity and machinery to deliver much needed infrastructure and services to the population, developers have been used as primary contractors by the state to partner with in delivering key infrastructure projects," Mr Abel said.

Lelang stands by PNG's SWF set-up

Post-Courier 20.3.2013

By Paeope Ovasuru

Papua New Guinea's Sovereign Wealth Fund (SWF) should not be subscribed to the Extractive Industries Transparency Initiative (EITI). Joseph Lelang, the Opposition's spokesperson on Treasury and Finance, said this when responding to Jonas Moberg, the head of EITI's recent media statement published in The National newspaper last Friday. Mr Lelang said that Mr Moberg had failed to tell PNG what was wrong with the country's SWF and how EITI would improve on that. He added that PNG had adopted the Santiago Principles on the basis to develop the SWF's legal, institutional and governance framework and investment policies and risk management. "Under the Santiago Principle, 24 voluntary guidelines assign best practices for the operations of SWFs and has been developed by the International Monetary Fund (IMF) and the International Working Groups of SWFs," he said. "I am satisfied that the Santiago Principle is sufficient in providing the foundation on which the country's SWF is developed." Mr Lelang further stressed that PNG is not a risky investment destination and has a low and stable resource taxation regime and its laws on royalties and dividend payments have remained unchanged. "The investment climate is good here. Investment in exploration in oil, gas and mineral remains robust," he said. "If Mr Moberg thinks otherwise, then he should provide a critique of our SWF so we can improve further. I do not see a need for PNG to subscribe to EITI as the benefits for such a move will either be marginal or hard to measure."

Logging Expected To Be Solomons' Main Economic Contributor

Solomons looking to neighbors for management guidance: minister

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, March 19, 2013) – Solomon Islands Finance Minister Rick Hou says he expects mining to take over from logging as his country's economic mainstay. Mr. Hou has told Radio Australia's Pacific Beat his nation will be looking to neighboring countries, including East Timor, for guidance on revenue management. "The revenues in terms of the mineral sector are still further down the road, so we have some time to learn from others," he said. Mr. Hou says establishing a strong regulatory framework will be Solomon Islands' first task. "The important thing we have to put in place really quickly is the legal framework," he said. Solomon Islands reopened its only mine, owned by Gold Ridge Mining Limited, three years ago. Gold Ridge and other companies are looking at new prospects in gold, copper and nickel. Mr. Hou is one of the keynote speakers at a United Nations Development Program Symposium on Managing Extractive Industries to Improve Human Development, which is being held in Fiji this week.

PNG-China trade 80 per cent of Pacific total

Post-Courier 19.3.2013

By MELANIE VARI

TRADE between China and Papua New Guinea accounted for 80 per cent or K3.57 billion (\$US1.68 billion) of the Pacific's total earnings last year of K4.47 billion (\$US2.1 billion), says ANZ chief economist for greater China Dr Li-Gang Liu. Dr Liu comes from the world's second largest economy and first largest trading nation when compared to the United States and is here in PNG to promote the Chinese government's goal to progressively deregulate and internationalise the country's currency, the Renminbi, to encourage business opportunities for corporate organisations, treasuries, banks and individuals worldwide. He was the guest speaker at the ANZ Papua New Guinea - Port Moresby Chamber of Commerce and Industry hosted breakfast at the Royal Port Moresby Yacht Club yesterday and was welcomed by a large turnout of members of the chamber. According to Dr Liu's observations, PNG is the largest economy in the Pacific, followed by Fiji;

however in terms of a per capita basis, Fiji outperforms PNG.

In terms of trade leadership, PNG dominates Pacific trade, but not so much in the area of agricultural exports – the export of nickel, gold take up a huge part of that domination and the LNG will come on board as a lucrative chunk of export in the not-too-distant future as China moves to cut down its coal consumption and high pollution rates. In conjunction with the breakfast activities ANZ also announced its offshore Renminbi capability for its corporate and commercial customers in Papua New Guinea. This will provide them with the ability to trade directly in Renminbi (RMB) or Chinese Yuan (CNY) when doing business in China.

ANZ chief executive officer Pacific, Vishnu Mohan, said: “ANZ is the first bank in the Pacific to provide its customers with Renminbi capability, which makes this a significant milestone in our support of customers across the region. Today’s launch also recognises that with the internationalisation of the Renminbi we can further support our customers that are growing their businesses through trade with China.” “Total trade between China and the Pacific is significant and it’s growing rapidly. Last year, it reached US\$2.1 billion, which was eight times greater than in 2000, and 20 percent larger than in 2010,” Mr Mohan said. ANZ’s RMB offering further enhances its reputation as a super regional bank.

Parties involved in Hidden Valley project review mine deal

The National, 19th March, 2013

PARTIES associated with the Hidden Valley mine will meet in Lae this week to review the memorandum of agreement. The initial agreement was signed in August 2005. The parties include the state, Nakuwi Association Inc (landowners), Morobe provincial government, Morobe Consolidated Goldfields Ltd (Hidden Valley Joint Venture), Wau local level government, Watut rural local level government and Wau-Bulolo surburn local level government. The state team comprises the Mineral Resources Authority plus the departments of treasury, health, environment and conservation, prime minister and NEC, trade, commerce and industry, national planning and monitoring, labour and industrial relations, mineral policy and geo-hazards management and the state solicitor’s office. The meeting is to discuss issues including royalties, special support grant, business spin-offs, employment, infrastructure projects and environment. MRA managing director Philip Samar, on behalf of the state team, said they wanted to ensure a win-win situation for all stakeholders. Representatives of Nakuwi Landowners, HVJV and Morobe provincial government hoped that the meeting would achieve a satisfactory outcome for all.

Police wreak havoc in Lihir

Post-Courier 19.3.2013

By Walter Pipite

Thousands of people are now displaced and thousands of Kina worth of property destroyed after police rampaged through a community in Lihir a few weeks ago. The small village community of Zuen is now literally deserted after members of the Kokopo based Mobile Squad 15 conducted a so-called ‘eviction’ exercise by forcefully removing villagers from their houses, pulling houses down, cutting trees and crops and causing damage amounting to thousands of Kina. Based on statements given by Lihir Mining Area Landowners Association (LMALA) Chairman Mr Peter Suar, everyone is aware of the customary land disputes that are now becoming frequent between clans and various groups on Lihir, but he assured all stakeholders that LMALA’s official position has always been that they will not be involved and take sides with any single clan or group because of LMALA’s very mandate, which is to look after the interests of their members, who belong to the six (6) major clans on Lihir.

Mr Suar stated that the recent eviction exercise on the piece of land at Zuen village known as “Niatam” by heavily armed Mobile Squad members from Kokopo numbering in excess of 30, over a customary land dispute between Nielik and Tinetalgo Clans (which is a civil matter) has raised very serious concerns for LMALA because of the total disregard by police for the villages dignity, welfare, especially women and children who have been displaced and who had to flee into the bushes and live there for these past few days. He further aired his concerns that Newcrest Mining Limited and NRLLG have done nothing to intervene and help the affected families and for this LMALA strongly condemns the inaction of these two entities. “The eviction exercise has affected many innocent families in the affected village and also families from the neighbouring villages. Many innocent people are rumored to have been assaulted and threatened unnecessarily by the police officers in full combat gear, causing fear and intimidation amongst the people of Lihir,” he said.

He further stated that in light of the cries for help and the plight of the affected people, LMALA has engaged their lawyers to seek urgent enforcement of the human rights of the effected people by announcing that an Interim Restraining Order has been granted by the National Court on Monday 11, March 2013 stopping all eviction exercises by the police in Zuen village as well as the neighbouring villages. “The matter has currently been returned to the National Court at which time our lawyers will make appropriate representations,” he said. A spokesman for the principle land owner who was still in hiding communicated to the Post-Courier and called on the New Ireland government to intervene. “It has been nearly a month now and our members of parliament have not intervened in this case. What could have been a minor case that could have been solved civilly and within our community has now blown out of proportion. What the affected people of Zuen want is normalcy, peace and justice for what has been done to their community,” he said. Post-Courier contacted Newcrest concerning the matter and got the reply from a spokesperson that “It is inappropriate to comment as it is a civil matter unrelated to the mine.” Police representatives on the other hand could not comment when contacted by Post-Courier, as they couldn’t be reached.

Pacific island countries discuss managing resources from extractive industries

Xinhua News, 2013-03-18

SUVA, March 18 (Xinhua) -- A number of Pacific island countries have earned significantly more revenue through the extraction of natural resources like oil, gas and minerals and the expectations for future development in this area are also high, a meeting for Pacific islands to discuss managing resources from extractive industries to advance human development said Monday. The three-day "Pacific Symposium on Managing Extractive Industries in Pacific Island States to Improve Human Development" that was held in the Fijian resort town and was attended by more than 60 participants was a follow up to an international meeting held in Mongolia in 2011 in which representatives from Fiji, Papua New Guinea (PNG) and Timor Leste participated. The symposium agenda featured some of the key issues that were discussed in Mongolia, such as, spending and investment policies; revenue management systems; conflict prevention; governance arrangements, environmental impacts; and managing the so-called Dutch Disease.

"What will be important is to see how these issues might be best addressed in a Pacific island context, a context where environmental sustainability, land ownership and community resilience often take on very personal meanings because of cultures and traditions and the relatively small size of some of the countries where extractive industry opportunities exist," said United Nations Development Programme (UNDP) deputy assistant administrator and deputy regional director for Asia and the Pacific Nicholas Rosellini during the keynote address. "The symposium is an opportunity for Pacific government officials and regional and international experts to learn from each other, to learn from both the successes and mistakes of the past and begin a process to design more effective policies and systems for the future," said Rosellini.

Inia Seruiratu, Fiji's Minister for Agriculture, Fisheries and Forests and Minister for Provincial Development and National Disaster Management, welcomed the participants. "We all share a common vision regarding the extractive industries, that is to grow and generate more revenue for our countries and have its benefits trickle down to our grassroots people. Additionally, we must ensure that this shared vision encompasses good governance, sound management of revenues, safeguarding of landowners' interests and environment sustainability," said Seruiratu, adding he looked forward to the session on day two, on the theme "Land and natural resources in the Pacific." "Many customary owners continue to believe that mineral found on their land is their property and not state-owned. Hence the strong belief that they are entitled to any monetary benefits derived from those minerals. Practically when this does not happen, they are disillusioned and that is causing a lot of tensions and violence in some of our Pacific island countries. Fiji is no exception. This is an opportune time for this symposium to work out the best approach to harmonize these misunderstandings in order to encourage further potential growth in the extractive industry," Seruiratu said.

Speaking at the symposium, the United Nations resident coordinator and UNDP resident representative Knut Ostby said the extraction of natural resources and practices, if not managed properly, could also be associated with the so called "resource curse," which has resulted in economic decline, environmental degradation, political instability, exploding inequalities and domestic conflict in certain countries and areas. "While extractive industries progress globally on many fronts, it is important that extraction of minerals in the Pacific takes into account the special opportunities and vulnerabilities that exist in small island states. Experiences and technologies from other parts of the world are welcome and will help us move forward, but unless these are adjusted to Pacific and local realities, they risk in some cases to do harm rather than good," said Ostby. The Pacific symposium was attended by senior government officials from Cook Islands, Fiji, Papua New Guinea, Bougainville, Solomon Islands, Tonga, Vanuatu, Timor-Leste, Nauru, as well as by representatives from extractive industry firms already operating in the Pacific, regional agencies and non-government organizations.

Highlands Pacific releases 2012 financial report By *ANCILLA WRAKUALE*

Post-Courier 18.3.2013

MINERAL resource company, Highlands Pacific Limited in a company announcement released to the market last week, has announced that the company has a carrying value of project assets of K186, 013, 965.40 (\$US87 million) in Papua New Guinea. Current projects undertaken by Highlands in PNG included the Ramu Nickel Project in Madang, Frieda Copper at the border of East and West Sepik Provinces, Star Mountains Project, Western Province and two other explorations in Bulolo, Morobe Province and Sewa Bay in Milne Bay Province. The highlights in the company's 2012 audited financial statements include the following:

- Investment in exploration and development at approximately K34, 209, 464.90 (\$US16.6 million, 2011:\$US16million); and
- Cash at bank at approximately K29, 933, 281.79 (\$US14.6 million) 2011:K12, 828, 549.34 (\$US6.5 million).

The loss of K34, 209, 464.90 (2011: \$US16 million loss) reflects the company's continued investment in exploration, development and commercial activities related to its Star Mountains in Western Province and Ramu Project in Madang Province. The 2012 financial report said the company is hedge and debt free and its cash at bank as at December 31, 2012 was approximately K29, 933, 281.79 (\$US14.6m) compared to approximately K12, 828, 549.90 (\$US6.5 million) in 2011, having increased during the year with a K 32, 071, 373.34 (\$US15 million) share replacement to the \$US 1.4bn PNG Sustainable Development Program Limited which now owns a 13.04% interest in High-

lands and owns a 63.4% interest in the Ok Tedi mine. Key features of the 2012 financial result include:

- Ramu - No change to the historic K106, 904, 557.82 (\$US50 million) carrying value of Highland's 8.56% interest in the \$US1.5 billion project which sold its first concentrate in late 2012.
- Frieda — A decrease in approximately K12, 828, 594.34 (\$US6.6 million) in the carrying value bringing Highlands' share of this world class copper asset to K79, 109, 387.58 to 2011's approximate K104, 766, 486. 26 (\$US37.2 million, 2011: \$US43.8 million). The lower carrying value reflects the adjustment to the carrying value related to the receipt of approximately K23, 519, 007.12 (\$US10.8 million) from Xstrata Copper for the exercise of the Nena option, bringing this previously excluded deposit into the Frieda River Joint Venture; offset by (a) K 8,552, 366.23 (\$US3.6 million) accrued as a future liability as Highlands share of 2012 project expenditure carried by Xstrata Copper which Highlands will repay in the future from Frieda's production and cash flow, and (b) direct commercial and management costs in 2012 incurred by Highlands.
- Star Mountain — In 2012 the company spent \$US10.9 million on its Star Mountains exploration program.

One of the four Star Mountains leases (EL 1312 Nong River) is subject to a joint venture agreement whereby Xstrata Copper can re-enter the EL 1312 Nong River joint venture when Highlands presents a pre-feasibility study and earn a 72% interest by reimbursing Highlands three times Highland's spend. To date Highlands has spent over \$US25 million on its Star Mountain tenements. Managing Director of Highlands Pacific Ltd Mr John Gooding said: "2012 saw major advancements in Highlands's three key assets, with the first commercial sales from Ramu, the delivery of project studies regarding Frieda, and the highly encouraging copper assays at Star Mountains. With cash at bank and a supportive cornerstone investor such as PNGSDP we look forward to the year ahead".

Bougainville: Panguna mine talk opposed

Post-Courier 18.3.2013

By *ROMULUS MASIU*

ARAWA-based self-styled Me'ekamui general Chris Uma has bluntly told this paper that Panguna Mine is non-negotiable till after referendum and Independence. "Only after referendum and independence we will then talk about mining," Mr Uma told this reporter when quizzed about the re-opening of the giant copper mine in Arawa Town at the weekend. The Panguna Mine was forced to shut down 25 years ago and presently remain closed. "Now we can talk about mining but it will not be opened, we can just talk and talk as we wished, but it will not be opened. Only after we achieved the ultimate independence, we can then talk about opening the mine." Mr Uma, who controls the Me'ekamui faction in Central Bougainville, said "before we can talk about the mine, we must answer these questions, why did this war (crisis) start, why did it end and what did we achieve from this fight? What will we benefit from this war?"

"We must not lose our foresight on these very important questions, and most importantly we must educate our children on these issues, tell them why we fought this war and what will be achieved after this war. And what benefit will we get (from this mine), because mining was the sole reason why late Francis Ona instigated this war. We fought because we (Bougainvilleans) as the rightful owners of this Panguna mine were missing out on the benefits. That is the reason why we fought this war, we were not benefiting, and instead the outside world including the developer were benefiting from our mine." Autonomous Bougainville Government President John Momis has elaborated on the issue on numerous occasions that Bougainvilleans were out rightly ignored in the role of decision making and benefit sharing, resulting in the war. He had stated that Bougainvilleans were no longer in control of what they rightfully owned and that the outside world and developer had cared nothing about the destruction of Bougainville society, culture and the environment.

Me'ekamui in the local Nasioi dialect means 'Holy Land' and the view of the Me'ekamui followers, no one, including the National Government, ABG, Bougainville Copper Limited (BCL) or even landowners could make any decision on the re-opening of the Panguna Mine. Instead, all Bougainvilleans from Buin in the southern tip of the island to Buka in the north will deliberate on the mining issue as all the people have suffered and many lives lost during the conflict. President Momis has also supported the call, citing in his maiden speech in the Bougainville House of Representatives that the Draft Bougainville Mining Policy Act 2013 will go through a wide consultation, which is very vital, before making a major new law. Mr Uma is still adamant that the crisis started as the result of the mine, thus the mine is not only for the landowners to debate by themselves but instead for all of Bougainville to deliberate on. Furthermore, Me'ekamui stands for the principle that all Bougainvilleans must benefit from the mining revenue and spin-offs if it ever opens. Majority of the Bougainvilleans support Mr Uma's view, with some opponents as well.

PNG Landowners Halt Work On LNG Pipeline, Demand Compensation

Esso confirms portion of Hela Province work stopped

WELLINGTON, New Zealand (Radio New Zealand International, March 17, 2013) – A non-government organisation in Papua New Guinea says landowners at a Liquefied Natural Gas project site will continue to stall work in the area until the government responds to their compensation and employment demands. The project developer, Esso Highlands Limited says a small group of people has stopped a portion of work on the onshore pipeline in the Awatangi area of Hela Province. A spokesperson for LNG Watch, Stanley Mamu says the landowners believe they're owed 19 million US dollars and says they are upset by what he describes as the government's biased employment of workers for the project. "They want proper compensation on their portion of land. The government plus the company bulldozing the project there, the pipeline, without proper payment on their land compensation. That's one. Two, no employment. So what the people want is that government needs to employ our people because cash flow must be in our region."

Tonga Seabed Minerals Bill to go to parliament this year

Matanagi Tonga, March 15, 2013

A Tonga Seabed Minerals Bill 2012 is expected to be introduced to Tonga's Parliament in July or August this year. Tonga's Attorney General Neil Adsett told Matangi Tonga when the Lands Department thinks the draft is ready to present to Cabinet for policy decisions he hoped that Cabinet would authorize the publication of the Bill for public comment before it is finalized. "The bill is on our legislative program for 2013 so we hope it will go to parliament in July or August," he said. The Attorney General talked to a Pacific-ACP States Regional Workshop on Deep Sea Minerals Law and Contract Negotiations held in Nuku'alofa this week, and gave an idea of what is in Tonga's draft Bill, at this stage. The Bill and regulations aim to cover permit regulated seabed mineral activities with an objective to efficiently manage, protect and preserve the marine environment, while promoting transparency in government decision making and to provide a stable operating environment for sea mineral companies. At the same time, it is aimed to ensure that Tonga receives appropriate financial benefit from mining companies' profits.

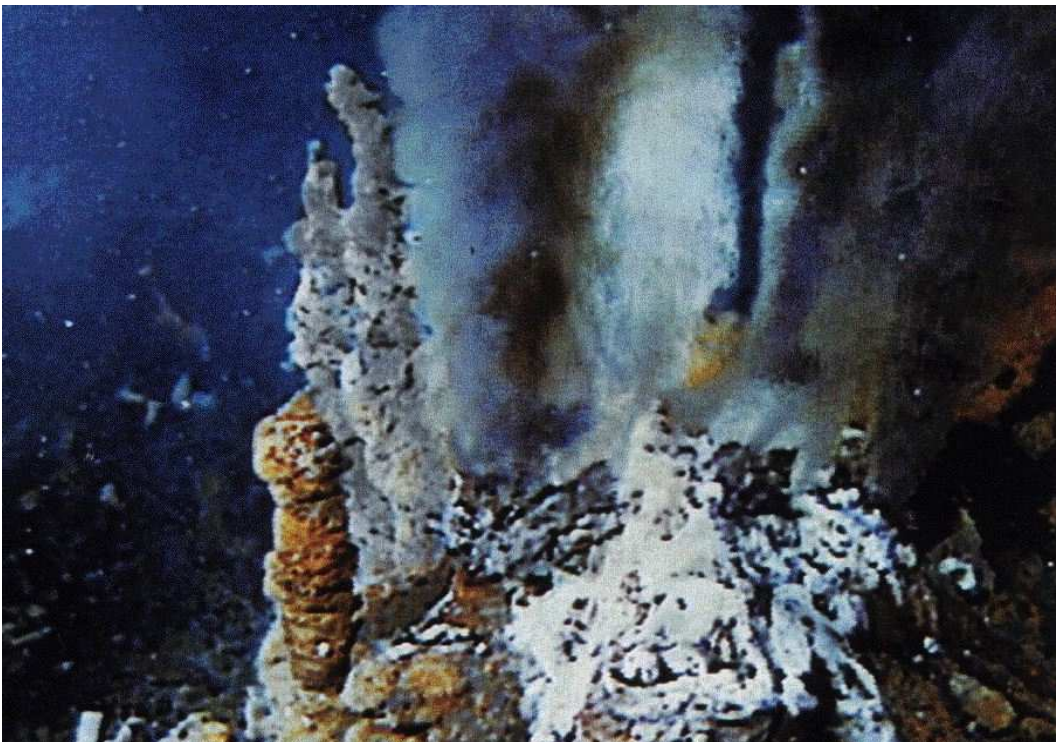
He said although the technology for seabed mining was new, the basic arrangements would be the same as on land. Sea mineral exploration companies need a license to prospect, explore or mine, and the environmental issues are very strictly guarded and they pay royalties to Tonga. "This is being worked out separately by the Revenue Department, who are looking at drafting a new Resources Tax Bill," he said. Tonga has a Minerals Act from 1949 that deals basically with mining on land which was amended in 1978 to cover Tonga's seabed. But it is thought that a special new Act

is needed for seabed mining, said the Attorney General. Paula Taumoepeau the Country Manager of Nautilus Minerals Tonga Ltd. said that companies were asked to participate in some of the sessions at the workshop, as it dealt with legal aspects of deep sea minerals. It had provided them with a good opportunity to network with representatives from other Pacific Islands. "We learnt a lot from presentations made by leading industry members in the region like Papua New Guinea, while strengthening our network," he said.

"For Nautilus, we had the opportunity to put our views forward and updated about our project, as there were a lot of misconceptions about what we do," he said. Paula believed that Tonga needs good legislation to balance all sides from commercial, benefits, social and protection of the environment. "One workshop would not solve the issues at once, that's why it is important to have on-going dialogues and we hope the industry will continue to be consulted on deep sea minerals," he said. This is the second of five regional technical workshops held on behalf of a SPC-EU Deep Sea Minerals Project that ends in 2014 after four years. The project was set up to provide technical assistance to states in its decision making and engagement with deep sea mineral activities. Attended by representatives from 15 Pacific Islands including government officials with some representatives from civil society, mining companies and experts from outside the region, the workshop was held at the Fa'onelua Convention Centre from March 11-15.

Interest in Deep Seabed Mining Increases Rapidly, Says ISA

Subsea World News, Mar 15th, 2013



The Secretary-General of the International Seabed Authority, Mr Nii A. Odunton says the level of interest in deep seabed mining has increased rapidly and significantly after decades of being ‘on hold’.

Speaking at a media event in London on Thursday, 14 March for the launch of UK Seabed Resources Ltd., the latest exploration contractor with the ISA, Mr Odunton said the increase in interest was a welcome and positive development – driven by the dramatic increase in metal demand, increase in metal prices, decline in the tonnage and grade of land-based nickel, copper and cobalt sulphide deposits and technological advances in deep seabed mining and processing. He said that in

recent years there have been clear signs that the private sector and the financial institutions that support it believe that deep seabed mining can be commercially viable. He further stated that since the Authority became operational in 1996, its primary task has been a painstaking process of rule making designed to ensure that the regulatory regime for exploration is robust, predictable and providing not only for security of tenure for investors but also the necessary protection for the international community as a whole in terms of responsibility for environmental damage. The International Seabed Authority has since 2001, issued 13 licences – with another six in prospect. Established under the 1982 UN Convention on the Law of the Sea, the international community through the International Seabed Authority administers all mineral-related activities in the international seabed area beyond the limits of national jurisdiction for the common heritage of mankind, to be developed for the benefit of mankind as a whole.

SOPAC role in Lockheed seabed mineral bid queried

PACNEWS, 15/03/2013, Fiji

The Pacific's peak geoscience advisory body has been accused of assisting United States aerospace giant Lockheed Martin in negotiations for Fiji's new draft decree on seafloor mining. The Pacific Network on Globalisation has obtained a draft of Fiji's International Seabed Minerals Management Decree, which includes feedback from the Secretariat of the Pacific Community Applied Geoscience and Technology Division (SOPAC) in the margin. Maureen Penjuelli, the network's coordinator, has told Radio Australia's Pacific Beat those margin notes show SOPAC has taken Lockheed's Martin's side. "It is very clear that they are indeed lobbying on behalf of this one commercial entity, Lockheed Martin," she said. Lockheed Martin has approached Fiji's interim government to be the sponsoring entity for its application to explore for seabed minerals in international waters close to the Fijian coast.

SOPAC director Mike Petterson completely rejects the accusation SOPAC is advocating on behalf of a mining company. "I totally refute the allegations that SOPAC or SPC as an organisation has worked with any company of any name, on behalf of any company of any name," he said. "I totally refute that allegation." Petterson says SOPAC makes a record of stakeholder comments on the work they do, which is confidential advisory work with their member countries. "SOPAC sometimes makes a record of a specific stakeholder and then that stakeholder's views are put forward but they are not the views of SOPAC," he said.

Duncan Currie, a New Zealand barrister who has given legal advice on Fiji's draft seabed mining legislation to the Pacific Network on Globalisation says he's concerned community organisations were given just three days to comment on the draft decree. "There are a lot of important questions which have to be answered," he said. Currie says Fiji needs to take a "roots and branch approach" to developing its seabed mining legislation, ensuring requirements for environmental impact assessments, protected areas, recovery of costs and redress are covered. "One of the critical things is if there is environmental damage caused by mining, and there could very well be, then we have to be absolutely certain that money is there to clean up," he said.

SOURCE: RADIO AUSTRALIA/PACNEWS

PM Cameron says seabed mining could be worth £40bn to Britain

PACNEWS, 15/03/2013, United Kingdom

British Prime Minister David Cameron has pledged to put Britain at the forefront of a new international seabed mining industry, which he claimed could be worth £40bn to the UK economy over the next 30 years. But the prime minister has chosen an American defence company – Lockheed Martin

– to spearhead the drive to collect from the depths of the ocean the copper, nickel and rare earth minerals used in mobile phones and solar panels. Russia and China also have licences to "mine" the ocean bed but Cameron said on Thursday: "With our technology, skills, scientific and environmental expertise at the forefront, this demonstrates that the UK is open for business as we compete in the global race." Speaking at a launch at the Excel Centre in London's Docklands, he said talks were already under way with a potential supply chain of up to 100 British companies, even though the main activity will take place off the west coast of America.

The Department for Business, Innovation and Skills has, in partnership with UK Seabed Resources – a newly-formed subsidiary of Lockheed – obtained a licence and contract to explore a 58,000 sq km area of the Pacific Ocean for mineral-rich polymetallic "nodules". These rocky chunks, the size of a tennis ball, will eventually be scooped up using a seabed harvester and then broken up to release the minerals, if all goes to plan. Lockheed claims to have discovered riches in that particular area off the US coast after a bizarre hunt in the 1970s for a lost Russian submarine paid for by eccentric US billionaire Howard Hughes. The defence and aerospace group is keen to stress that its extraction measures are different from the deep-sea mining techniques that have been proposed by others and which have enraged environmentalists.

It also argues that the nodules containing rare earth minerals found on the seabed have little of the uranium content that has also been a brake on terrestrial mining in places such as Greenland. "Environmentally responsible collection of polymetallic nodules presents a complex engineering challenge but our team has the knowledge and experience to help position the UK at the forefront of this emerging industry," said Stephen Ball, the British-born chief executive of UK Seabed Resources and of Lockheed Martin UK (a company that is part of the managing consortium of the Atomic Weapons Establishment at Aldermaston as well as being a key Ministry of Defence contractor.) The science minister, David Willetts, also present at the project launch, said the UK should benefit from already being a leader in underwater robotics and autonomous systems used in the development of North Sea oil and gas.

Ball was more cautious than the prime minister about the potential to create thousands of jobs and bring in more than £1bn a year from the industry, saying he was not too keen on "aspirational promises". And while he was keen that British companies should be engaged in future deepsea production, he said they would only be chosen if they were better than the competing foreign firms. Currently the licence obtained from the International Seabed Authority (ISA) gives the UK government and Lockheed the right to explore but not extract, so a second licence would be required for that. And before any mechanical harvester is built, there will have to be a thorough environmental study, which could begin this summer.

The experience of the offshore wind industry has shown that even projects close to the coast of the UK have been driven by foreign companies using non-British suppliers. Exploration outside 200-mile territorial waters can only be undertaken through application for a licence from the ISA, established under the United Nations law of the sea convention. Russia recently signed a 15-year contract to prospect for metallic sulphides in the Atlantic, where volcanic hot springs create mineral-rich rock formations. Two applications for exploration were filed last summer for areas in the west Pacific Ocean, one from China and another from Japan. SOURCE: THE GUARDIAN/PACNEWS

‘PNG eyes new Ok Tedi player’

The National, 15th March, 2013

CONTROVERSIAL Australian journalist Rowan Callick, who has been accused by the anti-mining lobby of being pro-BHP Billiton and Ok Tedi Mining Ltd, yesterday suggested that the PNG

government is trying to bring in a new operator for the Ok Tedi mine. In an article in *The Australian*, titled 'PNG learning not to count its chickens before they hatch', Callick – whose interview with former OTML chairman Ross Garnaut led to Garnaut's banning from PNG by government – said this was evident in relations between the newly-elected Peter O'Neill government and OTML. "Recently, we've seen the newly elected government ban Ross Garnaut from entering PNG, while he was the chairman of Ok Tedi, and effectively direct pressure on BHP Billiton, which had set up a trust to run the mine, to accede to the changing of the constitutional arrangements that hold substantial dividends back until the mine closes, and also constrain government access to the funds available now for local development," he said.

"Finance Minister James Marape has this month sought to redirect some of those funds, which have recently been used to buy boats and aircraft for local use, to a new lobby group. "Hundreds of millions of dollars are now coming into play in this dispute, as the government places pressure on Ok Tedi in one area after another, including the ultimate sanction of refusing to allow an extension of the mine after its approvals end this year. "Then a new operator could be invited in. But from where?" Callick said although copper was today's most sought-after mineral, there was not a long list of aspirants. "A Chinese buyer is probably most likely," he said. "But with Ramu Nickel, operated by Chinese government corporation MCC, enjoying a 10-year tax holiday, this will mark the starting point in any negotiation with Beijing.

"Just 100km from Ok Tedi lies another huge copper-gold resource – Frieda River. "But unfortunately for PNG, this is mostly owned by Xstrata, which eventually completed just before Christmas, after some postponements, a feasibility study, but which is destined for imminent merger with Glencore. "And Glencore will not want a bar of even such a vast, promising resource as Frieda. "Its chief executive Ivan Glasenberg, who will head the merged entity, said last week: 'We are afraid of greenfields,' which are risky and have capital overruns, and have deals 'which kill the NPV (net present value) on those projects'. "Glasenberg is a trader not comfortable with waiting five years for a return."

Bougainville: Petition described as insulting

Post-Courier 15.3.2013

By *KONOPA KANA*

A petition to remove an Australian mining policy advisor from the Autonomous Region of Bougainville was met with stiff opposition by the Autonomous Bougainville Government leaders, which described the action as insulting. A statement from the Bougainville Resource Owners Representative Committee (BROC) claimed a wide spread against the Ausaid funded legal advisor (named) in his bid to table a mining policy made in Australia, to bring back Bougainville Copper Limited (BCL) to the defunct Panguna mine. The Petition is sponsored by BROC, which was recently formed to represent the Panguna Landowners, upper, lower and Mid Tailings Landowner companies, and customary resource owners in North and Central Bougainville. Central Bougainville Ex-Combatants Association, the ABG Minister of Veteran's Affairs, and Church leaders have all endorsed and signed the petition in remembrance of the trauma the Bougainville conflict had inflicted on them over the years.

President John Momis in his maiden speech in the AGB house of representatives told the house that the Draft Bougainville Mining Policy Act 2013 will go through a wide consultation, which is very vital, before making a major new law. He said that it's not really the Panguna mine that is the cause of the conflict but the problem was that Bougainvilleans were ignored because the mine was imposed on us. "We have no role in the decision-making and without our consent, the bad impacts of the mine fell on us and we were no longer in control of Bougainville, instead, the outside world began washing over us like tidal waves, they (developer) cared nothing about the destruction of our

society, culture and the environment. A former Papua New Guinea Defence Force combatant (named) told Post-Courier that PNG soldiers know the risk of forcing BCL back on Bougainville against the wishes of the Bougainville people, and are well aware that BCL helped finance the Bougainville conflict, forcing the PNGDF to kill their Bougainvillean brothers. "That's why they (Bougainvilleans) are signing the petition to stop the current madness. Why would they want BCL back as if nothing happened? They also believe that this may lead to more bloodshed," he said.

UK Seabed Resources joins deep-ocean mineral-mining rush

David Shukman, BBC News, 14.3.2013

A new and controversial frontier in mining is opening up as a British firm joins a growing rush to exploit minerals in the depths of the oceans. UK Seabed Resources is a subsidiary of the British arm of Lockheed Martin. It has plans for a major prospecting operation in the Pacific. The company says surveys have revealed huge numbers of so-called nodules - small lumps of rock rich in valuable metals - lying on the ocean floor south of Hawaii and west of Mexico. The exact value of these resources is impossible to calculate reliably, but a leading UN official described the scale of mineral deposits in the world's oceans as "staggering" with "several hundred years' worth of cobalt and nickel". An expedition to assess the potential environmental impact of extracting the nodules will be launched this summer amid concerns that massive "vacuuming" operations to harvest the nodules might cause lasting damage to ecosystems.

With the support of the British government, UK Seabed Resources has secured a licence from the United Nations to explore an area of seabed twice the size of Wales and 4,000m deep. Under the UN's Convention on the Law of the Sea, mining rights on the ocean floor are controlled by a little-known body, the International Seabed Authority, which since 2001 has issued 13 licences - with another six in prospect. These licences, valid for 15 years, have been bought for \$500,000 each by government organisations, state-owned corporations and private companies from countries including China, India, Russia, Japan and South Korea. The high prices fetched for copper, gold and rare-earth minerals are leading to a surge in interest in mining the ocean floor. The idea first surfaced in the 1970s but was dropped because the costs were too high and the technology could not cope. The nodules are known to contain up to 28% metal - 10 times the proportion found on land.



The chimneys contain many metals in high abundance

A similarly high metal content is found in another target for seabed mining: hydrothermal vents, chimneys formed by extremely hot water, rich in minerals. We reported on the discovery of the world's deepest vents last month. Stephen Ball, chief executive officer of Lockheed Martin UK,

owner of UK Seabed Resources, says the engineering experience of offshore oil and gas operations and the trend to rising mineral prices have now combined to make seabed mining feasible. "It's another source of minerals - there's a shortage and there's difficulty getting access, so there's strategic value for the UK government in getting an opportunity to get these minerals," he told the BBC. China's domination of the global production of rare-earth minerals in particular has fuelled the search for other sources of materials essential for everything from electronics to wind turbines. But many marine scientists and conservationists have warned that the implications of this deep-sea gold rush are not yet understood - and that mining nodules or hydrothermal vents could prove catastrophic for seabed ecology.

Mr Ball said exploration over the next three years would establish whether a system to vacuum up the nodules could be designed to cause minimal impact. The nodules typically lie in a shallow layer of silt. He said he believed it would be "perfectly feasible to create a benign method to extract these minerals from extreme depths without disturbing the seabed." "But until we've demonstrated that, there will be a debate around that." One risk is that the mining operations could generate huge plumes of sediment that could drift through the sea - choking any marine life that feeds by ingesting water and filtering out its food sources. Michael Lodge, general counsel for the International Seabed Authority, told me that the authority's aim was to encourage a new mining industry to exploit seabed minerals but within strict environmental controls. "The nodules are generally lying in sediment that is between 2-6in (5-15cm) thick that's been there undisturbed for millions of years. We simply don't know the recovery times or the distribution of species - there are lots of uncertainties." He described mining hydrothermal vents as "more invasive" because it would involve breaking up the uppermost metre of the sea floor and piping the rock fragments to the surface.



Companies believe they can find low-impact mining methods

A Canadian company, Nautilus Minerals, is hoping to be the pioneer of vent mining with plans for operations off the coast of Papua New Guinea. However, work is currently delayed because of a legal dispute. The concern is for the impact mining could have on ecosystems. Nautilus would use massive robotic machines, which are being built in Wallsend, near Newcastle-upon-Tyne, by a firm with long experience of marine engineering, Soil Machine Dynamics. Nautilus says that it is devising strategies for minimising the environmental impact, by trying to contain any disturbed sediment and leaving parts of the seabed untouched so the mined area can be recolonised by marine life. A leading biologist, Professor Cindy Van Dover of Duke University in North Carolina, has carried out research for Nautilus and says life might recover after a single mining event but that no-one can be sure.

"How do we do this so a hundred years from now somebody doesn't look back at us - at me - and say 'Oh my God, I can't believe they were so stupid and let this happen in a particular way'. "So how do we do it right? How do we do it sustainably? Michael Lodge has also said questions will remain about profitability while the final terms of mining licences are settled. The authority was set up to encourage and manage this new sector but any future business, such as the Lockheed Martin subsidiary UK Seabed Resources, will have to pay royalties to the authority to be distributed to developing countries. The exact details have still to be negotiated. Research into seabed minerals has a long and slightly conspiratorial history, starting in the Cold War with the United States and the Soviet Union surveying the oceans ahead of possible future conflict. Surveys of seabed nodules in 1970s were also used as a cover by the US for the secret retrieval of a lost Soviet submarine. Now, the legacy of all that research and exploration is the growing likelihood of large-scale mining operations, fuelled by rising mineral prices, in many parts of the ocean in the coming decades.

Vanuatu May Begin Exporting Limestone To New Caledonia

SAS Goro Mines looking to source materials for nickel mining

By Jonas Cullwick

PORT VILA, Vanuatu (Vanuatu Daily Post, March 14, 2013) – The potential for Vanuatu to export limestone to New Caledonia for use at SAS Goro Mines is very high considering the quality and quantity of the mineral at Vothal near Port Olry on Santo. This is according to the Director of the Department of Geology, Mines and Rural Water supply, Chris Ioan. Mr. Ioan said it was for this reason that the directors of the landowners of SAS Goro Mines made a recent visit to the country two weeks ago. During this trip the delegation visited Vothal, the site of the limestone where they signed a Memorandum of Understanding with the landowners, and to see how the limestone can be exported to New Caledonia. "To facilitate this export possibility, we would require a legislation, on which began consultations last year and have come up with a Quarry Bill which is going before the First Ordinary Session of Parliament starting later month," Director Ioan said.

He added that SAS Goro Mines also require this piece of legislation for the deal in limestone between them and Vanuatu to be possible. "The next stage is we must go to the Philippines to see their operation and to see how we might be able to develop the principle here in consideration with our topography and weather conditions," Mr. Ioan said. In the meantime, government is looking at developing the site where the limestone quarry will be located, by putting in infrastructure including roads, electricity, telephone access and water. All these development stages will need to be completed, before any negotiation on mining of limestone for export to New Caledonia can start, Director Chris Ioan said. Limestone has two important uses in nickel mining operation. Firstly, limestone is used in the process to extract nickel from the rocks in which the mineral is imbedded. Secondly limestone is used to treat waste from the mines or tailings.

PNG learning not to count all its LNG chickens before they hatch

Rowan Callick, Asia-Pacific Editor, The Australian, March 14, 2013

THERE'S a common view around, even in Australia where after all these years people really should know better, that mining is merely about digging stuff up and shipping it to eager buyers. Those who think this may well also believe that "attracting" miners is a redundancy: that there's a load of mining money around, and the trick is to choose the best, fight off the rest, and then regulate them sufficiently to make sure they don't utterly destroy the environment, and take off without having paid any taxes. Those who think this may well also believe that "attracting" miners is a redundancy: that there's a load of mining money around, and the trick is to choose the best, fight off the rest, and

then regulate them sufficiently to make sure they don't utterly destroy the environment, and take off without having paid any taxes.

Our closest neighbour, Papua New Guinea, offers a good insight as to how difficult it can be to build and maintain a mining industry, and how relatively easy it can be to lose one. Independent PNG, like Australia today, has been substantially built on its resources industry. About 80 per cent of its export earnings comes from resources -- chiefly, until liquefied natural gas kicks in in a couple of years, from minerals. The big persisting dangers for PNG include spending the money before it's been earned and thus building debt; the usual Dutch disease challenge of preventing resources from crushing the rest of the economy, especially agriculture, which is by far the chief employer; and, of course, debilitating battles between rival groups over the spoils.

The dominant source of this revenue -- and by far the biggest taxpayer in the country -- has in recent years been Ok Tedi Mining. Recently we've seen the newly elected government ban Ross Garnaut from entering PNG, while he was the chairman of Ok Tedi, and effectively direct pressure on BHP Billiton, which had set up a trust to run the mine, to accede to the changing of the constitutional arrangements that hold substantial dividends back until the mine closes, and also constrain government access to the funds available now for local development. Finance Minister James Marape has this month sought to redirect some of those funds, which have recently been used to buy boats and aircraft for local use, to a new lobby group.

Hundreds of millions of dollars are now coming into play in this dispute, as the government places pressure on Ok Tedi in one area after another, including the ultimate sanction of refusing to allow an extension of the mine after its approvals end this year. Then a new operator could be invited in. But from where? Although copper is today's most sought-after mineral, there is not a long list of aspirants. A Chinese buyer is probably most likely. But with Ramu Nickel, operated by Chinese government corporation MCC, enjoying a 10-year tax holiday, this will mark the starting point in any negotiation with Beijing. Just 100km from Ok Tedi lies another huge copper/gold resource, Frieda River. But unfortunately for PNG, this is mostly owned by Xstrata, which eventually completed just before Christmas, after some postponements, a feasibility study, but which is destined for imminent merger with Glencore.

And Glencore will not want a bar of even such a vast, promising resource as Frieda. Its chief executive Ivan Glasenberg, who will head the merged entity, said last week: "We are afraid of greenfields," which are risky and have capital overruns, and have deals "which kill the NPV (net present value) on those projects". Glasenberg is a trader not comfortable with waiting five years for a return. The Xstrata-Glencore merger is awaiting approval from regulators in China, which could prove a beneficiary with the promising greenfields Frieda project coming into play. Brisbane-based Highlands Pacific, a minor partner at Ramu and Frieda, and also an explorer with promising assets close to Ok Tedi, is looking on with hope mingled with anxiety.

Besides these tangles, PNG is fortunate in having landed the firm focus of Newcrest, the world's third-largest goldminer. Half of Newcrest's resources now lie in PNG, and the firm has the technical and strategic skills, the capital, and crucially, the combination of commitment and understanding of how PNG operates, to realise those assets steadily. The bottom line for PNG is that its government understands that, despite all the zeroes on the dollar figures anticipated from LNG alone, success in managing a massive resources sector is not guaranteed, and that those revenues can dwindle almost overnight, leaving it with no obvious replacement.

EITI: Transparency important

Post-Courier 14.3.2013

By *MELANIE VARI*

THE Head of the Extractive Industries Transparency Initiative (EITI) International Secretariat Jonas Moberg says transparency about how much the PNG Government receives from its bountiful natural resources will be the key to ensuring that all Papua New Guineans benefit. And if the government is serious about transparency and accountability, it must create a commission or multi-stakeholder group in-country to act as a forum for all concerned parties while initiating its own EITI program. He explained that the national commission will lead the EITI to fight corruption in Papua New Guinea and maintain accountability. Mr Moberg spoke to a little press group about the importance of the EITI and what PNG can achieve if it adopts such a global initiative, at the United States Embassy in Port Moresby, yesterday, after he paid a courtesy visit to Prime Minister Peter O'Neill at Parliament House earlier in the day.

“Although PNG has a long way to go,” he was very happy to announce to those present that Mr O'Neill had pledged his commitment to such an important initiative. He highlighted the benefits of the EITI saying: “Papua New Guinea is a resource-rich country, with some of the region's largest oil, gas and mining projects. Transparency about how much the government receives from these resources will be a key step to ensure that all citizens of Papua New Guinea benefit.” “The EITI provides global standard for transparency, but the process will be locally owned and can be shaped to meet local needs. The implementation of the EITI sends a strong signal to industry, investors and the community at large that the government is committed to transparency and accountability. The EITI can also help to manage community expectations, and verify that communities and landowners are receiving their share of revenues.”

The EITI is the global standard for improved transparency of government revenue from natural resources, currently implemented by 37 countries, with a view to addressing individual unique perspectives of around 3.5 billion people who live in countries rich with oil, gas and minerals. Mr Moberg has also invited the government, industry and civil society to participate in the upcoming EITI Global Conference to be held in Sydney, Australia from the 23rd to the 24th of May this year. He said that when a country implements the EITI Standard, tax payments and government revenues from the oil, gas and mining companies are disclosed, verified and published. Mr Moberg said that greater transparency actually helps inform public debate and manage expectations about the utilization of government revenues. This process is overseen by a group of stakeholders from government, industry and civil society, with support from the EITI International Secretariat and other supporters. Regionally, Indonesia, Timor Lest'e and the Solomon Islands currently implement the EITI, Australia is undertaking an EITI pilot project and the United States recently committed to implement the EITI with PNG to follow suit later.

MRA starts training in mining

The National, 14th March, 2013

MINERAL Resources Authority's Small Scale Mining Training Centre (SSMTC) in Wau, Morobe, has begun rolling out its training programme for the year. The first of 14 programmes set for this year was done in January at Chuave in Chimbu. Last week, two SSMTC trainers Alice Malauling and Samuel Leonhard held the second programme at Simbai in Madang. Thirty-three small scale miners from the area participated in the training. Participants were taught lessons on how to conduct small businesses, basic geology, HIV/AIDS, environmental impacts of artisanal mining, use of mercury and personal development. Practical lessons included basic book keeping, simple mining and processing, calculation of gold price, and purity of gold. Leonhard said he was impressed with the number of participants who registered and attended. He said it was important that miners were

equipped with knowledge on conducting small scale mining, for instance, in the area of conducting small businesses through this form of mining.

Leonhard said miners needed to know how to keep records of their proceeds and treat their activities like businesses. Participant Elijah Bev expressed gratitude towards the MRA for bringing such an important service to miners in Simbai. He said as a result of the training he had received in basic geology, he was now able to recognise the different rock types that could give him ideas of what precious metals could be on his land. Bev said he also learned how to do mining safely environmentally and what his rights were, the risks of using mercury, and how to use it safely. Another participant Rex Anjoai commended MRA for conducting the training outreach programme, adding that he had learnt new things associated with small scale mining. He said some of the new things he had learnt include mining laws, gold migratory behaviour. He said small-scale mining was important to him and his family as it was a source of income. He said he has three children who go to school and he paid for their schools fees from money he made from gold.

Pacific Must Regulate Deep Sea Resources: Vaipulu

Deputy PM says islands must collaborate on laws

MELBOURNE, Australia (Radio Australia, March 13, 2013) – Tongan deputy Prime Minister Samiu Vaipulu says Pacific island nations need stronger regulations to protect their deep sea mineral resources. Mr. Vaipulu told a Pacific-ACP States Regional Workshop on Deep Sea Minerals Law and Contract Negotiations in the Tongan capital, Nuku'alofa, that countries in the region need to develop more robust laws. Representatives of 15 Pacific states are attending the week-long workshop. Mr. Vaipulu told Radio Australia's Pacific Beat program that countries like his are vulnerable to big mining companies who have experience and expertise in developing contracts. "We need to train our people to negotiate and make legislation so that it should be a win-win situation," he said. His warning comes as global interest in the prospects for deep sea mining in the Pacific continues to grow. Director of the Applied Geoscience and Technology Division of the Secretariat of the Pacific Community (SOPAC), Mike Petterson, told local media the regional workshop would focus on developing legislation and regulations regarding deep sea minerals.

Maximising benefits

"What we want to achieve is largely capacity building," he said. "As like any other economic activity, Pacific states are a little bit compromised by multinational and well-resourced companies coming in." As more deep sea mineral resources are identified, Pacific nations need to work to maximize the benefits and minimize impacts on the environment, Mr. Petterson says. Mr. Vaipulu says Pacific nations need to collaborate to create an effective and transparent system. "We have to look at it as a group, not as individuals," he said. "Because as a group we'll be stronger." A deep-sea mining bill drafted in Tonga in 2012 is expected to be brought before the parliament later this year.

Cook Islands Seabed mining rules tightened

PACNEWS, 13/03/2013, Cook Islands

The Cook Islands has signed a declaration under the Seabed Minerals Act that no seabed mining activity will be carried out within 50km of any of its islands. Natural Resources and Minerals Minister Tom Marsters says the seabed minerals sector will be adopting the strictest international environmental standards. He says the Cook Islands EEZ contains a unique abundance of manganese nodules which are highly valuable as they contain many important minerals. The Seabed Minerals Authority has contracted English professor David Cronan to do a resource assessment which will be released to the public in a few weeks.

Global revenue group visits PNG

The National, 13th March, 2013

THE head of Extractive Industries Transparency Initiative (EITI), an organisation which is setting a global standard for revenues from natural resources, is in Papua New Guinea on a two-day visit. Jones Moberg, head of secretariat for EITI, arrived yesterday to meet with government officials, civil society, non-government organisations and other partners. He leaves the country today. Moberg will hold a media briefing at the US Embassy in Port Moresby before he departs. According to an EITI factsheet, 3.5 billion people live in countries such as PNG, which are rich in oil, gas and minerals. "With good governance, the exploitation of these resources can generate large revenues to foster economic growth and reduce poverty," it said. "However, when governance is weak, such resource revenues may result in poverty, corruption and conflict. "The EITI aims to strengthen governance by improving transparency and accountability in the extractive sector. "The EITI is a global standard that promotes revenue transparency. "It has a robust yet flexible methodology for monitoring and reconciling company payments and government revenues at the country level. "Each implementing country creates its own EITI process, which is overseen by participants from the government, companies and national civil society.

"The international EITI board and the international secretariat are the guardians of the EITI methodology internationally." EITI says implementation leads to a wide range of benefits including:

- Governments benefit from following an internationally recognised transparency standard that demonstrates commitment to reform and anti-corruption, leading to improvements to the tax collection process and enhanced trust and stability in a volatile sector;
- Companies benefit from a level playing field in which all companies are required to disclose the same information. They also benefit from an improved and stable investment climate in which they can better engage with citizens and civil society;
- Citizens and civil society benefit from receiving reliable information about the sector and a multi-stakeholder platform where they can better hold the government and companies to account; and
- Energy security is enhanced by a more transparent and level playing field. This increased stability encourages long-term investment in production and thus, improves the reliability of supply.

SOPAC's challenged to respond on role in controversial new decree

Island Business, 12 March 2013

A verbal warfare is developing between the Pacific Network on Globalization (PANG) and regional organisation SOPAC over its role in the drafting of the controversial new laws on seabed mining. In a statement issued today, PANA is calling on SOPAC to respond to criticism of its role in the drafting of controversial new laws on experimental seabed mining and to clarify its relationship with the mining industry. PANG' statement said: "On March 6 SOPAC requested PANG remove an article "US giant using SOPAC and Fiji regime to access seabed minerals in international waters" from its website. PANG is not the author of the article, but believes it raises a number of key concerns that SOPAC should publicly respond to. "PANG has made clear its position; legislation is unnecessary and dangerous at this point in time. PANG view's the "draft Fiji International Seabed Mineral Management Decree 2013" as a classic example of what is fundamentally wrong with SOPAC's seabed mining project: supposed consultation processes are a farce; there are serious questions over whose interests SOPAC is representing, there is preferential treatment given to foreign multinational corporations; and, there is a complete failure to defend and ensure inclusive, transparent and fair processes.

"The SOPAC project gave a green light to foreign companies but the consultation process was a total farce with civil society groups given less than 3 days to comment. In breach of all of the funda-

mental principles of legislation the decree has been drafted specifically for one commercial entity that has been given priority access to be consulted on the document. “SOPAC maintains it is mandated by Pacific Island Countries and Territories yet comments from its own staff on Lockheed Martin’s position in Fiji’s draft decree raise serious questions as to whose interest SOPAC is representing. As the “agency mandated to provide development assistance to Pacific Island Countries and Territories”, particularly with a project that seeks to regulate foreign companies, SOPAC cannot be, or even give the appearance, that it is facilitating, meeting or giving preference to these multinational foreign companies.

“In yesterday’s Fiji Times, SOPAC’s Hannah Lily is quoted as saying that, “it was important for countries to put in place strict laws and regulatory mechanisms to manage deep sea minerals before any negotiations took place”. PANG finds it hard to believe that any negotiations will be meaningful when the party you are negotiating with has commented and taken an active part in drafting the legislation before national democratic processes have been undertaken. Nowhere in the comments posted on the draft by SOPAC staff do we see any push back by SPOAC or alternative recommendations. “Finally, SOPAC asserts that one of the key aims of its project is to ensure transparency, dialogue and inclusiveness of all actors. However in the draft decree, SOPAC does not even attempt to make a case for the deletion of Clause 46 which would make illegal and criminal any attempt by civil society groups to voice opposition. Surely SOPAC cannot condone such a provision? The silence by SOPAC on this clause makes a mockery of SOPAC’s claims for transparency, dialogue and inclusiveness,” the statement.

Landowner calls on government to review Mining Act

The National, 13th March, 2013

By ADRIAN MATHIAS

PNG needs to review its current Mining, Oil and Gas Act to suit the growing needs and demands of its people from the wealth generated in the mining and petroleum sectors, a landowner leader says. And he says the current act is not benefiting most local people, especially landowners of resource projects. “As a result, there’s no tangible development even though the country is going through a resource boom,” Tuguba-Bebogo principal landowner John Gane. He called on the members of parliament to support and pass the Kondra Bill on mineral resource ownership. He said if the bill is passed it would enable the resource owners to have a greater say on the use of the wealth and benefits generated from mining and extraction of their resources.

“Whether you are a prime minister, politician, lawyer, teacher or doctor or whatever, we all own the resources in this great nation,” Gane said. “Papua New Guineans come from a customary origin where we all have land,” he said. When asked about the current resource boom, especially the billion-kina PNG LNG project, Gane said: “Foreign developers are coming here to hunt, kill and take it to their countries to be consumed, leaving behind furs and feathers for us to grapple with.” “PNG is a hunting ground, he added, to relate his explanation on how resources are being extracted and taken out of the country without really benefiting the local people. “I am a hunter in my place. When I catch a cuscus or cassowary I don’t leave anything behind at the hunting place. “I remove internal organs, clean it and pack them and take all home,” he said.

PNG LNG project in Hela halted

By *TODAGIA KELOLA*

Post-Courier 13.3.2013

WORK on a PNG LNG project site in Hela province has been halted by landowners who are claiming that their seed capital grants, township grants and law and order restoration funds totaling

about K40 million are yet to be paid by the national government. Angore landowners, led by their umbrella company Angore Corporation Limited, moved in to the Honaga project area on Monday and stopped LNG workmen from constructing an access road, laying the LNG pipeline and drilling oil wells and other works until the government responds to a petition that they presented to the government last month. Ten police vehicles yesterday went to where the landowners were camping but were forced not to take any action because of the sensitivity of the situation.

LNG project developer Exxon Mobil confirmed the stoppage of work but said what the landowners have done is not the right way to go about pushing their claims; that they should be discussing these issues with the government instead of halting the project. A councilor for the Honaga ward, Timbabu Tombena, told the Post-Courier by phone that the early works in Angore project will be stopped indefinitely until the Minister for Commerce and Trade, Richard Maru, facilitates the payment of K12 million to the Angore project area landowner companies and the national government honors its commitments to release K20 million for the Angore township project and K6.3 million for Law and Order restoration program. "The cheques for these funds must be brought to the project site in Angore and the landowners will allow the LNG project to proceed smoothly without any form of stoppage," Councilor Tombena said.

Another landowner and deputy chairman of Angore Corporation Limited, Gibson Irai, said: "We are asking for what we have agreed to in the Umbrella Benefit Sharing Agreement (UBSA) and the Angore Licensed Benefit Sharing Agreement (LBBSA). The other PNG LNG project areas like Hides PDL 1 PDL 7, Juha, Portion 158 and the pipeline areas were paid their share of the grants to participate in business emanating from the PNG LNG project but we have not been paid anything yet." In their petition of February 12, the Angore landowners expressed disappointment that Commerce and Trade Minister Richard Maru had put a halt to Angore seed capital grants until a review is conducted on all past grants. They petitioned that the Minister's decision was discriminatory and disrespectful of the landowners of the Angore project area. They have warned Minister Maru to respond to their petition positively or they will continue the blockage.

Pacific Islands need robust laws to protect their deep sea minerals

PACNEWS, 12/03/2013, Tonga

The Pacific Islands need to protect their deep sea minerals, Tonga's Deputy Prime Minister, Samiu Vaipulu told a Pacific-ACP States Regional Workshop on Deep Sea Minerals Law and Contract Negotiations that opened at the Fa'onelua Convention Centre, in Nuku'alofa Monday. Representatives of 15 Pacific States are attending the week-long workshop. Mike Petterson the Director of SOPAC, the Applied Geoscience and Technology Division of the Secretariat of the Pacific Community (SPC), said the workshop will focus on the legislative and regulatory aspects of deep sea minerals. He said the workshop is aimed at sharing information on a number of developments that SOPAC is working on, including developing legislation for the extraction of deep sea minerals. "What we want achieve is largely capacity building, as like any other economic activity, Pacific states are a little bit compromised by multinational and well-resourced companies coming in," he said.

"We need to know how to negotiate and drive a hard deal. We have to prepare ourselves as best we can by developing our negotiating skills, along with a network of people that we trust and know, and to work with industries and countries that we feel that will be responsible and want a long-term working relationship, and for our communities to benefit while the environment is protected as best we can." Petterson said some Pacific Island Countries already have legislation for deep sea minerals. But it was a new thing for the Pacific Islanders to consider who has the rights to the minerals, who gains from it and how can we put in place a transparent system, while looking at the environmental issues, he said. He said for decades the main issue had been the lack of knowledge as to

where minerals are, what type of minerals are out there, as there are many deposits to discover in the ocean.

“But we are now at a point where there are few areas in the Pacific that have been identified to be attractive and that’s a breakthrough. Now it is becoming an economic reality and to make sure that countries maximize the benefits, which is never easy and requires hard work so we want representatives to walk away armed with more knowledge and be aware of the range of issues we have to cope with,” he said. Hannah Lily, the Legal Adviser for the Pacific Ocean Deep Sea Minerals Project said on 05 March that the project stresses the importance for countries to put in place robust law and regulatory mechanisms for the national management of deep sea minerals before negotiations take place. “We strongly recommend that countries have these mechanisms in place before any individual project negotiations start. Dedicated seabed minerals legislation will assist the country to meet under international law, such as protection of the main environment. It will provide clarity, stability to that country’s operating environment and what it expects from mineral companies.”

She said seabed mineral resources represent an exciting new economic prospect for Pacific Islands, but, in order to make the most of this opportunity, governments will need to find responsible exploration and mining companies, and work to set terms that provide sufficient protection and financial return to the country. The workshop held on behalf of the SPC-European Union Pacific Deep Sea Minerals Project is the second of five regional technical workshops. It is attended by government officials, non-government organisations, environmental groups and others. The first Regional Workshop on Geological, Technological, Biological and Environmental Aspects of Deep Sea Minerals was held in August 2012 in Fiji. Tonga has three mineral exploration companies, the Bluewater Metals South Pacific Ltd. of Australia, Nautilus Minerals Tonga Ltd., and KORDI, the Korean Ocean Research and Development Institute. Tonga also has in place a Minerals Act which started in 1949 to establish the ownership and provide for the control of minerals found within Tonga. It is understood that a Deep Sea Mining Bill was drafted last year. MATANGI TONGA/PACNEWS

PNG Rock Art under threat by mining exploration

ABC Radio Australia, 12 March 2013

Valuable Papua New Guinea rock art is under threat from mining exploration by a company associated with the Malaysian logging giant Rimbunan Hijau. PNG Rock Art under threat by mining exploration (Credit: ABC)

The Rimbunan Hijau affiliate, called Pristine Number 18, has applied for an exploration licence in the Karawari region of East Sepik Province..The area contains an enormous cave art system with stencils and images that may date back as much as 20,000 years. Nancy Sullivan is an anthropologist who’s been working with the people of the region for seven years ... and with organisations like the National Geographic Society and the Guggenheim and Rockefeller Funds, to document the art.

Presenter: Jemima Garrett

Speaker: Nancy Sullivan, anthropologist

SULLIVAN: Those caves are probably the largest cave art system in the Southern hemisphere because there are 300 plus caves and maybe as many as 300 are decorated with stencils. And they are related to caves that have already been discovered and dated in Kalimantan, Borneo, and in Western Australia. So they are part of a larger swathe of migration handmarks that when people first came and populated Melanesia and down, of course, into Australasia, the migrations of the Melanesians, the first Papua New Guineans, the cultural heritage of the Karawari area, so much is at stake that we can’t even assess it at this stage because we are so early on in the project.

GARRETT: So just how much of the art have you been able to document so far, and how much more is there to be recorded?

SULLIVAN: We have about 150 caves recorded and documented and what we have been doing since 2007 with a group of Papua New Guinean ethnographers and archaeologists as well as some visiting scholars is to try to create a story about this, you know a history, of, of, piece together who might have been the first people to make these stencils but importantly who continued to make these stencils because there are people who still live in the caves now, and continue to stencil, or at least have until this past generation.

GARRETT: You say the people of the area don't want exploration taking place on their land. Why?

SULLIVAN: Well they are breaking into gardening into gardening so they are becoming sedentary gardeners. We've encouraged them to plant cocoa and they have set up a village and stuff but they do not want intrusion from either neighbours or anyone from outside. They are very aware now of what it means for them not having land. as people who are lower on the totem pole than anyone else in that whole area. They are a very small people. They are a limited group of people who are relatively under-resourced compared to their neighbours and certainly have had no government services, they know that they will be overwhelmed and exploited, not just by outsiders but by their neighbours. So they are extremely concerned that they not be intruded upon, that they will be allowed to develop their land as they want to and are content to live on it which is exactly what mining and logging, because Rimbunan Hijau, of course, is really a logging company, that has gotten into mining as a way of maintaining its health in this country because it has logged us all out. Now they are coming in tandem with gold mining exploration companies so they can take the logs out while the miners will take the gold. But that would, of course, devastate these people. They would have nowhere to go. They would have nowhere to go and no means ..at this point they have had no education, no health services other than those that we have, most recently, been able to provide. They are a completely disenfranchised population.

GARRETT: You have made a plea to the international community to oppose the issuing of this exploration licence that Pristine Number 18 has applied for. How much support are you getting?

SULLIVAN: We have in the past week already gotten a lot of attention from mining organisations and activists overseas yet we know really that it is a matter of tweaking individual people at the Mineral Resources Authority and the Mining Ministry and Byron Chan, who is actually a very savvy young man who has taken the Ministership now and we want to make them aware of what is at stake. We don't think they are aware of what is at stake. We don't think that they are interested in destroying or embarrassing the country, at this point, by destroying one of its most important sites of cultural heritage. We just think they haven't been made aware of it so we are trying to create as much noise as possible and (inaudible) upon them because it may only rest on the decision of one or two people.

GARRETT: How urgent is this issue?

SULLIVAN: It is extremely urgent because once you get an exploration company in there it is a slippery slope, you know, they will never come out. You know they will see what is there and never come out. And these people have been working so hard with us for the past seven years and we haven't yet produced a book so there is no terra firma on which they can stand and say 'this is us' and defend themselves. We are also applying for World Heritage listing so a lot is at stake. A lot is at stake. And it is urgent because a decision can be made, to go ahead or not, within the next 2 weeks.

GARRETT: As you say once companies have spent a lot of money on exploration, if they find something it is hard to stop development. Bougainville's President, John Momis, has just drawn up draft legislation which would allow landowners to veto exploration on their land. Is that something that should be considered more broadly across Papua New Guinea?

SULLIVAN: Absolutely! Absolutely, because we learn from the Ramu Nickel case, for example, that one, ..you know, it's the proponents of investment that make things inevitable and rather than the right or wrong of the environmental impact assessment or social impact assessment, ultimately once somebody has invested enough to go for a licence, it is very hard to pull out.

MINING LAW CLAIMS “INSULTING” NISIRA

By Aloysius Laukai, New Dawn, 12.3.2013

ABG Vice President, PATRICK NISIRA has responded to “insulting” claims about Bougainville’s new draft mining law. He was replying to claims by former BRA leader, Sam Kauona, that Bougainville mining policy was being influenced by an expatriate adviser to the Autonomous Bougainville Government (ABG). Mr. Nisira said: “the claim of external influence is an insult to the intelligence and commitment of ABG leaders. Kauona reflects a racist, colonial mentality when he suggests the ABG is somehow controlled by a white-man. The new Bougainville law is being developed by Bougainvilleans, for Bougainville using regional forums, meetings with ex-combatants, long discussions in the Bougainville Executive Council (BEC). The Vice President said that we make decisions remembering the bitter experience of the Panguna mine imposed by Australia, on behalf of BCL. Based on the lessons learnt from the crisis of the mining impacts, we are determined to avoid mistakes of the past. We aim to do that through our new law, which will protect landowners, as well as all other Bougainvilleans. All must share in revenues, and in access to opportunities provided by mining. The Vice President said that the extend of mining must be strictly controlled, with resource owners participating in exploration and development decisions. Mr. Nisira said that the ABG Policy were decided by BEC alone with no outside input.

Momis urged to remove advisor on Mining law

By Winterford Toreas, Post Courier, March 12, 2013

PRESIDENT of the Autonomous Bougainville Government Chief Dr John Momis has been called to immediately remove one of his advisors. The call was made by the former combatants from Bougainville during a meeting they held in Buka last week. According to a petition from the former combatants, they want the Dr Momis to immediately remove this advisor (named) within three days from the date this resolution was made. The petition which was signed by the chairman and vice chairman of the three former combatants associations from North, Central and South Bougainville will be presented to Dr Momis today by the three associations’ representatives in the Bougainville House of Representatives. The former combatants said the engagement of this advisor, whom they said, was previously removed by the late ABG President Joseph Kabui, was insulting to the integrity of educated Bougainvilleans, the public and most importantly the former combatants who were stakeholders in many outstanding issues like mining and the review of the Bougainville Peace Agreement.

The demands contained in this petition include:

- Particular expatriate advisor to the ABG President and the Bougainville Executive Council in person of (named) be permanently removed from Bougainville within three days from the date of this resolution and further be barred from acting as such advisor to the ABG;
- That more public awareness be conducted on the development of Bougainville’s mining laws and policies before they are passed by the ABG Parliament;
- That the ABG Mining Department be given full responsibility to drive the development of Bougainville Mining Laws and Policies without undue foreign influence and;
- That the three ex-combatants members of the ABG Parliament present this petition to the president.

Although the former combatants have failed to outline in detail their reasons for their demand in the removal of this advisor, it is understood that this decision was reached following (See also the blog discussion: <http://pngexposed.wordpress.com/2013/03/01/bougainville-consultancies-earn-controversial-australian-advisor-a-small-fortune/>)

Pundari: Ok Tedi mine a curse

The National, 12th March, 2013

By SONIA KENU

MINISTER for Environment and Conservation John Pundari yesterday broke his silence on the Ok Tedi mining pollution issue, describing it as a “curse” on the Fly River people of Western. He says he plans a visit to all impacted areas along the Ok Tedi and Fly River areas and intends to take along a contingent of international and national media to see for themselves the scale of damage. “The mine has been operating in the country for some 27 years, and while it has made a significant contribution to the development of our country, it has also brought a curse upon the people of Western in terms of the enormous environmental damage caused to the Fly River system,” Pundari said. “The Ok Tedi mine has been using the riverine disposal of waste rock and mine tailings and has caused considerable environmental degradation.

“This has had a major impact on the lives and livelihood of the Fly River people. “The benefits to the people in the impacted area, in my view, are far less than the impact the operation of the mining has done to the health of the environment. “The damaged environment will remain long after the mine has shut down and continue to affect the lives and health of our people for many generations.” Pundari said Ok Tedi mine had been operating under the Mining (Ok Tedi Agreement) Act of 1978, followed by various supplementary agreements, which were amended over the years until the recent one in 2001 -- the Mining (Ok Tedi Mine Continuation) Agreement Act 2001. “These agreements give indemnity against prosecution to BHP, the original developer of the mine,” he said. “Excluding the mine from regulations under the Environment Act has prevented my department from taking an active role in its management.”

Pundari said BHP walked away from the mine and left PNG to deal with the damage caused to the environment, which would remain long after the mine was closed and would become a burden to the government. “Our people of the Fly River and Western have suffered in silence for a very long time in their own God-given land from activities of the mine and the wastes generated in it,” he said. “I, as the minister responsible for the environmental matters, and our government, would not be able to fix the wrong done by these large multi-national corporations to our environment and our people. “It hurts me greatly to hear the cry of our people in the Fly River area about the irrepressible damage done to the environment and their lives. “It even hurts me to go and talk about the kind of benefit the Ok Tedi mine has brought in, when their suffering outweighs the benefit the mine brings in.”

Newcrest improves Lihir operations

The National, 12th March, 2013

By GYNNIE KERO

NEWCREST’s Lihir gold mine has invested in a project that will assist the company in its daily operations and support strategic decision-making. Newcrest says the use of the systems, applications and products (SAP) will standardise and integrate the mine’s PNG business with its global operations. SAP is a fully integrated scheme that allows different areas to centrally store, share and process information. The shift to SAP will improve the management of finance, human resources, payroll, assets, supply and logistics activities. Lihir Gold Operations (LGO) general manager Karl Spaleck said the investment in SAP at Lihir furthered the mining company’s commitment and contribution to the development of Lihir and PNG. He said the rolling out of the SAP was achieved through the hard work of many people on site. “Moving to SAP has involved a major on-island change in management communication programme and information technology systems upgrade,” Spaleck said. “The team-work between our Lihir mine-site-based commercial department and Newcrest head-

quarters in Australia has resulted in a meticulously planned implementation approach and the SAP launch on March 4 was a great success." Since Newcrest acquired Lihir in 2010, it has invested heavily in the mine, including the recently completed K2.6 billion process plant upgrade.

Aussie LNG export boom

The New Zealand Herald, March 11, 2013



During 2012, Australia exported 15.9 million tonnes of LNG to Japan. Photo / Thinkstock
 Australia has become the largest supplier of Liquefied Natural Gas to Japan, the world's biggest buyer. During 2012, Australia exported 15.9 million tonnes of LNG to Japan, overtaking Qatar, which exported 15.7 tonnes, and Malaysia which shipped 14.6 tonnes, the latest EnergyQuarterly report by Energy Quest shows. Australia achieved record LNG export volumes and LNG export revenue of A\$13.8 billion (\$17.1 billion) during the same period, up 25 per cent on the previous year. EnergyQuest chief executive Graeme Bethune said the start-up of Woodside's Pluto LNG project in 2012 propelled Australia into top position among LNG exporters to Japan. "One of the major reasons for the increase in Japanese LNG demand is the shut-down of nuclear reactors in that country following the devastating earthquake in March 2011," he said.

States urged to unite on mining

Dawn Gibson, The Fiji Times, March 11, 2013

THE Pacific Conference of Churches has called for governments to stand together with their people in solidarity on the issue of mining. At the PCC's 10th General Assembly which ended in Honiara, Solomon Islands at the weekend, delegates spoke about the need to address the negative impacts associated with mining in the Pacific. "Churches throughout the region will develop specific positions on mining, tourism, fisheries and forestry in a resolution passed in Honiara," a statement read. This resolution was agreed upon by member churches at the meet, who confirmed that they would stand alongside others in the region who were struggling to deal with the negative impacts of mining in their respective communities. "Delegates agreed there was a need to facilitate the concerns of members by engaging on the issue with agencies such as the Pacific Islands Forum Secretariat and the Melanesian Spearhead Group," the statement said. Apart from the issue of mining in the Pacific region, other issues such as HIV/AIDS, seabed mining, nuclear testing and human rights were also discussed at the meeting.

Australia using its boomerang aid to push experimental seabed mining in Pacific

PNG Mine Watch, March 11, 2013

The Australian government is spending \$900,000 to promote experimental seabed mining mining in the Pacific region. This is despite the widespread opposition to this untried new technology and the failure of existing mining projects to deliver meaningful benefits and their appalling environmental

and social costs. The Australian government's aid agency, AusAID, has awarded the three-year contract to the Australian National University. The purpose of the project is supposedly to help 'developing countries best manage seabed mining'. The spending is part of a range of projects initiated by the Australian government which focus on promoting a mining agenda in the Pacific region. The mining industry dominates the Australian economy and holds a powerful influence over its politicians, bureaucrats and academia.

According to AusAID this latest project has three main aspects: First, it will locate and test the assumptions underlying developing state-sponsored deep seabed mining, including assumptions that developing states will capture significant revenue, that such revenue will be directed at sustainable development, and that environmental risk can be minimised and managed. Second, it will identify and develop legal options (national and international) for the effective participation of developing states in environmentally sound mining activities in the deep seabed both within and beyond national jurisdiction. Third, it will explore developing country options for structuring strategic alliance and cooperation. The project will be focused on Papua New Guinea; Nauru; Cook Islands, Solomon Islands, Vanuatu, Tuvalu, Kiribati, Tonga, Fiji. The European Union is also funding a similar project promoting experimental seabed mining in the Pacific.

Marape recognises Ok Tedi association

The National, 11th March, 2013

By ADRIAN MATHIAS

FINANCE Minister James Marape has stopped Ok Tedi Development Foundation (OTDF) from accessing funds under the community mine continuation agreement (CMCA). Marape had, instead, recognised the Ok Tedi Mine Impacted Area Association (OTMIAA) as the only entity that would have access to the CMCA funds held in the Western Province People Dividend Trust Fund. He signed the trust on Feb 4 on behalf of the state, which is the major shareholder of the giant Ok Tedi mine in Western. OTMIAA president Nick Bunn said he was happy with Marape for the change in authority. He said they have been fighting for years with Ok Tedi Mining Ltd, OTDF and PNG Sustainable Development Ltd for recognition but had been denied access to the use of their own money. "Since the signing of the agreement in 2006 on the extension of Ok Tedi mine, OTDF has been accessing money belonging to more than 100,000 people in the impacted 165 villages in Western and has been telling them that OTDF was their entity while, in fact, it was owned by Ok Tedi (75%) and PNGSDP (25%)," the OTMIAA said in a statement.

The association said they have been visiting offices of Mineral Resources Authority (MRA), Mineral Resources Development Company (MRDC) and mining minister for assistance but got little help from them. Last month, they sought an injunction in the National Court in Port Moresby stopping the use of K139 million held in WPPTDF until all issues were resolved fully in court. Bunn and other members of the association said the people of the CMCA were promised benefits in 2006 and they signed the agreement for the Ok Tedi mine to continue. They said one of the promises Ok Tedi made was to create an independent CMCA entity that would give them a sense of ownership and control over their resources (funds) and programmes of which OTMIAA was a by-product.

Association members Steven Wembut and Michael Gen said they were part of the transition group that saw the establishment of this entity (OTMIAA) and was approved by the National Executive Council decision number 272 of 2006. Wembut said they were told Ok Tedi Fly River Development Foundation (OTFRDF) would replace the role of OTDF after two years but to date, this had not been done. He also claimed they were misled by OTDF chief executive Ian Middleton and OTML general manager community and business support Musje Weror to believe that OTFRDP

was their entity. OTML had designed OTDF to “manipulate and suppress” them to access and fund community projects using their dividend money.

Call for mining policy to cover Bougainvilleans

The National, 08th March, 2013

THE new Bougainville mining policy must protect the customary ownership rights of resource landowners, chairman of the Panguna Landowners Association Chris Damana says. He said by securing a special mining lease, landowners would be better placed to negotiate with resource developers. “By controlling our own resource and not just being spectators, we will be in the position to ensure that all of Bougainville and all Bougainvilleans benefit to the fullest,” Damana, who is also the vice-chairman of Bougainville Resources Owners representative committee, said. He said this in relation to recent statements by former commander of the Bougainville Revolutionary Army Sam Kauona and the president of the Autonomous Region of Bougainville, John Momis. Kauona, who spearheaded the armed resistance during the Bougainville crisis, warned Australia not to continue to meddle in Bougainville affairs. Momis was critical of Kauona’s claim that he had allowed Australia to dictate mining policy on Bougainville.

Gulf gas plan not yet okayed

The National, 08th March, 2013

MINISTER for Petroleum and Energy William Duma yesterday expressed surprise at recent media reports that the government has approved a 3.8 million tonne LNG project proposed by InterOil Corp in the Gulf. “The government has not given any final approval for InterOil to proceed with a 3.8 million tonne LNG project,” he said. “The project is still at petroleum retention licence (PRL) stage and the government has only approved further ‘without prejudice’ negotiations between InterOil and the state on a 50-50 proposal by InterOil.” InterOil, when contacted, said chief executive Phil Mulacek was travelling and was not available for comments. Duma said in relation to the 50-50 proposal by InterOil, the national executive council (NEC) had only given a “conditional approval” to a proposal by InterOil to develop its share of the available saleable gas with certain conditions. These include, but are not limited to:

- Upstream and midstream must be operated by an internationally-recognised and experienced operator satisfactory to the state;
- Any agreements with InterOil to be conditional on the state executing all agreements necessary to develop its commercialisation project;
- Acquisition of additional interest in the licence above the state’s back in entitlement be negotiated and executed by any party designated by the state; and
- The 2009 project agreement shall remain on foot and enforceable until all the condition precedents in the 50-50 proposal become unconditional.

“NEC has appointed a ministerial gas committee headed by me to progress this InterOil proposal with the assistance of the state negotiating team,” Duma said. “The state negotiating team is yet to report back to NEC through the ministerial gas committee on the outcome of these negotiations. “Until such time the state negotiation team reports back to NEC, any public comments by InterOil that the government has given approval to commercialise a 3.8 million tonne per annum facility is grossly misleading. “Until such time the conditions precedent in the 50-50 proposal are agreed to by the state and InterOil and met, the InterOil LNG project agreement of 2009 between the state and InterOil remains binding upon InterOil.”

Honour NIP moratorium

Post-Courier 8.3.2013

In spite of the New Ireland Provincial Executive Council Decision of 1999 imposing a moratorium on new exploration & logging licenses, there have been 5 Licenses granted by Mineral Resource Authority without proper consultation with the New Ireland Provincial Government. The Assembly has unanimously opposed mining and that has not changed. Governor Sir Julius Chan introduced the Mining and Benefits Sharing Policy in the last Parliament. The Mining Department and Parliamentary committee has held a series of meetings to enable the private members' Motion and Bills to be introduced. New Ireland Provincial Government has made its position very clear numerous times over the past five years to neither support nor participate in any Wardens Hearing or related activities with respect to new mining licenses. There has been no tangible progress for 15 years under the Lihir agreement and NIPG may call for a full independent audit by IRC relating to the 15 years of Lihir not showing a profit. We will not be fooled again.

“There will be no new mining projects until after a review. “Let’s get the current agreements honored before we entertain expansions, new exploration or upgrades”, said Chairman of Economic and Infrastructure Chief Marius Soiat. With respect to Solwara 1, NIPG insists an independent review be conducted of the Environmental Impact Statement and also insist that a Disaster Fund of K100 million be established to be readily available in the event of an environmental catastrophe. These issues have yet to be resolved. In response to the violation by Mineral Resource Authority, Chief Marius Soiat in a letter of protest said: “New Ireland’s position remains clear. “Unless our issues are considered and fully honored, there is no reason to entertain any exploration in New Ireland. So who is this Samar from MRA to push licenses down our throats and the throats of our landowners?” Chief Soiat concluded.

Moran landowners support PM’s decision to ban casino in PNG

Post-Courier 8.3.2013

THE Moran Local Level Government Special Purpose Authority has supported Prime Minister Peter O’Neill’s decision to ban casino development in PNG. A media statement from the acting Chairman of Moran LLG Special Purpose Authority Anthony Hamaka said they fully supported the decision. The statement said the investment of millions of kina into the development of Port Moresby Casino Hotel with landowner funds from Gobe, Moran and Kutubu was a decision of selfish individuals who capitalised in their positions entrusted on them by the resource owners for their own gain. The decision on the investment for the Casino Hotel in Port Moresby was done without wider consultation process with the resource owners and is an investment with evil intent to contribute to the destruction of our society with funds earmarked for tangible developments in our rural areas such as rural water supply and electrification, proper roads and infrastructure for health.

Ok Tedi mine area group recognised

Post-Courier 8.3.2013

THE President of OK Tedi Mine Impacted Area Association (OTMIAA) President Mr Nick Bunn was happy after seeing the signed trust instruments dated 04th of February 2013 from the Finance Minister James Marape confirming the revocation of the previous Trust Instrument of the Western Province People Dividend Trust Fund (WPPTDF – CMCA) of 2006, which removes Ok Tedi Development Foundation (OTDF) and recognises OTMIAA as the only entity to have access to the Western Province People Dividend Trust Fund (WPPDTF – CMCA) on behalf of the CMCA communities. This newspaper confirmed receiving copies of the letters from the Mining Minister and the Finance Minister confirming their undertaking.

Mr Bunn and other members of the Association said the people of the CMCA were promised benefits in 2006 and they signed off on the agreement for the Ok Tedi mine to continue. One of the promises was to create an independent CMCA entity that would give them a sense of ownership and control over their resources and programs. Mr Steven Wembut and Mr Michael Gen confirmed they were part of the transition group that oversaw the establishment of this entity as approved by the NEC decision no 272/2006 signed on the 29 November 2006. Mr Wembut confirmed that the OK Tedi Fly River Development Foundation (OTFRDF) would replace the role of OTDF after 2 years, but this had not happened. Instead they have created OK Tedi Development Program (OTFRDP). The executives of OTMIAA are very upset because they were fooled and misled by OTML's Musje Weror and OTDF's Ian Middleton to believe that OTFRDP was their entity.

Pacific Church Leaders Urged To Be Environmental Stewards

Theologian says churches must address regional climate change

By Bradford Theonomi

HONIARA, Solomon Islands (Solomon Star, March 7, 2013) – Pacific church leaders attending the 10th Pacific Conference of Churches (PCC) in Honiara, Solomon Islands have been challenged to be good stewards of the environment. Senior lecturer in Theology and Ethics at the Fiji-based Pacific Theological College, Solomon Islander Dr. Cliff Bird made the challenge during his presentation at the conference. "The need to address pressing environmental issues from a theological perspective, which the scriptures are silent about or do not address, is necessary," Dr. Bird said. "Climate change, global warming, sea-level rise and sinking islands are current issues of major concern in Oceania which the bible does not address. "For many people within Oceania these are issues of life and death which call for our involvement," he added.

Dr. Bird said the church needs to take stewardship towards the environment, in particular the issue of climate change. "Stewardship is a must and there are no two ways about this. It is absolutely necessary and unavoidable, and in the context of this assembly, churches and all stakeholders are obliged to exercise stewardship starting in localities where they find themselves." He said leaders in the various sectors of our island nations, governments, churches, NGO and civil society groups have expressed concern that we in Oceania contribute very minimally toward global warming and climate change and yet we are amongst the most affected and vulnerable. "This can be seen in the immediate effects of climate change and experienced more in some countries and less in others, but is known to many of us that the low-lying atoll island nations within Oceania.

"This includes Tuvalu, Kiribati, Tokelau, Marshall Islands, Cook Islands and even the low lying atolls of bigger island nations such as Carteret Islands of Papua New Guinea or Ontong Java and Lord Howe in Solomon Islands are most vulnerable to climate change." Dr. Bird said climate change is a global phenomenon so global stewardship approaches and actions are the way to go. "However, its negative and destructive impacts are seen and experienced locally in the island nations of our region. "While the push for better and bolder stewardship strategic actions and networks at the global level must continue, the stewardship role of churches at the local level must come to the fore of ecumenical consciousness, vision, understanding and partnership.

"It is sad to say but many PCC member churches in the bigger island nations of Oceania do not give the necessary attention and priority to climate change impacts that are threatening the very lives of thousands of brothers and sisters in our ecumenical family. "Thus, climate change calls for our ecumenical stewardship solidarity and in the immediate scenario, this means putting priority to assist the most vulnerable in perhaps small but practical and meaningful ways." He added in the present time the most vulnerable countries are working on mitigation measures and actions to try to minimize the negative and destructive effects of sea level rises. "Take for example Kiribati: replant-

ing of mangroves began in 2010 and one high profile personality who helped in the planting of mangroves was/is the Secretary General of the United Nations.

"Ecumenical stewardship solidarity for such mitigating action might mean sending some money to the Kiribati Protestant Church and the Catholic Church there to help plant an additional or two mangroves along the shorelines. "Stewardship of resources must, as a matter of urgency and necessity be jointly seen and accepted as the role of governments, churches as well as environmental NGO's and civil society groups in our region." Dr. Bird said for the church, the following three areas are worth our consideration:

- Revisit our use of language. The educational, creative and transformative power of language must never be underestimated ever.
- Actively participate in forums and processes as ways and means to inform and educate communities on critical issues such as land reforms, resource use and management.
- Revisit, strengthen and expand our understanding of and commitment to 'home'. In our churches we must strive to inculcate and nurture the view and vision that as a metaphor home (oikos) does not end where the house or residence ends.

Australia posts 0.6% growth

The National, 07th March, 2013

SYDNEY: Australia's economy grew 0.6% in the three months to December thanks to a pick-up in exports, but analysts warned the country's mining boom covered up weakness in other sectors. The bureau of statistics said the quarter-on-quarter expansion followed a 0.7% gain in the September quarter, and resulted in a 3.1% annual growth rate last year, compared to 2.3% in 2011. Treasurer Wayne Swan said the numbers represent "21 continuous calendar years of growth for Australia, which is a record unmatched by any other advanced economy over this period". He also hailed a 3.3% rise in exports in the three months to December as "the second-fastest quarterly increase in almost a decade" as coal and iron ore shipments rebounded, making them the largest contributor to growth. The mining, manufacturing, health and finance sectors were the main drivers of growth in the quarter, each contributing 0.1 percentage points to the increase in GDP, the bureau said.

The plunge in Australia's terms of trade – the value of its exports against its imports – slowed to 2.7% from 5.3% in the previous quarter, suggesting conditions were improving in the key mining sector. However, tepid consumer spending growth of 0.3% – after 0.2% in the three months to September – indicate there are still imbalances in the economy. The Reserve Bank of Australia left rates at their global financial crisis lows of 3% on Tuesday, hoping to stoke non-mining areas of the economy as resources sector investment approaches its peak, requiring a rebalancing of the economy. Swan conceded that the "transition from mining to non-mining drivers of growth may not be seamless" but that Australia's economy continued to outstrip "every major advanced economy and the vast bulk of the developed world". HSBC economist Paul Bloxham said: "Household consumption was particularly weak, investment slowed down a bit but we did see a strong contribution to the economy from net exports, as coal and iron ore exports ramped up." – AAP

PNG's Bougainville to pass world first mining law

Jemima Garrett for Pacific Beat, ABC Radio Australia, 7.3.2013

Papua New Guinea's copper-rich island of Bougainville plans to introduce legislation that will see traditional landowners share mineral rights with their government. President of the Autonomous Bougainville Government John Momis has told Radio Australia's Pacific Beat the re-opening of Rio

Tinto's giant Panguna copper mine will be on his terms. "Rio Tinto will have to deal with us," he said. Dissatisfaction over the sharing of benefits from Rio Tinto's Panguna mine in the 1990s led to a 10-year civil war on Bougainville, leaving thousands dead. The mining legislation will be a world first, allowing landowners and the government to share rights to sub-surface minerals. Approval of mining and resolution of disputes will be negotiated in an all-inclusive landowner forum process.



Photo: Bougainville's mining legislation will be a world first, allowing landowners and the government to share rights to sub-surface minerals. (Lloyd Jones, file photo: AAP)

President Momis says landowners will have a power of veto over exploration and will also have a right to object once the development process begins. "The underlying philosophy for our new mining act is empowering people," he said. "Giving people the power to make political decisions about development, not just being mere passive recipients of benefits." President Momis says the legislation is unlikely to adversely affect Rio Tinto, the owner of the Panguna mine, but warns small mining companies on Bougainville that their operations are in breach of a mining moratorium. Bougainville's new mining legislation is due to go to the autonomous region's parliament next week.

Ramu: Landowners call on Maru to intervene in business spin-offs

The National, 07th March, 2013

COMMERCE and Industry minister Richard Maru has been asked by landowner companies of the Ramu nickel and cobalt mine to find out why business spin-off benefits were not reaching them. The mine is located in the Usino-Bundi local level government area and owns a 135km slurry pipeline which runs through the Gama LLG area to Basamuk in the Raicoast district. The landowner companies are represented by Lima Mulung (Basamuk), Steven Saud (coastal pipeline), Mathew Dengua (Kurumbukari) and Peter Tai (Inland Pipeline). Their concerns were raised during talks last week in which issues concerning the finality of the memorandum of understanding were discussed.

A letter signed by the four men requested Maru to instigate an audit into machinery operating at the mine in KBK and Basamuk. They also want the developers to give spin-offs and other benefits to them. Commerce ministry representative Joe Kavie said he would notify Maru about their concern and respond after consulting relevant stakeholders. The meeting, chaired by Carter Oiee from the Mineral Resource Authority, included officers from the Environment and Conservation department, Mineral Resources Development Corporation, departments of Finance, Treasury and Commerce as well as the Madang provincial government. The government officers noted the developer's courage and determination in seeing the production phase completed. They, however, found it hard to understand the environmental report presented by a Chinese official who was not very fluent in English.

Botten: OSL worth more than US\$10 billion after 20 years

The National, 06th March, 2013

OIL Search Ltd is worth more than US\$10 billion after 20 years of operations in Papua New Guinea, managing director Peter Botten said. Botten told The Weekender Australia that the Port Moresby oil company was worth more than US\$10 billion and moving closer to its first production from the PNG LNG project. He said when OSL moved to the first LNG sales next year and received legacy cash flows, there would be changes in responsibilities and opportunities that are driving a significant change. Oil Search, which has been in PNG for 83 years, is already PNG biggest company and its biggest investor and taxpayer. "Oil Search is going through a revolution, it's not an evolution," Botten said.

Under Botten, OSL has made the decision to focus its growth in the nation and, through a series of acquisitions, built a big position in the remote and mountainous rain-soaked highlands, which are now being tapped for the huge gas volumes needed to underpin the LNG project. "If Oil Search was to keep growing in PNG it has to make major acquisitions and it has to buy the major companies," Botten says. "Over the next 18 months, the programmes we've got going now are very much going to test the full potential, certainly of our part of the PNG highlands," he says. "The offshore initial results have been encouraging, so I think we can see other levels of expansion. "But we're very mindful that, first up, we have to look after our shareholders and that their expectation is a return of some of this cashflow." The company also wants to maintain exposure to oil and not become completely exposed to gas. Botten says the outlook is uncertain and in which projects can be capital-intensive and take a long time to develop.

Court freezes use of Ok Tedi's K139 million

The National, 06th March, 2013

By ADRIAN MATHIAS

THE National Court has issued an interim injunction stopping the use of K139 million from the Ok Tedi Mine Impacted Area Association. The court further ordered on Feb 18 that Shadrach Himata, chairman of trustees of the Western Province People's Dividend Trust Funds, provided to the court all trust audit reports. The matters were to have gone before Justice Bernard Sakora last Thursday. Ok Tedi Mine Impacted Area Association (OTMIAA) president Nick Bunn expressed concern yesterday that K139,840,000 was paid in two separate cheques by Ok Tedi Development Foundation (OTDF). Bunn said a first payment of K4 million was made on May 11, 2012 and the second payment of K135, 840,000 on January 11, 2013. Bunn said the approval of the K4 million was endorsed on behalf of the community mine continuation agreement communities in Western by the advisory committee, which comprised OTMIAA members in the OTDF board.

He said the board was currently chaired by OTML's managing director and CEO Nigel Parker and Musje Weror, OTML's general manager community and business support. Bunn said the purpose of the endorsement of the K4 million was for feasibility studies on the passenger ferry as proposed by the OTDF chief executive, Ian Middleton. He said Middleton announced in a paid advertisement in Nov 11, 2012, that K4 milion was paid for V-ship's operation costs, ship registration, legal costs, Castos Ltd, a custodian company, goods and services tax, maritime claims, Ship Tech and costs of fuel for the passenger ferry. Bunn said the money was intended for a feasibility study. He said bank statements showed a cheque totalling K135,840,000 was drawn from the trust account on Jan 11. Reports from Tabubil said the situation on the ground was tense following the reports and association leaders were working to maintain peace and calm.

*Editorial***Casino's, landowners wrong mix**

Post-Courier 6.3.2013

THANK you Prime Minister Peter O'Neill for publicly declaring war on casinos in Port Moresby, the business and Government hub of Papua New Guinea. The evils of casinos and gambling generally are well documented all over the world, hence it is a mystery the then Prime Minister, Grand Chief Sir Michael Somare, gave his blessings for the tabling and enactment of the PNG Gaming Control Bill in May 2007. The passing of the bill at that time triggered global headlines, especially among the gambling community who saw the potential they could make in PNG as operators. Our leaders should have made a stand against the introduction of this evil from the moment the legislation was tabled in our National Parliament. Five-years later and there is a growing push behind-the-scenes to open the National Capital District's first casino operation.

So the statement by Mr O'Neill would be welcome by the churches and NGOs who have to deal with and assist the victims. "Gambling is a waste of time and money. When Papua New Guineans gamble, they are throwing away money that can be better utilized through savings. A casino is simply a large gambling house. We do not need that. Gambling is becoming a major problem in our country, and we need to get away from this. Gambling creates social problems. Excessive gambling can affect your work; it can lead to financial ruin. It can force you to steal to pay your debts. I'm sure the majority in our community do not want a casino in their capital city. What I do want to encourage people to do is save. We must create and promote a culture of saving money today for tomorrow," said the PM.

We welcome the strong statement of intent from the Head of Government but Mr O'Neill might want to go one step further and review the 2007 legislation. The review might include a nationwide referendum that would attempt to gauge comments from ordinary Papua New Guineans on the benefits (if any or lack of) casinos and gambling. It is also troubling to hear that a landowner, who is a recipient of millions of PNG Kina in royalties from a resource project, is championing the push for the introduction of casinos. Why should Papua New Guineans be encouraged to lose their few hard-earned PNG Kina at a casino joint? Why should landowners be throwing thousands of PNG Kina in their royalty monies into casinos and gambling?

The promotion of casinos and gambling by landowner personalities also confirms royalties paid out by resource companies to customary landowners are allegedly being misused and not being put to projects that would benefit the wider community. While we acknowledge that the use of royalties paid out to customary landowners is at their discretion, its misuse at the expense of the next generation of Papua New Guineans is wrong and should not be tolerated. The continuous abuse of customary landowners' royalties should also compel the Government to consider introducing legislation to "assist" this small group of Papua New Guineans make good investment decisions. It is time to stop the wastage once and for all.

Pundari impressed with Hidden Valley Gold Mine's TSF

Post-Courier 6.3.2013

A responsible environment-friendly mine is the only way forward and it is the responsibility of the developer to ensure that waste from its mining activities are properly managed. Environment & Conservation Minister, John Pundari, made this remarks on Monday, when he visited the Hidden Valley Gold Mine in Morobe Province. Minister Pundari also visited the mine's Tailings Storage Facility (TSF), a facility that holds treated mine wastes or tailings from the Hidden Valley processing plant. The tailings, leftover material after extracting the gold and silver from the ore, are stored permanently in this engineered facility and do not enter the water courses. Mr Pundari was impres-

sed in the efforts by the mine on the TSF and said this showed that Hidden Valley was a responsible mine. He said he was confident of working and aligning the government's environmental work with MMJV, who were already showing greater confidence to the government in their activities and to work together to find solutions.

“The constitution clearly states that our environment and our natural resources are used for the collective good of all of our people, but that we protect it and replenish it also for our future generation. My visit here to HV impresses me so much in the way the developer conducts itself. I'm so much impressed that they are responsible in their undertakings,” Mr Pundari said. The Hidden Valley mine also has an effective environment rehabilitation program and has installed seven monitoring stations along the Piema Creek to Watut River where it constantly monitors water quality. A popular mine site visit program is conducted every week where villagers from communities around HV tour the site and see for themselves what the company is doing to protect the environment. Mr Pundari also spoke of this: “The fact that the developer is consistently working together with the community to ensuring that they are better informed about their activities as to how it touches onto their river system and the environment, is something that the mine must continue to do.

Balimo gets new hospital

Post-Courier 6.3.2013

By Paeope Ovasuru

BALIMO, a sprawling town perched on the banks of the Fly river, with a population of more than 10,000 people, recently opened a K36 million brand new hospital. Present to share in the celebration of the opening were Ok Tedi Mining Limited (OTML) managing director Nigel Parker, Middle Fly MP Roy Biyama and Western province governor Ati Wobiro last week. The hospital was built by OTML under their tax credit scheme. The hospital has some of the latest state-of-the-art equipments, backup power and its own water supply. The hospital was first established as an aid-post in 1945 by an Evangelical Church of Papua New Guinea (ECPNG) missionary's wife. Since then, the hospital has been providing free medical service to the people of Balimo and surrounding areas for 68 years. Middle Fly MP Roy Biyama thanked the church for its contribution to the district and appealed to the people to respect the hospital and its staff. “We need to partner with the churches, business community and the government to develop our district,” said Mr Biyama.

He thanked OTML for seeing his people's need and assisting them. Nigel Parker, OTML managing director, said mothers and children would not suffer anymore. “This hospital will ease your burden. You will not have to spend money on transport,” he said. He added that OTML was firm on its commitment to support the people of Western province to develop vital basic services. Western province Governor, Ati Wobiro thanked the ECPNG church and OTML for their commitment to the hospital and the people of Balimo. He encouraged the people to embrace the partnership between all stakeholders to bring more development to the district. He challenged the leaders in the province to get down to delivering services to the people through partnership.

Calls for sustainable approach to mining in Solomons

Jemima Garrett for Pacific Beat, ABC Radio Australia, 5 March 2013

Solomon Islands Prime Minister, Gordon Darcy Lilo, has called for a new, more sustainable approach to management of his country's mining, fisheries, and forestry sectors. Prime Minister Lilo is holding a three-day high-level Roundtable on Development, Society and Environment in Honiara. Poul Engberg-Pedersen, International Union for the Conservation of Nature's deputy director general, has told Radio Australia's Pacific Beat he will be promoting the forging of partnerships with local landholders and mining companies before mining begins. "What are the possibilities for the Solomon Islands to engage in a different development strategy?" he said.



Solomon Islands' Prime Minister Lilo is holding a three-day high-level Roundtable on Development, Society and Environment in Honiara. (Credit: ABC)

Mr Engberg-Pedersen will be speaking at the roundtable and says he will be encouraging the Solomon Islands to embrace the Extractive Industries Transparency Initiative (EITI). "We have to rely on governments, this is their responsibility to make sure that... the wealth from the natural resources, including mines, are being distributed equitably," he said. "The complaints we hear, communities say that the money being paid for mining rights is not getting down to them." Mr Engberg-Pedersen says, through the EITI, Solomon Islands can ensure there is a public discussion about where the money goes. He says there should also be sanctions in place for companies who don't meet transparency standards.

PNG Development Threatening Madang Marine Environment

Researchers say lagoon reef more diverse than Great Barrier Reef

MELBOURNE, Australia (Radio Australia, March 5, 2013) – An American scientific team says development in Papua New Guinea's Madang province could threaten a treasure trove of new species previously unknown to science. The finds include sea slugs, feather stars and amphipods, a shrimp-like animal. Professor Jim Thomas from Nova Southeastern University's National Coral Reef Institute has told Radio Australia's Pacific Beat program the wealth of species in the search area near Madang is greater than along the entire length of Australia's Great Barrier Reef. "Madang is the most diverse reef you've probably never heard of," he said. "It's actually an accretion of about 32 different events that have docked once-distant reefs that have developed anywhere from 30 to 50 million years ago. "The Great Barrier Reef...has probably stabilised from 6,000 to 8,000 years ago, so it's fairly young in terms of recruiting species."

Mr Thomas says the factors which led to the strong diversity in the region were also responsible for its high mineral wealth. He says with a number of mining operations and tuna canneries planned for the area, there are concerns about the impact they might have on the species there. "That part of Papua New Guinea is used to very strong physical impacts, but not chemical impacts. "So I think what our interest was was to provide a baseline and say 'it's still as good as it ever was', and probably more diverse, and if anything changes from here on out we can probably attribute it to some human-induced impact." Mr Thomas says the lagoon remains difficult to access, with the area controlled by several different groups of traditional landowners. He says the locals who helped out with the expedition were surprised by the findings. "You'd see these young men would come in an look at the

microscope and then stand back, because they didn't understand what they were seeing," he said. "They didn't know that this kind of life was there on the reef, so they're very concerned and they're not sure what to do."

Pime Minister impressed with project

The National, 05th March, 2013

PRIME Minister Peter O'Neill says he is impressed with the progress of the Antelope and Elk prospecting gas wells in the Gulf hinterland. O'Neill who visited the project site last Thursday said it was about time to go into an agreement shortly. Project developer InterOil and a major partner are expected to sign a joint agreement to develop the Gulf LNG project with all processing facilities near Kerema town. The agreement would also look at the benefit-sharing agreement between the state, the landowners and the developer. "We have to get the basics rights now so all agreements are done well so that the people and the state also benefit well in the project," O'Neill said. He said the future of the country looked promising with all the developments upcoming up around the country. "We must get our basics right by improving and building all our infrastructures in place throughout the country than waiting for the benefits to come from the resource envelope to improve the services," he said. Gulf Governor Havila Kavov called on the government to ensure that benefits from the proposed LNG project were properly distributed and used to develop the economy.

Ok Tedi landowners query dividend funds

Post-Courier 5.3.2013

The Ok Tedi Landowners umbrella association (OTMIAA) has questioned the use of the people's dividend money out of the Western Province People Dividend Trust Funds (WPPDTF – CMCA Account by OTDF totaling K139,840,000. The payments were made in two separate cheques. A first payment of K4 Million was made on May 11, 2012 and the second payment of K135,840,000 was made on the 11 January 2013. According to the Association President Nick Bunn, the approval of the K4 million was endorsed on behalf of the CMCA communities by the Advisory Committee which is made of OTMIAA members to the OTDF Board. He further stated that the purpose of the endorsement of the K4 million was for feasibility studies for the passenger ferry as proposed by the CEO of OTDF Ian Middleton. Mr Middleton in his presentation to the MLE delegates in Tabubil on December 6, 2011, he presented a photograph showing former acting Secretary Nellie James presenting the cheques to him and witnessed by Nigel Parker the Managing Director of OTML and Musje Weror OTDF Chairman. "However the amount presented was not K4 million but K3.22 million presented to the MLE leaders. Where did the balance of K780, 000.00 go to?" Mr Bunn queried.

Ian Middleton declared in a paid advertisement in November 11, 2012 that the K4 milion was paid to the V-ships operational costs, the ship's registration, Obrien's legal costs, Castos Limited a custodian company, GST, maritime claims, ship tech, and operational costs for fuel for the passenger ferry. Mr Bunn said, "I still want to know where the feasibility study report is?" Mr Bunn added that recently, Mr Middleton applied for K135,840,000 from the same Trust account. He confirmed that the K135 million was endorsed by the Advisory Committee for six major impact projects. He confirmed that a total payment of K135, 840,000 was drawn on January 11, 2013 according to the bank statements. Mr Bunn wants an explanation from Mr Middleton to explain why he added an additional amount of K840,000 into the submission which is outside of the originally approved K135 million. Mr Bunn is now calling on the people of Western Province especially the CMCA communities to understand these facts and not react to propaganda campaign against OTMIAA. He is also calling on the Government to recognise this abuse by OTDF which Mr Nigel Parker, the

Managing Director of OTML and Musje Weror General Manager Community and Business Support OTML were the Chairmen of OTDF Board.

Government paid out K20m to Tari landowners

Post-Courier 5.3.2013

By *GORETHY KENNETH*

THE Government has paid out outstanding claims of K20 million to Tari landowners for the airport land and owes them nothing to date, Chief Secretary to Government Manasupe Zurenuoc has advised. Mr Manasupe clarified that payment to the Tari Landowners had been settled in two lots of payments – the first K10 million to Tari Airport Resource Holding Limited in 2011 and the second payment to Tari Town Landowners Association in June 2012 after protests by the group in Port Moresby. He further clarified that the second payment was paid into a trust account held by Hela Provincial Government and the money was yet to be remitted to the Tari Landowners Association. Because of this, the matter had been brought to the attention of Prime Minister Peter O’Neill, prompting his response to the landowners. There are more than five landowner groups that have approached the Government on the same claim of K10 million by the Tari landowners.

One Tari Airport Association chairman Benson Angobe, acting on behalf of the Tari Airport landowners, has spoken about the outstanding IDG payments to be done, the K10 million for the Tari landowners and other issues that need to be sorted out by the Government. Mr Angobe called on the Government to explain the hold up of the K10 million outstanding claims to their association and to settle the claim. Another group, the Tari Town Landowners Association under the leadership of Alembo Wangerere had written directly to Prime Minister O’Neill for the Government to expedite payment of K10 million for the Tari Airport compensation fund to their group immediately, with copies sent to the Finance Secretary Steven Gibson and Chief Secretary Manasupe. This group now claims six chiefs have passed away in a span of six months patiently waiting for the funds to be released to them.

But Mr Manasupe advised that two payments of K10 million were made for this same claim and one lot of payment is parked in the Hela Provincial Government trust account. In his letter to Finance Secretary Steven Gibson late last month, the chief Secretary stressed the importance of the matter and the need to treat this urgently so the Government was not bothered again. “You would have been aware that two payments of K10 million were made for this same claim, the first payment to Tari Airport Resource Holding Limited in 2011 and the second payment to Tari Town landowners Association in June 2012 after protests by the group,” Mr Zurenuoc advised. “The second payment as I understand was paid into a trust account held by the Hela Provincial Government and is yet to be remitted to the Tari landowners Association, prompting the landowners to bring the matter to the attention of the Prime Minister.

“It is important that issues surrounding these two payments are clarified and the landowners appropriately advised on why payments are being withheld or whom the funds should be made to. “Other issues relating to the landownership and planning and distribution of funds also need to be clarified given that two payments of K10 million to the two groups were approved and paid out. “Failure to address these issues may result in bigger issues such as the closure of the Tari Airport which will have flow on negative effects on important economic activities in the Highlands region. “This year (2013) being the Year of Implementation, it is important that issues such as these are addressed by the relevant Government agencies with a view to ensuring that service delivery is realised in the rural areas,” he said.

OK Tedi mine landowners seek court order for payment

Post-Courier 4.3.2013

The Ok Tedi Mine Impacted Area Association (OTMIAA) members are in POM in support of their case OS No. 60 of 2013 between their association and Shadrach Himata who is the chairman of the Trustees of the Western Province People Dividend Trust Account – CMCA). The case is before the National Court at Waigani. OTMIAA is seeking order from the national court to get Shadrach Himata to explain his reasons for not following clear directives from the Mining Minister to make the payment to the OTMIAA INC the umbrella Association who is recognized during the CMCA agreement of 2006 for Ok Tedi mine to continue with the indemnity clause to protect BHP from future environmental damages. The Ok Tedi mine impacted communities numbering 165 villages over with 100,000 people entered into a Community Mine Continuation Agreement (CMCA) to support the OK Tedi Mine to continue operation of the OK Tedi Mine and they established agreed payments to communities in compensation for the loss and damages caused by the dumping of substantial amounts of mine waste rock and tailings into the OK Tedi and fly river systems.

According to Nick Bunn the President of OTMIAA, the people signed the CMCA to allow the mine to continue because of the promises made to us in 2006 by the State, PNGSDP and OK Tedi. To strengthen these promises, an NEC Decision 272/2006 approved in item 7 that OK Tedi will establish an independent entity that to give the CMCA communities a sense of ownership and control over recourses and programmers which can be supported within the CMCA regions and PNGSDP funded a consultant to assist with the establishment of the entity. Elizah Nato the vice president further stated that the State then agree to pay half of the dividends paid to the Western Province People Dividend Trust be allocated to the new entity including half of the 2006 dividend. To further convince the members to sign the CMCA for the continuation of the mine 2007 to 2013 and beyond, the State put into effect the relevant undertakings carried in clause 7 (iii) of the /NEC Decision 272/2006 being item 7 (iii) and create a new trust account called the Western Province Community Mine Continuation Agreement Region People Dividend Trust Account (WTTDTA) – CMCA

Mr Nick Bunn further state OK Tedi Development foundation(OTDF) who was recognized in the NEC Decision Of 2006 as the only entity to submit for projects and programme on half of the CMCA communities is illegally having access to this funds because entity is owned 75% owned by Ok Tedi Mine and 25% PNGSDP. This is not what we signed for in 2006 . The NEC decision is very clear, about our 100% CMCA community entity. This is bullying, suppression and manipulation of the rights of the people. We have been living with this pain and suffering and enough is enough. Nick said on 8 September the Association passed a resolution to seek Government support to seek funding from this funds to support their entity and programs and governance and leadership structures in the communities. On the 20 November 2012 Nick wrote to the Mining Minister for his approval for 3 projects and approval was given by the minister and formally directed his acting Secretary of mining Shadrach Himata who is the Chairman of the Trust funds to release the funds. Shadrach Himata has failed, neglected and refused and evaded to make payments as lawfully directed by the Minister for Mining Hon Byron Chan. This is a serious deprivation of our rights while 100,000 people continue to face serious health nutrition and social issues and some women and children are even dying and this is inhumane.

Nick said instead of releasing the funds Shadrach Himata colluded with Musje Weror the General Manager Community Affairs of OTML and Ian Middleton the CEO of OTDF and the Governor of FRPG – Hon Ati Wobiro manipulate certain individuals in the communities who are not members of OTMIAA to go against OTMIAA. This is the suppressive bullying and suppressive and manipulative tactic they have been using on the people. I call on the Governor to think of the people who voted him in to parliament and not fight against them. OTMIAA is fighting for the rights of the people of the CMCA and he stated they are prepared to work closely with the state to sort out their

issues first before they start talking about the mine extension. All the members of OTMIAA are currently in Port Moresby to hear the reasons why the Trust Chairman Shadrach Himata has refused to make their payments. They have also put in their affidavits declaring the formation of OTMIAA done through OTML Community Relations and they question why OTML and OTDF are now disputing their establishment. The Ministerial Economic Committee meeting will meet on Tuesday 5 March and members has appealed to Minister for Culture and Tourism Hon Boka Kondra to consider their issues that will be table before the committee. The Ok Tedi Mine Life Extension is also on the agenda. The mine life extension recently signed in December 2012 contains flaws which must first be reviewed. We support the Government stand to have a complete new agreement for the Ok Tedi mine and the impacted communities.

Bougainville President Chides Criticisms Of Mining Policy

Momis says ABG 'will never be told what to do by any outsider'

PORT MORESBY, Papua New Guinea (The National, March 4, 2013) – Autonomous Bougainville Government (ABG) President John Momis says Sam Kauona's outburst in the media last week – in relation to Bougainville's mining policy – is "completely misleading." Kauona – a former Bougainville Revolutionary Army leader – claimed the current ABG policy on mining was written by "colonial administrators" and did not recognize the rights of customary landowners. Momis, however, said his government was developing a new mining policy and claimed that the ABG cabinet alone decided on the policy. He said he was a strong critic of colonial mining policies and laws ever since the late 1960s. "Kauona should not think that an ABG government led by me could ever ignore Bougainvilleans' concerns about mining. We will never be told what to do by any outsider."

He said the ABG was developing a unique mining policy by examining Bougainville's needs. The policy, he said, aimed to meet Bougainville's needs, very different from those of PNG's. "Many Bougainvillean officials are involved – our mining department, law and justice division and office of Panguna negotiations," Momis said. "They develop policy proposals to be considered by the ABG cabinet. We (cabinet) make our own decisions." He said minerals would no longer be owned by the state, but by the customary landowners and the ABG. Momis said as part owner, the ABG would act on behalf of Bougainvilleans because of the bloodshed by all Bougainville groups during the province's conflict.

"ABG will also ensure equitable development and the use of mineral resources in the interest of both the present and future generations," he said. He said landowners would have the right to say "no" to exploration and be fully involved in decisions on mining projects. Responding to reasons for Kauona's claims, the president said: "I fear Kauona has been misled by a foreign company who seeks control of minerals in large parts of Bougainville by signing MoUs with unrepresentative landowner groups. "It says the landowners alone can decide on mining development." Momis said this was dangerous because it could result in many mines which could destroy Bougainville's society, culture and environment.

Bougainville to strike it rich

Post-Courier 4.3.2013

THE autonomous Bougainville Government's mining policy will give mineral ownership to customary landowners. The landowners will also be involved in major mining project decisions and can say 'no' to exploration on their land. ABG President Chief John Momis said this at the weekend to counter what he says was 'misleading statements' by former Bougainville Revolutionary Army (BRA) rebel commander Sam Kauona, who recently alleged that the "colonial administration" was drafting the autonomous region's new mining policy. "Mr Kauona should not think that an ABG led

by me could ever ignore Bougainvillean concerns about mining. We will never be told what to do by an outsider,” the veteran politician, who first entered politics in 1972, said in a statement.

The former BRA commander has in recent days criticised Australia over what he claimed was its involvement in the draft policy, however, Chief Momis in response said Bougainvilleans were playing leading roles in the ABG’s mining department, the law and justice division and the Office of Panguna Negotiations. “Many Bougainvillean officials are involved in our mining department, law and justice division and office of Panguna negotiations. “They develop policy proposals to be considered by the ABG cabinet. We make our own decisions. Take issues of ownership of minerals. “The administration presented three options. Cabinet discussed them over several long meetings. We decided to reject all three options. Instead we came up with our own. Minerals will no longer be owned by the State. “Instead they will be owned by both customary landowners and the ABG,” he said.

According to the ABG president, equitable distribution of revenue from mineral resources was at the core of his government’s policies. “As part owner, the ABG will act on behalf of all Bougainvilleans because of the blood shed by all Bougainville groups during the conflict. The ABG will also ensure equitable development and the use of mineral resources in the interests of both present and future generations. Landowners will have the right to say ‘no’ to exploration and to be fully involved in all decisions on mining projects. The ABG will have the power to grant all exploration and other licenses and authorise mining revenue distribution.” The exchange between the former rebel commander and the ABG president adds to the debate on the island surrounding the closed Panguna copper mine and proposed plans to reopen it. Mr Kauona is reportedly the president of the Bougainville Resource Owners Representative Council.

Me’ekamu: Bougainville not ready to re-open Panguna mine Post-Courier 4.3.2013
By *WINTERFORD TOREAS*

LEADERS of the Me’ekamui Government of Unity (MGU) in the Panguna district of Central Bougainville are still adamant that Bougainville is not yet ready for the reopening of the Panguna mine. Speaking during the 2nd Regional Forum on Panguna Negotiations held last week in Buka, MGU president Philip Miriori said discussions on the possible reopening of the mine should take place after Bougainville gains its independence. He said their standing to reopen the Panguna mine after Bougainville gains its independence is because there are still a lot of outstanding issues that need to be addressed. One of these outstanding issues is the K10 billion compensation claim for environmental damages being done during the mine’s operational days.

Mr Miriori added that the presence of the deadly chemical wastes that were dumped into the water systems at Panguna must also be thoroughly addressed before the reopening of the mine can take place (see separate story). Mr Miriori also said the social and other related issues that may occur following the reopening of the mine must also be carefully analysed before further talks on the mine’s reopening can take place. These issues include the establishment of squatter settlements and law and order problems. However, on a positive note, Mr Miriori said they want the ‘bel kol’ money to be paid not only to the LOs but to all Bougainvilleans because they had all suffered during the crisis. Mr Miriori is also calling on the Autonomous Bougainville Government to support the court case against mining giant Rio Tinto for compensation payments to be made for environmental damages being done during the operational days of the Panguna mine.

Meanwhile, many North Bougainvilleans who attended the forum had expressed their unhappiness at the Panguna LOs decision to defer the mine’s reopening after Bougainville gains independence. They said without the mine, Bougainville will not be able to sustain itself through independence,

that is why it was important to reopen the mine. This was because the revenue earned from the mine will be able to bankroll Bougainville's journey towards independence. The LOs were also blasted by some reputable North Bougainvilleans who claimed that the LOs have not always been consistent with their decisions. They said sometimes the LOs would openly express their support to reopen the mine whilst it would be the opposite again at other times.

China's New Record: World's Biggest Cost Blow-out and Longest Construction Delay Tim Treadgold, Forbes, 3.3.2013

China is justifiably proud of its economic development, but there's one "achievement" rarely mentioned, a project which has suffered what is possibly the world's worst cost blow-out and completion delay — an iron ore mine which is three years late, three-times over budget; and counting! When construction started at the Sino Iron project on the north-west coast of Australia in 2006 the wholly-Chinese owned mine and associated processing facility was expected to cost \$2.5 billion and start shipping iron in 2009. At last count the budget had passed \$8 billion and was said to be heading for \$10 billion with the first shipment date pushed out again just last week to "late March or early April". The new deadline was revealed after Sino Iron's owner, the Hong Kong-based CiticPacific, filed its annual results and provided an update on a mine which has caused nothing but trouble since it was approved, and now threatens to become tangled in legal disputes.

One of those disputes is with the major construction contractor, a Chinese company called Metallurgical Corporation of China, another is with Clive Palmer, the self-made Australian millionaire with a plan to build a replica of Titanic, the unsinkable passenger liner that claimed 1502 lives when it sank in the North Atlantic in 1912. Palmer pocketed more than \$400 million when he sold Citic Pacific the right to mine two billion tonnes of iron ore on tenements he had held for more than 20 years, and also secured a future royalty deal which should be generating more than \$100 million a year – if the mine hits its targets. But, failure to build the mine on schedule and failure to stick to its budget means that Citic Pacific is looking for a way to minimise its exposure to the Palmer royalty which is why the two are locked in a battle in the Supreme Court of Western Australia over the precise terms of the original deal with Citic, naturally, wanting to pay less and Palmer, naturally, wanting to maximise his return for other projects, such as the Titanic replica.



iron (Photo credit: Wikipedia)

Meanwhile, at the Sino Iron site the latest deadline nears for first shipment from a project which still faces two big challenges. The first is that Citic Pacific has decided to limit its immediate annual production target to 10 million tons of exportable iron ore a year from two ore-processing "lines" rather than push ahead to the original target of 28 million tons from six lines, a decision which will dramatically increase the cost per ton. The second is that the export phase of the project will use a shipping system untried in Australia's hurricane-prone north-west. Despite the cost blow-out and

completion delay Citic Pacific's chairman, Chang Zhenming, said with the release of the company's 2012 profit result (down 25% to HK\$6.95 billion) that the company would press ahead with Sino Iron. "We have put so much into this project in every sense, time, energy and capital, that it is indeed gratifying to see the progress we have made despite the delays and unexpected costs," Chang said.

There has not been a single issue which has tripped Citic Pacific with problems encountered in under-estimating Australia's high domestic costs, labor shortages, a sharp increase in the exchange rate, and difficulties operating in a remote region. The challenge of the location will be put to its next test when loading starts for the first export shipments because the Sino Iron project does not include a conventional wharf, opting instead for "trans-shipping" with tugs pulling barges to bulk carriers anchored offshore, a system which works well in calm waters but could be a challenge in heavy seas. Financially, the Sino Iron project is already a disaster. Whether it can ever recover from the capital cost blow-out is questionable, more so now that Citic Pacific has decided to go slow on finalising what it started because the operating costs will be sky-high thanks to the sunk capital and limited early-year production. Chang gave little away on operating costs last week, simply saying that he would know more when the mine was in "full, stable, operation" – whenever that might be.

Pacific governments cautioned not to rush into seabed mining

PACNEWS, 01/03/2013, Solomon Islands

Governments should not rush into seabed mining despite promises of major monetary benefits from the industry, regional churches will be told in a meeting next week. Advisers to the Pacific Conference of Churches' 10th General Assembly in Honiara, the Solomon Islands will tell delegates that seabed mining is the next potential threat to the Pacific. The warning will come on the same week that Fiji's Cabinet will hear a proposed seabed mining legislation drafted by the Ministry of Foreign Affairs. Correspondence obtained last week shows that the ministry invited a number of local and regional organizations to what it described as a consultation on the propose laws. The letter confirmed that the draft would be placed before Cabinet next Tuesday (March 5).

But the Pacific Conference of Churches will encourage member organisations to consider all extractive industry carefully before making decisions. It will also suggest that churches – as advocates for their members – address the issue of seabed mining with their respective governments. PCC Environment Spokesman Peter Emberson said it was important that Pacific nations were fully aware of the impact of seabed and land-based mining. "The general assembly will hear a proposal calling for churches to work together and with civil society to ensure that governments do not rush into these issues," Emberson said.

"Extractive industry must be thoroughly researched and people made aware of the possible impacts on the environmental and social impacts before any work takes place." Recent studies show that communities in Bougainville continue to suffer from skin diseases and respiratory illnesses more than two decades after copper mines closed. Fisheries and logging are also considered to be extractive industries. Fiji, the Solomons, New Caledonia and Papua New Guinea are the countries most affected by land-based mining and logging. All Pacific countries, however, will be affected by seabed mining and fisheries. Late last week revelations surfaced in Fiji that two multinational corporations – Lockheed Martin of the United States and KORDI of South Korea – have shown interest in seabed mining in the Pacific.

Madang's economy boosted

Post-Courier 1.3.2013

THE developer of the first nickel and cobalt mine in the country, Ramu NiCo Management (MCC) Ltd in Madang has boosted the economy of Madang province including the local impacted areas since its inception. And in the last nine months, Ramu NiCo has spent a total of over K56.2 million in procurement exercises alone in the province and the country. Deputy General Manager of Community Affairs with the Ramu NiCo Project, Mr. Stotick Kamya said this yesterday in Madang during the Ramu NiCo Project 2013 First Quarter MOA Review Meeting which requires the Company to update the landowners and other stakeholders on Ramu NiCo Project. Mr. Kamya is also in charge of the Company's Business Development Programs. "Our existence in the country since arriving has created a boost in the local economy,"

"Almost all service providers and suppliers that we deal business with continue to enjoy the demand that we create in the local economy," Mr. Kamya said during his presentation. He said major suppliers in the province who benefit include supermarkets, hardware, stationary shops, auto – parts, gas suppliers, wholesalers, industrial equipments and others. "And our service providers include; transport companies, hotels, postal service agencies, electricity, water and many more," "This is evident in our procurement records. In the last nine months, we spent a total of over K56.2 mil (K56, 221, 621.26)," Mr. Kamya said. From the list of beneficiaries presented, Mr. Kamya stated that landowner companies in the four impacted areas including Kurumbukai, Basamuk and the two Pipeline benefits from a total of more than K14 million in the last nine months.

Meanwhile, Mr Kamya stated that the four landowner companies, Basamuk Ltd, KBK Ltd, Wass Matau Ltd and Maigari Ltd have benefited from Ramu NiCo Projects contracts awarded but also identified several factors to progress the landowner Companies further. "Of course the developer and the landowner companies have certain factors that affect the landowner companies and we will identify them and move forward," Mr. Kamya said. He also presented Ramu NiCo's partnership program with PNG CCI, World Vision and other organizations to train and empower the local landowners in agriculture activities including cocoa rehabilitation, fish farming, agriculture activities and others under the Public-Private-Partnership program in line with the National Government's Vision 2050.

PNG Activists Say PM 'Silent' On Risks Of Deep Sea Mining

Government yet to answer questions about environmental concerns

AUCKLAND, New Zealand (Pacific Scoop, Feb. 28, 2013) – A Papuan New Guinea environmental advocacy group has accused Prime Minister Peter O'Neill of "falling silent" on the controversial Solwara 1 deep sea mining venture planned off the coast of Madang. "Why has our Prime Minister fallen silent on this core issue?" asked Wence Magun, national coordinator for the Madang-based Mas Kagin Tapani and also a steering committee member of the Deep Sea Mining (DSM) Campaign. The campaign wrote to O'Neill last December about its environmental concerns about the Solwara 1 mine and asked for documents relating to the approvals process of Nautilus Minerals Solwara 1 deep sea mine be made publicly available.

The campaign is still awaiting a response from the PNG government. The group's statement today said: Wence Magun, national coordinator for Mas Kagin Tapani, said: "After receiving our letter last December, Our Prime Minister described the environment as a "core issue". "But communities are still waiting to hear how he will address the many risks associated with the Solwara 1 mine – and they want to hear this before his Government re-opens any discussions with Nautilus. Why has our PM fallen silent on this core issue?" Nautilus has been in dispute with the PNG government

since last year and the company suspended operations relating to the Solwara 1 project in November 2012.

High hopes

Michael Johnston, Nautilus president and CEO, expressed just a few days ago that the company has high hopes for a resolution to the dispute. Patrick Kaiku, lecturer in political science at the University of Papua New Guinea and another DSM campaign steering committee member, said: "Not only is a response from the Prime Minister overdue, the petitions from the various coastal communities in the proposed Solwara project areas, that were submitted in November last year to Hon. Byron Chan, PNG Mining Minister, are yet to receive a formal response. "Our campaign's two reports show that there are many errors and omissions in the Solwara 1 Environmental Impact Statement (EIS). "This means that we don't yet understand the risks to our coastal communities posed by this mine. How could the PNG government have granted Nautilus its 20-year operating licence when so many questions remain unanswered?"

"In the interests of transparency and informed debate the PNG government should now release the documents we requested in the letter we sent late last year. We don't want discussions to be held with the company behind closed doors while the people of PNG are left in the dark." Oigen Schulze, director of Zero Inc, a community organisation in New Ireland province, said: "Local communities have not sanctioned the Solwara 1 project. No one knows what the impacts of this form of mining will be. "Communities want to know what concrete steps the Prime Minister will now take to ensure we are not being used as guinea pigs in a seabed mining experiment. 'Secret visits'

"We know that Nautilus are secretly visiting remote communities in New Ireland province and trying to convince them to agree to deep sea mining. This is not informed consent – these communities have not been provided with information about the risks they also face." Dr Helen Rosenbaum, coordinator of the Deep Sea Mining campaign, said: "Solwara 1 is the world's first deep sea mining experiment. The eyes of the world are watching to see how the PNG government deals with the flaws in the Nautilus EIS and the high level of community concern. "The people of PNG deserve to know that their government is acting in their best interests and is not putting their lives and livelihoods at risk."

SLN mine in New Caledonia vandalised

PACNEWS, 28/02/2013, New Caledonia

New Caledonia's SLN mining company says a complaint has been lodged with police after its mining site in Thio was vandalised on Sunday. SLN says nobody was injured in the incident but says installations were set on fire and trucks damaged. It puts the damage at US\$1.3 million. Police are now investigating. It is not known what prompted the disturbance. Despite the damage, work has resumed at the mining site, which is on the main island's eastern coast.

SOURCE: RNZI/PACNEWS