

**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>

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**UN expert body urges action to prevent violation of indigenous rights due to business activities** PACNEWS, 31/10/2013

States and corporations need to do more to prevent the violation of indigenous peoples' rights as a result of business-related activities, a United Nations independent expert body has said. "Indigenous peoples are among the groups most severely affected by the extractive, agro-industrial and energy sectors," said Pavel Sulyandziga, Chair of the UN Working Group on the issue of human rights and transnational corporations and other business enterprises. "Negative effects range from indigenous peoples' right to maintain their chosen traditional way of life, with their distinct cultural identity, to discrimination in employment and in accessing goods and services." Other challenges involved land use and ownership, as well as displacement through forced or economic resettlement Sulyandziga said yesterday in his presentation of the Working Group's report to the General Assembly's social, humanitarian and cultural committee (Third Committee) on the adverse effects of business activities on indigenous peoples' rights. "Such disruption often leads to serious abuses of civil and political rights, with human rights defenders in particular put at risk," Sulyandziga said.

“Indigenous peoples are also often excluded from agreements and decision-making processes that irrevocably affect their lives.” The report highlights how the UN Guiding Principles on Business and Human Rights can clarify the roles and responsibilities of States, business enterprises and indigenous peoples in addressing these problems. “We call on States and business enterprises to increase their efforts to implement the Guiding Principles. This includes the State’s duty to protect indigenous peoples against business-related human rights abuses and corporate responsibility to respect human rights, and where abuses have occurred, to ensure people can have effective remedy,” said Sulyandziga, while urging interested parties to register for the second annual Forum on Business and Human Rights to be held in Geneva in December. “It will be an opportunity to discuss challenges in implementing the Guiding Principles, in particular sectors, in operational environments and in relation to specific rights and groups, including indigenous peoples. It will also be a chance to identify good practices and opportunities for dialogue and cooperation toward solutions,” he added. SOURCE: UN NEWS CENTRE/PACNEWS

### **Staff Strike At PNG’s Ok Tedi Mine Over Redundancy**

*Mine to make all staff redundant before hiring smaller workforce*

By Liam Fox

MELBOURNE, Australia (Radio Australia, Oct. 31, 2013) – Production at Papua New Guinea's biggest mine has been cut after staff went on strike over concerns about redundancy offers. As part of plans to reduce production by a third, the Ok Tedi mine is making all staff redundant before re-hiring a smaller workforce in 2014. Some of the mine's 6,000 workers - it's not clear how many - went on strike on Wednesday night because of concerns about redundancy packages. Daniel Komba, from the Mine Workers Union, says some people are worried they will get a smaller payout than those who accepted an earlier redundancy offer. The confusion has been heightened by the PNG Government's recent takeover of the mine. The mine's management says all staff receive the same level of redundancy entitlements.

### **Ramu Nico embarks on cost saving measures**

Post-Courier 31.10.2013

IN LIGHT of the slowdown in global economy and declined price of nickel metal, the only nickel/cobalt exporter in the country, Ramu NiCo is adopting stringent measures to improve its production while reducing deficit in the second half of this year, according to the company’s recently released newsletter. In the half year work conference for 2013, Chairman of Ramu NiCo Mr Zhao Shimin highlighted that many international mining companies have to close down, layoff or downsize their operation in response to the poor global economy and some mining industries in PNG have taken that path. “We have to say that we are not born at the perfect timing, since in the first year of operation, we have to confront such severe difficulties and challenges both internally and externally,” Mr Zhao said. However Mr Zhao is confident Ramu NiCo will reverse the company’s difficult situation and with determination and dedication from all staff and management will reduce deficit in the second half while improving production.

He also assured the employees and stakeholders that with the support from MCC Group with technology and capital will see in the second half some improvements in the production to reach this year’s production target of 50%. Meanwhile, the chairman appealed to all technical staff at Basamuk Refinery and Kurumbukari mine to coordinate and communicate closely to overcome technical bottlenecks and invent new idea to build a strong foundation for the prosperous production in the years to come. Mr Zhao also took the opportunity to thank all Ramu NiCo staff for their commitment in the Project and further encouraged them to take cost cutting measures while using their wisdom to propose ideas to improve production. Ramu NiCo Project was officially launched in De-

ember 6, 2012, after its construction completion and the maiden export shipment made at the end of 2012. Ramu NiCo is currently targeting at 50% of the design capacity this year and 80% next year with the full 100% production capacity in 2015.

### **Simberi gives NIP K350,000**

Post-Courier 31.10.2013

GOVERNOR of New Ireland Sir Julius Chan has announced that Simberi gold mine operator St Barbara has given K350,000 for infrastructure in the Central New Ireland Local Level Government. In a small ceremony attended by the Governor, provincial administrator, chief executive officer for economics, chief provincial adviser in Kavieng for chief executive officer for St Barbara Ltd, Mr Tim Lehany said during the presentation "We value the support of the NIPG and it is pleasing to see the Government stimulating and encouraging economic activity. "This contribution by St Barbara is a strong indication of the excellent working relationship between the company and the New Ireland Provincial Government." "It is particularly impressive you have fulfilled your pledge at a time when the price of gold has slumped somewhat and before St. Barbara have even been able to declare a profit from the Simberi Mine."

Sir Julius said that the K350,000 would be used to fund the repair and upgrading of the Lambuso – Uguna Trans-Island crossing in Sentral Niu Ailan LLG. Sir Julius said, "This is a critical crossing for the people of both the east and west coast, and making it accessible again will dramatically improve the lives of the people of Sentral Niu Ailan and I can now confirm that upgrading will commence within a fortnight". Sir Julius noted that since St Barbara took over the Simberi in mid-2012 from the former operator, Allied Gold Limited, the relationship between the provincial government and the operator had improved dramatically. "For the first time in many years we feel we have a genuine dialogue and relationship with the operators of the Simberi Mine" he said. "I think the unencumbered approach to this "Signature Funding" sets an example other companies operating in New Ireland could usefully emulate".

### **Canada: Current Issues In Seabed Mining**

Article by Wylie Spicer, mondaq.com October 30, 2013

When the International Regime for Seabed Mining was introduced at the United Nations in 1994, as an amendment to the Law of the Sea Treaty (the Treaty) the then Secretary General of the International Seabed Authority (ISA) Ambassador Satya Nandan described the proposed regime as providing for: "a stable environment for investors in deep - seabed minerals under a market - oriented regime; it guarantees access to the resources of the seabed to all qualified investors; it provides for the establishment of system of taxation which is fair to the seabed miner and from which the international community as a whole may benefit;" As of 2013 it is fair to ask what progress has been made towards these goals. The Regime described to the United Nations by Ambassador Nandan concerned the development of a Seabed Mining Regime in respect of the ocean floor beyond the territorial limits of coastal states (the Area). A mining regime within the limits of the jurisdiction of a country does not involve the ISA; consequently the development of the necessary relationships to pursue mining are between the miner and the government of the coastal state. However, many of the issues are relevant to both mining areas.

Activity in coastal waters has been concentrated in the Southern Pacific. A number of Pacific Island countries have granted either exploration or exploitation leases and the Secretariat of the Pacific Community has identified seabed mineral potential in Papua New Guinea, Fiji, Federated States of Micronesia, Kiribati, Tuvalu, the Solomon Islands, Vanuatu, the Cook Islands, Samoa and Niue. In the Area, the ISA has granted seventeen contracts either directly to countries or to companies

sponsored by a country (this is a requirement of the ISA). ISA contracts are for exploration; contracts granted in respect of mining in territorial waters may include rights to exploit the resource (this is the case with the lease granted by Papua New Guinea to Nautilus Minerals). The result of all of this is that both governments and private industry have interests in the development of seabed mining in territorial waters and beyond.

All this interest in seabed mining arises from a number of sources, two of which are the world need for more metal (including rare earth metals) and the possibilities of financial benefits for the countries that possess the metals. Using copper as an example, the US Geological Survey has estimated that world consumption of copper over the next 25 years will exceed all of the copper metal ever mined to date. The average reserve grade of land based copper projects as of 2009 stood at .61 %. Nautilus has estimated that the grade available in its Papua New Guinea seabed project is 7.2 %. As a potential beneficiary the Cook Islands estimate that mining the minerals in their waters has the potential to increase their GDP a hundred fold. The UN estimates that the current per - capita income of the Cook Islands is \$12,200.

Seabed mining is not unlike other new industries attempting to establish themselves. In order to prosper there must be a legal framework in place and industry must have a social license from the relevant stakeholders. With a new industry in uncharted waters the attainment of a social license involves the development of a consensus that the activity is safe and that it does not adversely affect the environment in which it is conducted. This is frequently a substantial hill to climb for industries in new areas. The seabed is one such area. Mining for shale gas faced much the same developmental issues and one expects that methane hydrate mining will encounter similar hurdles. The complete legal framework for seabed mining is not yet in place, what currently exists is a developing framework. There is no exploitation code for seabed mining in areas regulated by the ISA. Many ISA exploration licenses expire in 2016 and the current licensees will require guidance on an exploitation framework.

The ISA has recently published a study describing what might be included in a regulatory framework for exploitation but currently it is just that, a study. In the South Pacific very few of the island nations have mining codes, although some are in progress, such as the Cook Islands. Part and parcel of the establishment of the regulatory framework is the development of a taxation/royalty regime to provide certainty for a developer assessing its risks. For activities in territorial waters this may be negotiated between the developer and the coastal state. The Finance Minister for the Cook Islands, Mark Brown, has recently stated that the Cook Islands would expect to receive stakes in mining companies for free as the price for granting rights to exploit the resources of the Cook Islands. In the case of ISA regulated leases one expects that a generic regime, including a royalty structure, will be developed to cover production in all ISA regulated areas. This will probably be a regime bereft of any individual negotiation between ISA and its individual licensees. It will be interesting to see whether the companies who have leases in ISA areas as a result of state sponsorship have the staying power to await an ISA articulated mining regime.

The attainment of a social license mine is very much a work in progress. There has been considerable opposition to seabed mining in territorial waters. To date there does not seem to be a political consensus as to whether seabed mining is acceptable. The lack of consensus is a continuing concern in assessing risk. In the case of a coastal state the political consensus which will eventually result in the granting of the social license will be directed to issues specific to the coastal state. The ISA process involves the politics of the state members and their representatives members of the ISA. In formulating a social licence for seabed mining the ISA is guided by the Treaty, a main purpose of which is the protection and preservation of the marine environment. When the ISA determines the environmental regime to be applied to seabed mining its considerations will be based on the interests of state members and the dictates of the Treaty.

The leases granted by the ISA are in areas of the ocean floor beyond national jurisdiction. When the ISA puts in place a royalty regime it will be against the backdrop that the seabed (and its resources) over which it has regulatory authority are part of the common heritage of mankind and that all rights in these resources are vested in mankind as a whole. It is the responsibility of ISA to act on behalf of mankind. Bearing this in mind, the ISA has, on a number of occasions, discussed whether the granting of leases should be done such that monopolization of the resource is avoided. Since in some cases leases are granted to member states and in others to companies sponsored by a state the ISA has mooted whether the objective should be to prevent monopolization by a single applicant for a lease (regardless of whether that is a state or state sponsored enterprise) or alternatively whether the objective is to prevent monopolization by a single State member of the ISA. It is a complicated and undecided issue.

This year at the ISA annual meeting, the report of the Legal and Technical Commission (the ISA entity tasked with detailed consideration of applications for leases) commented: "the Commission also held a general discussion on the issues of monopolization of activities in the Area. It noted that in recent years new business models of business arrangements had begun emerging that required the attention of the Commission. It was considered that in light of current developments...the Commission's work on this matter should be prioritized and the Council may also wish to give further consideration to the potential for monopolistic behaviour in relation to polymetallic nodules." The requirement of the Treaty that the ISA act on behalf of the common good of mankind may have to be considered along side potential state, or state sponsored enterprise, monopolization of the resource. In summary there are many issues which investors will need to address as the industry and its legal frameworks develop. *First published in Mining Journal on October 18, 2013*

### **Wafi Golpu: Harmony sees silver lining in distressed assets**

By Allan Seccombe, Business Day Live, 30 October 2013, 17:00

HARMONY Gold's next mine will probably be an acquisition of another company's gold mine that the miner believes it will be able to turn around, CEO Graham Briggs said on Wednesday. Harmony has closed all of its original mines and is now operating mines that were originally bought from other companies to build the company into one of the world's major gold producers. The newest mine in its stable is one that it built with Australia's largest gold producer, Newcrest Mining, in Papua New Guinea. "Where the next mine is going to come from for Harmony is probably going to be acquired and it will probably be turning around someone else's assets and making more money out of them," Mr Briggs said at the Investing in Resources and Mining in Africa conference in Johannesburg. He said that going into other countries would entail the additional expenses of not just running the mine but also setting up offices, networks and support. It would make sense to look for distressed assets in the countries where Harmony already has a presence, he said, arguing these would be mines making losses in the hands of existing owners.

There has been a shift in the South African gold sector, with the formation of newly listed Sibanye Gold after the unbundling of three gold mines out of Gold Fields. Gold Fields CEO Nick Holland and Sibanye CEO Neal Froneman have both said the new company could be a catalyst for consolidation of South African gold assets. "An advantage for us and Sibanye, for instance, is to look at the countries in which we operate. If there's a distressed asset in SA, guess what, maybe we'll be fighting about that asset," Mr Briggs said. Investors in mining companies were reluctant to approve major capital expenditure on new, large mining projects. Harmony and Newcrest are working on plans to build a copper and gold mine at the Wafi Golpu project in Papua New Guinea, but both companies have run into strong opposition from shareholders for the multibillion-dollar project, demanding that it be a smaller, less expensive, less risky operation. "We've got a fantastic copper

project but investors won't let us build that project. It will cost too much and they worry about it. Some of these things have to wait for the right investment time," Mr Briggs said.

In the current market environment, investors are looking for near-term cash flow rather than investing in projects that will take years to build and to deliver returns, he said. In SA, gold companies are regularly in discussion and sharing thoughts on safety and health in the industry. "We talk about a range of things like boundaries or consolidation. Sense has to prevail in these things," Mr Briggs said. He also said that major institutional shareholders held shares in all the leading gold companies and were also pushing for sensible outcomes. Sibanye chief financial officer Charl Keyter said: "Gone are the mining magnates from yesteryear. The environment is ripe to collaborate, pool and share, look at boundary areas and to look at other synergies." Mr Briggs said the gold industry would descend into "chaos" if the gold price fell below the total production cost of \$1,200 an ounce for a long period of time.

### **Anderson: Changes to code have negative impact**

The National, October 30th, 2013

THE recent "national interest" amendments to the takeovers Code will negatively impact on the resource sector by creating uncertainties for corporations that are highly regulated under PNG laws. PNG Chamber of Mines and Petroleum executive director Greg Anderson said yesterday that since there were no definitions of what constitutes "national interest" it appears that application of this rule is solely the prerogative of the Securities Commission and would result in arbitrary decisions. He said this would add another level of uncertainty to foreign corporations wishing to invest in PNG's mining and oil and gas sectors. Anderson said: "We believe resources companies are already highly regulated and, in terms of ownership, current laws give the National Government the right to take up a 30% stake in any mining venture or 22.5% in any oil and gas project. "Rather than protecting "national interest" this amendment appears targeted at limiting and restricting foreign investment interest in this country, which is a vital part of the nation's growing economy". Similar concerns raised by the Chamber of Commerce and Industry members highlighted among others:

- The Code has been amended to require that the Securities Commission block an acquisition under the Code of shares in a PNG incorporated or registered company if the Commission considers the acquisition is not in PNG's "national interest".

### **Ok Tedi suffers profit fall**

The National, October 30th, 2013

OK TEDI Mining Ltd (OTML) posted a net profit of K913 million (US\$472 million) last year compared with K1.24 billion (US\$621 million) in 2011, according to the company's annual report. The company's 2012 report said its revenue also dropped from K4.54 billion in 2011 to K3.36 billion last year. Last year, the miner invested K39.4 million in its exploration and drill programmes. OTML chairman Sir Mekere Morauta said the company last year paid K723 million in dividends and siphoned K2.6 billion to the economy. He said the last financial performance was achieved in an environment of continued international operating stress and fluctuating metal prices. Material mined last year was up 54.9 million tonnes from 41.2 million tonnes in 2011. Sir Mekere said pending a decision on the mine life extension, the company had been carefully managing its existing ore reserves to achieve maximum value as gold and copper grades declined gradually. "The continuance of the mine would support the copper market with output although at a smaller volume than the previous years," he added. OTML managing director and chief executive Nigel Parker said the

copper market was a moving target with new mines being developed in remote sites. He said these may be located in inhospitable environments, which would require high capital costs.

### **Former Western province governor faces theft charges**

The National, October 30th, 2013

FORMER Western governor Dr Bob Danaya has been arrested and slapped with a series of misappropriating charges, including a K6 million belonging to the Fly River provincial government in 2008. Danaya was detained at the Waigani Supreme and National Courts premises yesterday morning by police detectives. He was taken to the Boroko Police Station for questioning before being charged and locked up. NCD-Central commander ACP Jim Andrews confirmed Danaya's arrest. He said police bail had been refused due to the nature of the charges. Police sources yesterday said claimed the suspect had been evading police for three months since a request was made in July for him to turn up for an interview.

### **LNG plan may spawn 'Dutch Disease'**

The National, October 30th, 2013

THE PNG LNG project will generate benefits in terms of revenue as well as problems, Bank of Papua New Guinea's (BPNG) assistant governor Joe Teria says. He stressed that one major challenge was the "Dutch disease". Teria said that "Dutch Disease", or the pricing out of traditional export sectors, was one of the best examples of the relationship between monetary and fiscal policies. "Dutch Disease" is the negative impact on an economy of anything that gives rise to a sharp inflow of foreign currency. He said in Papua New Guinea's case, it was the large gas reserves. "The inflow of currency would lead to currency appreciation, making other domestic products less price competitive on the export market. "It would also lead to higher levels of cheap imports with negative consequences, thus triggering inflation." Teria said recently that although BPNG is the guardian of price stability, it could not counteract fully the effects of the "disease". He praised the Government for taking the right steps in reducing the disease's impact through the implementation of the sovereign wealth fund (SWF). "The SWF tries to mitigate the exchange rate appreciation; in so doing it protects the traditional export sector as well as lessen the impact on domestic money supply, stemming possible inflationary pressures. Teria said PNG, with its abundant fertile land and water resource, should develop a competitive, agricultural sector. He said PNG should invest more in agriculture as a food supplier country, not only for local consumption but for export.

### **LNG: Komo LLG misses out on infrastructure**

Post-Courier 30.10.2013

KOMO local level government in the LNG project host province, Hela, has been missing out on major infrastructure development since the multi billion project got of the ground. The deputy Governor of Hela province and Komo LLG President, Thomas Potape, has now called for the greater slice of the K68 million infrastructure development grant to be directly pumped into the district to improve the lives of the people. Mr Potape is now appealing to the Prime Minister, Peter O'Neill, and the Finance Minister, James Marape, to give the share of LNG 'pig' back to the people of Komo. He said the National Government this year parked K68 million that has been held in trust by the Hela provincial government.

"Komo is the heart of the LNG project and the IDG funding should be spent in that area as agreed to in Kokopo and licensed based areas under the UBSA and LBBSA agreement. Komo is entitled to that money." He said the IDG would be used to build infrastructures such as roads, classrooms,

health centres, district headquarters and other developments in the district. “Komo district does not have anything on the ground to show that ‘mipla papa blong pig’ (We are the pig owners) referring to the LNG project. “That money must go to the Komo LLG as that LNG project is located in Komo,” Mr Potape said. “Komo has nothing on the ground in terms of infrastructure development but I believe Komo LLG is entitled to 90 per cent of that funding.” “I need the IDG grants to fund my road, schools, aid post and other vital infrastructure in my area,” Mr Potape said.

### **Sinivit: Mine closure plan in MOA**

Post-Courier 30.10.2013

By *GRACE TIDEN*

One of the components of the recent review of the Sinivit Gold Mine Memorandum of Agreement was Sinivit’s mine closure plan. Currently, the mine does not have a plan in place but Mineral Resource Authority Project Coordinator Marika Tako said they had been advised by the developer, New Guinea Gold Limited, that a plan was now being put together. He said while the review was still ongoing, the company must come up with a mine closure plan, which should be improved yearly. “Every mine in PNG must have a plan. When you start a mining project, you must produce a Mine Closure Conceptual Plan and improve it every year until you come to the final one,” he said. Mr Tako said it was different for the early mines such as Ok Tedi where a plan had to be prepared 10 years before the mine closes.

However, currently, mining companies have to have a plan when they start mining. As for Sinivit, the review of the MOA has paved way for the development of the closure plan. “It is a must,” Mr Tako said, adding that there were three components of the plan. The components include the demolition of infrastructure, the rehabilitation of the mining site and the socio-eco aspect which Mr Tako said was a new concept which they adopted into the mine closure plan and will mainly look at assisting landowners to invest. Mr Tako also said Sinivit’s Environmental Plan was still at its conceptual stage with no exact details in place. He said it was still a working document which will be improved from time to time.

### **Morobe mining: Landowners want to have their say**

Post-Courier 30.10.2013

By *SIMON KESLEP*

THE Nakuwi Landowners Association Incorporated yester-day organised a swearing in ceremony for its members which now paves way for landowners to have their say in mining related issues. President of the association Rex Mauri told all the members that the organisation will remain intact and serve its main purpose of addressing and ensuring landowners’ issues regarding the Morobe Mining Joint Venture Company and the Morobe provincial government. “The provincial government must fast track MOA reviews being given to them so that landowners will be aware of what is being included that will serve for their benefit,” said Mr Mauri. He said that money being allocated to the local level government within the mining area must not be separated again as this is not a fairly equitable distribution of payments.

He said lawyers on the other hand have now become major beneficiaries of landowners’ payments when it comes to royalty complaints being taken to court. “Landowners we are now living in a time bomb period and it is not good if we are to use our own money to pay those who we consider as our opposition,” said Mr Mauri. He said that no one is to be a boss who can have a say in what rightfully belongs to landowners and that they will not give away their rights. Mr Mauri said money allocated to Watut local level government has not resulted in any development and there was no update on how the money was spent. He said the landowners have made the province a major beneficiary



towards developments by generating income through the mine. The association yesterday swore in Wayang Kawa as their vice president, Jeffery Yami as secretary and seven committee members.

### **O’Neill denies shares speculation**

The National, October 30th, 2013

By MALUM NALU

PRIME Minister Peter O’Neill yesterday denied speculation his government intends to use Ok Tedi Mining Ltd (OTML) as collateral for a loan to buy back shares in Oil Search Ltd (OSL). He said this when asked about speculation in the business community that the government had used OTML as collateral for a US\$1.9 billion (K4.88 billion) loan from UBS Switzerland to keep control of the OSL shares that were used as collateral for the original US\$1.6 billion (K3.94 billion) IPIC loan for the State to acquire its shares in the PNG LNG project. The OSL shares now belong to Arabs and word is that the government wants to get them back. “To use Ok Tedi as collateral is absolute nonsense,” O’Neill told reporters after appearing on FM 100’s Talk-back Show. “There’s not been one single suggestion.

“There’s no need for collateral. “If there was any arrangement, it will be that the collateral will be the Oil Search shares itself. “There’s no need for any collateral by any financier. “Why that is necessary is because the LNG project itself is a certainty, Oil Search shares are worth something, so you don’t need any other security to borrow any money. “Again, this is coming from people who have got no business acumen whatsoever to make such a comment. “This is very unrealistic. I can’t keep on debating issues on speculation. I think people need to be a bit more realistic. “No evidence about anybody giving any instruction that Ok Tedi shares will be issued as collateral, not even a discussion in cabinet, not even a discussion among leaders in government, so that is absolutely false.”

### **State To Intervene In PNGSDP Investment ‘Fire Sale’**

*PM says sufficient funds available to run investment projects*

By Isaac Nicholas

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Oct. 30, 2013) – The national Government of Papua New Guinea is now intervening to prevent the ‘fire sale’ of some of PNG Sustainable Development Program (PNGSDP) investments in the country. Prime Minister Peter O’Neill said the Government has appointed a transitional management team to stabilise the company and take over the management of all the assets and to stop the fire sale of some investments held by PNGSDP. He said the new chief executive of the PNG government management team will be appointed when the National Executive Council meets today. "PNGSDP wanted to sell and take all the money off-shore, to whose benefit, I do not know," he said.

*[PIR editor’s note: Radio Australia reported earlier that PNGSDP is taking legal action against the national government after the state attempted to freeze the company’s accounts and sack its board. Meanwhile, The National newspaper reports that a new CEO for PNGSDP is expected to be appointed by PNG’s National Executive Council this week, with workers who were laid off last week also instructed to return to work and all previously cancelled projects to resume immediately.]*

Prime Minister O’Neill gave an example over the Cloudy Bay timber operations that the PNGSDP has a major investment in, saying there was no reason to shut down that operation after investing around K60 million [US\$22.5 million]. "It is a fire sale now. as anybody can get it for K10 million [US\$3.8 million], and how do you recover the K60 million?" Mr. O’Neill said. He has asked all staff to return to work as the government has taken over the PNG Sustainable Development Pro-

gram operations in PNG. He also gave assurance that there was no need for projects to be put on hold as there are sufficient funds in PNG and the long term fund held in Singapore. Mr. O'Neill said OK Tedi Mining Limited has also taken over all projects undertaken by the PNGSDP in Western Province to ensure continuity of the programs.

He told the FM100 Talkback Show yesterday when one of the callers named James questioned him why there was no consultation before the government and Parliament made the decision to control PNGSDP. "It is not something that we woke up one morning to take the decision. We consulted with the people of Western province through the mandated leaders," said Mr. O'Neill. "PNG Sustainable has not delivered to the expectations of the people of Western province. "When Sir Mekere Morauta was the Prime Minister, he created the program. It is unfair to say that we are not consulting with the people and the leaders." He said the courts have made it clear that the action of the government was in order and complied with the laws. Prime Minister O'Neill said there was no need to take the matter up with another court in Singapore when a competent court can hear the matter in PNG. "We do not need to go on secretive arrangements as done in the past when we can deal with it here," he said.

### **Chinese firm gives promised funding to Fiji's Vatukoula Gold Mine**

Radio New Zealand, 29.10.2013

The Fiji company Vatukoula Gold Mines PLC has received the first quarter of a 40 million US dollar funding package from the Chinese firm Zhongrun International Mining Company Limited. The Fiji Sun newspaper reports that the first investment of 10 million dollars is expected to allow the company to optimise its operations and increase production in the medium term. The funding by Zhongrun is part of a long-term strategy to reposition Vatukoula Gold Mine and to assist the mine in achieving its long-term production targets of in excess of 100,000 ounces per annum. The next 10 million of equity is anticipated to be completed by the end of the month and the remaining 20 million will be completed by the end of January.

### **Papua New Guinea: Barrick Gold Pays Rape Victims Not to Sue the Company**

By MiningWatch Canada, Global Research, October 29, 2013



Barrick Gold is thumbing its nose at a recommendation by the UN High Commissioner for Human Rights calling for an independent review of Barrick's handling of victims of rape by security guards

at Barrick's Porgera mine in Papua New Guinea (PNG). Rather, Barrick's remedial programme is reportedly processing rape victims this month and requiring legal waivers in exchange for benefits packages. In August, MiningWatch Canada received a thirteen-page 'opinion' from the UN High Commissioner in response to letters MiningWatch had written to alert her to the fact that Barrick's handling of rape victims at its mine in PNG is further undermining their rights. Barrick is making indigenous rape victims sign away their rights to sue the company in return for benefits packages. The compensation packages themselves are not proportional to the magnitude of the injuries the women have suffered. Following a field visit in March, 2013, MiningWatch and other human rights experts concluded that Barrick's remediation programme does not meet international human rights criteria and that the packages Barrick is offering the women are not 'rights-compatible'.

In particular, MiningWatch discovered that the rape victims themselves had not been consulted as to the remedy they might receive from Barrick. The women told MiningWatch that the items they had been offered, such as baby chicks to raise or second hand clothes to sell, did not meet their expectations or needs. "Women told me that a culturally appropriate remedy would be mature pigs and cash with values considerably higher than those of the items being offered by Barrick," says Catherine Coumans of MiningWatch Canada. "Some women also sought remedies that would address the consequences of their rapes, such as loss of housing due to being ostracized." The UN High Commissioner is sufficiently concerned to have called for an independent review of Barrick's remediation programme by a party that is considered credible by "key stakeholders." MiningWatch Canada supports this call and has offered to participate in such a review. "Barrick should not process rape victims before submitting the programme to an independent review," says Coumans.

### **PNG seeks legal advice over seabed mining dispute**

Cole Latimer, Mining Australia, 29 October, 2013

Papua New Guinea's Government is seeking legal advice after the deadline passes for it to pay back seabed miner Nautilus Minerals. It came after the miner won its arbitration case against the PNG Government following a prolonged impasse with PNG over their partnership in the Solwara 1 underwater mining project earlier this year. Earlier this year Michael Johnston, Nautilus president and CEO, said that the miner has been willing to provide Papua New Guinea ownership of intellectual property rights. But the problem, as Johnston told it, was that many of the deeds covering proprietary technology and subsea mining methods, which Nautilus and several partners developed over the years, did not contain clauses allowing for a third party, such as the Papua New Guinean government, to come on board as an additional partner and owner of the intellectual property rights.

Johnston described sensitive negotiations over the past few months in which Nautilus had to go to its partners, "household names" in the dredging business he gave as examples, to convince them to redraw the deeds to allow the Papua New Guinea government to gain direct 30 per cent ownership of the intellectual property rights. Now Johnston said Nautilus has redrawn the deeds with its partners and delivered the new terms to the Papua New Guinea government. Following this the two entered arbitration to come to a conclusion, with Murray Gleeson, AC QC issuing an award in Nautilus' favour. The PNG Government was obliged to pay the miner by 23 October, however the deadline has passed and now it is seeking legal advice over the tribunal's decision and payment time frame, according to the ABC.

PNG prime minister Peter O'Neill said "since the decision was handed down, we have been reviewing it and have sought legal advice. The state is looking at its options, and we have commenced discussions with Nautilus for an amicable solution to this". "There are other issues connected with this project that were raised, in the local community and in Parliament, which the government was dealing with before this arbitration decision landed on us. "So there are a whole ranges of issues we

are dealing with, so we need to be careful about placing time limits on these issues," he said. "We respect the decision of the tribunal, and we are dealing with it in the best possible way." Nautilus has since issued statements saying that it is aiming to resolve the issue 'amicably'.

## **Leaders refute OK Tedi Landowners report**

Post-Courier 29.10.2013

By *DAISY PAKAWA DWU Journalism student*

A STATEMENT accorded to Prime Minister Mr Peter O'Neil in a report in the other daily newspaper dated Thursday October 24, 2013 has been described as baseless propaganda. According to Kilklok Kamaniman, the chairman of Kimka Ambongam Association Inc, which represents the Korokit and Kawentikim villages under the Star Mountain LLG Council (SMLLG), the report made two incorrect assumptions. Mr Kamaniman stated that there are 12 villages under the SMLLG and not 10 as was in the report. He said since the granting of the 2.5 per cent equity by the National Government in 1997, only 10 villages benefited from the proceeds derived from investments made by the Landowner Company, the Mineral Resources Star Mountain (MRSM).

He said this showed the lack of articulation and implementation of government policies including the OK Tedi project memorandum of agreement (MoA) by relevant government agencies. Mr Kamaniman said this was an unfair practice and urged the national Government to correct past mistakes and to include the Korokit and Kawentikim villages for equitable development spread. He said although they have approached the Mineral Resources Authority on numerous occasions, to this date no state agency has taken responsibility to correct this mistakes. He commended the prime minister for his promise for increased equity but urged the government to make sure that benefits are equally distributed to all twelve villages under the Star Mountain LLG council and consistent with government interventions of other mining projects currently in the country.

## **PNG Sustainable Development Program To Sue Government**

*Sir Mekere Morauta claims PNG government in breach of law*

By Liam Fox

MELBOURNE, Australia (Radio Australia, Oct. 29, 2013) – Papua New Guinea's biggest charitable trust is taking legal action after the Papua New Guinea Government tried to sack its board and freeze its bank accounts. The legal action by the PNG Sustainable Development Program (PNGSDP) is the latest episode in the ongoing fight with the PNG Government. In September the government passed laws cancelling the trust's majority shareholding of the Ok Tedi mine, which provided income for its development program. Last week, the government tried to sack PNGSDP's board and freeze its bank accounts. The trust is an incorporated company in Singapore and its chairman, Sir Mekere Morauta, says the government's move breaches Singaporean laws. He says PNGSDP has launched legal action in Singapore's Supreme Court to protect its corporate integrity and \$1.5 billion worth of assets.

## **PNGSDP takes fight to Singapore court**

Post-Courier 29.10.2013

THE Chairman of PNG Sustainable Development Program Ltd (PNGSDP or the Company), Sir Mekere Morauta, announced yesterday that the company has begun international legal action to protect itself from unlawful attacks by the PNG Government. In September, PNGSDP, which is a Singapore incorporated company, had its 63.4 per cent shareholding in Ok Tedi Mining Ltd expropriated by an act of the PNG Parliament. The company's shareholding in the Ok Tedi mine provides the income stream for its development program. The State has not paid, or proposed to pay, any com-

pensation to the company for taking its property. On September 26, on behalf of PNGSDP, Sir Mekere wrote to Prime Minister Peter O'Neill informing him of its decision to seek international arbitration and noted that the expropriation is illegal, in breach of the investment guarantees given by the state under the Investment Promotion Act 1992 (IPA). He also made mention that it was a clear violation of international law and insisted that the State not take any further measures against PNGSDP or its investment.

The request for arbitration was formally filed with the International Centre for Settlement of Investment Disputes (ICSID) in Washington D.C. on October 10. PNGSDP is seeking to have its shares in Ok Tedi Mining Ltd reinstated, and failing that, for compensation to be paid to PNGSDP. On October 24, 2013, the PNG Government attempted to change the management of the company and to freeze some of its bank accounts. The tribunal in the ICSID arbitration is expected to be formed in the next three months. Given the actions of the state in attempting to change the management of PNGSDP, the company is now bringing an action in the Supreme Court of Singapore to protect its corporate integrity and to prevent the PNG Government and others from taking actions which are in breach of Singapore laws, the company's articles and memorandum of association, and its governing program rules.

The Singapore action comes after letters from the PNG Prime Minister and Chief Secretary last week purportedly terminating the company's board, including Sir Mekere as chairman, removing chief executive officer David Sode, and appointing a "transitional management team". "PNGSDP has a legal and moral obligation to protect its assets and income so that it can continue to fulfil its mandate to provide social and economic development programs in the Western Province of PNG," Sir Mekere said. "The company is especially mindful of the need to protect the US\$1.4 billion of assets in its long term fund from misuse, abuse and misappropriation. "The legal action we are taking will ensure that the company keeps control of the long term fund so that it can be used wisely and effectively for the people of Western Province in the decades ahead."

## **PNG government dumps board of Sustainable Development Programme**

Radio New Zealand, 28 October 2013

The board of Papua New Guinea's Sustainable Development Programme has been sacked in the wake of the Government's takeover of Ok Tedi mine. The programme had been responsible for overseeing development projects in PNG using dividends from the mine. Last month the government absorbed the 63 percent of shares it did not already hold and it has now terminated the board. Our correspondent in Port Moresby, Todagia Kelola, says the future of the SDP and its yet to be completed projects is not looking promising. "It's a big blow. These projects are not only centred in the Western Province - they are centred in other parts of the country that PNGSDP has been working on, so with the Government's termination of the board and the cutting of funding to PNGSDP - all these projects are now on hold." Todagia Kelola says Prime Minister Peter O'Neil has maintained the projects will go ahead under the new board. The Singaporean-registered company has indicated it will take legal action to challenge the Government's actions.

## **Probe on K113m seed money**

The National, October 28th, 2013

By SHIRLEY MAULUDU

THE Government will investigate a K113 million seed capital payment to the landowners involved in the liquefied natural gas (LNG) and Pacific Marine Industrial Zone (PMIZ) projects, Trade Commerce and Industry Minister Richard Maru (pictured) says. Maru said K111 million given to

LNG landowners in Southern Highlands and Hela provinces and another K2 million to the two umbrella companies of the PMIZ project in Madang would be scrutinised to find out if the funds were used as intended. He said the Government will look into the business development projects under LNG project agreement and as well as the seed capital given to Kananam Investment Ltd and Rehammb Holdings Ltd, the two umbrella companies of the PMIZ project. “Word was received that such funds were misused ... I now call upon the management of the landowner companies and groups to cooperate and get their accounts in order so that when the auditing team is ready, it would get straight into auditing the funds,” Maru said.

The minister, who gave the directions yesterday during a media briefing, said financial audits of all business development grants (BDG) disbursed by National Government through the Trade, Commerce and Industry Department to these landowner groups were very important to the Government. He said it was the only way if seed money in millions of kina was being used properly by the recipient organisations. Maru said the audit reports would assist the Government to ensure accountability, stop financial abuse and determine further BDG disbursement protocols so that such government investments were fully appreciated but the people. He said the Auditor General would appoint independent financial auditors to begin work shortly.

### **Landowners to benefit from Sinivit MoA**

Post-Courier 28.10.2013

By *GRACE TIDEN*

One of the positive outcomes of the Sinivit Gold Mine Memorandum of Agreement recent review was the increased benefits for the local landowners. The one-week review was held at the Rapopo Plantation Resort between the developer, New Guinea Gold Limited, the landowners, representatives from the Mineral Resource Authority, Department of Commerce and Trade and the East New Britain Provincial Government. The finalisation of the revised agreement was postponed to a later date due to some outstanding issues that needed more deliberations. Company Director Greg Heaney and other company representatives were in Kokopo for the negotiations. Mr Heaney said they were very happy with the negotiations and are now looking forward to developments in a very positive manner. He said the agreement changes reflected better and more direct participation of the locals/landowners and that the spin-off benefits will be much better unlike the previous agreement. Developer representatives agreed to some terms put forward by the other parties especially the landowners. Topics discussed during the one-week gathering include environmental issues as well as more benefits and direct participation of the landowners and the company’s mine closure plan which MRA officials said was currently being undertaken and updated amongst others. The final revised agreement is expected to be signed early next year.

### **Sinivit Gold confirms financial crisis**

Post-Courier 28.10.2013

By *GRACE TIDEN*

THE Sinivit Gold mine in East New Britain Province is not operating in a profitable level at the moment so it is very hard to free cash up and operate at the same time. Developer of the mine, New Guinea Gold Limited, operates as a subsidiary of Canadian Company, New Guinea Gold Corporation. Company director Greg Heaney confirmed that the company was going through financial difficulties, adding that it was very challenging and that the mine was small and it was difficult profitably. Mr Heaney, who is based in Brisbane, was in Kokopo recently for the Sinivit Gold mine memorandum of agreement review. He was responding to questions regarding former workers’ outstanding entitlements and the delay in paying their creditors. The company has yet to settle former workers’ outstanding entitlements following a mass termination of employees in a redundancy exercise in June this year. However, Mr Heaney said they have paid 25 per cent of the former work-

ers' entitlements. More than 50 of them were made redundant in June which was an outcome of a recent review by the company of its Sinivit operations.

The former employees were told that entitlements as well as superannuation will be paid to them. Since then, they have been waiting for their entitlements as well as an update of their Nasfund superannuation contributions. The workers were paid their 25 percent entitlements last week according to Mr Heaney with the rest to be paid in the next few months. He also said their creditors' balances were coming down slowly. "We are in the process of raising capital to try and rectify that and also to finance the phase two program at the mine which would be profitable," he said. He said they were looking at raising capital to assist in paying creditors more quickly and to commence construction of the mine's phase two developments.

Meanwhile, it is understood that New Guinea Gold Corporation's stock has been the subject of a Cease Trade Order since July 4, 2013 due to failure by the company to submit audited financial statements for the year ended December 31, 2012. To this day, the Company's shares remain suspended from trading on the Toronto Stock Exchange (TSX-V). A recent statement from the company stated that the company was working through a process with its auditors that will enable them to issue an unqualified audit opinion in relation to the year ended December 31, 2012 and that the Company expects the revocation of the CTO to follow shortly thereafter, along with a reinstatement to trading of the Company's securities on the TSX-V. Mr Heaney confirmed the suspension and said it will be lifted soon as it was associated with the company's auditors in Canada.

### **PNG Misses Deadline For Arbitration Ordered Payment, Nautilus Says**

*O'Neill says legal advice being sought over arbitration award*

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Oct. 28, 2013) – Nautilus Minerals says that time has lapsed for the Papua New Guinea Government to pay for its disputed 30 per cent interest in the Solwara 1 underwater mining project. A few weeks ago an arbitrator ruled against the PNG government and set October 23, 2013, as a deadline for it to pay Nautilus around \$118 million for a 30 percent stake in Solwara 1. The government had exercised its 30 percent option back in late March, 2011, but never paid up, contending the junior hadn't met all its obligations on the project. The dispute headed to binding arbitration in June last year and an arbitration decision finally came out in early October, this year. Nautilus said the arbiter ruled in its favour and ordered Papua New Guinea to pay the junior for the 30 percent interest by October 23.

But that deadline has now passed without payment, Nautilus said yesterday in a news release that was thin with details. But Prime Minister Peter O'Neill said yesterday that the government was seeking legal advice on the arbitration tribunal's decision on Nautilus and the time limits placed on it regarding payment of its equity. "Since the decision was handed down, we have been reviewing it and have sought legal advice. "The State is looking at its options, and we have commenced discussions with Nautilus for an amicable solution to this," the Prime Minister said yesterday in response to a statement issued by Nautilus. "There are other issues connected with this project that were raised, in the local community and in Parliament, which the government was dealing with before this arbitration decision landed on us. So there are a whole ranges of issues we are dealing with, so we need to be careful about placing time limits on these issues," Mr O'Neill said.

"We respect the decision of the tribunal, and we are dealing with it in the best possible way," he said. Nautilus, on the other hand, stated it "is in discussions with senior officials of the State" and added that it preferred "to resolve these matters amicably". In the run up to the October 23 deadline Nautilus President and CEO Michael Johnston had voiced hope the government would make payment on time. In an early October conference Mr Johnston said he had met with Papua New Guinea

officials to talk about the arbiter's decision and that officials did not show resistance to it. "Those discussions were very good," Mr Johnston said. "We're currently working with the government to try and achieve completion by October 23."

## **Solomons Gold Mine Begins Approved Release Of Treated Water**

*Gold Ridge tailings storage facility being 'dewatered'*

HONIARA, Solomon Islands (Solomon Star, Oct. 26, 2013) – The flick of a switch and the hum of machinery have marked the start of dewatering at Gold Ridge's tailings storage facility (TSF). Officers from the Ministry of Environment, Ministry of Mines and representatives from Prime Minister's Office and Gold Ridge Mining Limited attended the opening ceremony of the water treatment plant yesterday. Minister for the Environment Bradley Tovosia MP confirmed the new facility complies with Government License conditions and Environmental Legislation. He said the company had been issued a six-month dewatering license.

"The Government has been reliably informed and at ease to confirm that the water treatment plant is working really well," Mr Tovosia said in his keynote address. He said he was reassured that "water is now safe and will not cause any harm to the downstream communities." The \$8 million project took seven months to complete and has undergone six weeks of monitoring and testing as part of the commissioning phase. Water is treated to strict international accepted drinking water standards. The minister praised the trust, transparency and accountability between stakeholders. He said this was necessary to ensure the safe and responsible dewatering of the tailings storage facility. "[The Company] has shown its commitment to the downstream communities' safety," Mr Tovosia added.

*[PIR editor's note: The Solomons Star reported that downstream landowners boycotted the opening ceremony at the water treatment plant, delaying the start of the ceremony as officials waited for them to arrive.]*

However, the Minister said this was not the end of the road, and stakeholders would need to continue to work together to ensure the essential discharging of excessive water. Stean Barrie, GRML General Manager, also acknowledged the value of the project's stakeholders. He said the success of the project was significant for the communities' health and safety, the environment and for mining operations. "The water treatment plant is an extremely important project for Gold Ridge," Mr Barrie said. He said the Company had invested heavily in making sure the safety of downstream communities. "It is a massive investment and further demonstrates St Barbara's commitment to the Gold Ridge project and to the Solomon Islands." The new facility will reduce the amount of water in the dam caused by excessive rainfall. The water treatment plant will be continually monitored with daily testing on-site. Tests will also be sent to Australia weekly and the results provided directly to the Government. Under the exercise, treated water from the mine's tailings dam are released into the nearby Tinahula river. The exercise should have started Tuesday, but was delayed until yesterday due to certain disagreements over certain issues by the downstream community.

## **Mekere 'sacked'**

**But PNGSDP board seeks Singapore court ruling**

Post-Courier 25.10.2013

THE National Executive Council has "terminated" all the board directors of the PNG Sustainable Development Program (PNGSDP) in the latest twist to the tussle over Ok Tedi Mine Limited. However, the sacking by the Government could be much more complicated as the PNGSDP is a Singapore-registered entity and there could be issues of jurisdiction, which could render obsolete the decision of the NEC, according to legal experts. PNGSDP chairman Sir Mekere Morauta indica-



ted in a statement yesterday that the company was taking legal action in the Singapore courts to stop the PNG Government from “appointing and removing directors, members and executives”. The involvement of an international arbitration was also on the drawcards. “PNGSDP is taking legal action to protect itself by seeking an injunction in the Singapore courts,” Sir Mekere said. “The injunction seeks to prevent the State from appointing and removing directors, members and executives, dealing in PNGSDP assets and passing board resolutions. “This is in addition to a court case that is proceeding in the PNG courts to protect PNGSDP’s rights relating to Ok Tedi Mining Ltd dividends.

PNGSDP has also requested international arbitration on the State’s expropriation of its 63.4 per cent shareholding in Ok Tedi Mining Ltd. The company has filed a request for restitution of the shares with the International Centre for Settlement of Investment Disputes,” Sir Mekere said. Prime Minister Peter O’Neill wrote to Sir Mekere yesterday to advise him of the termination, referring the former politician to a section in the controversial Ok Tedi Mine legislation it passed recently which he said gave the NEC powers to remove the directors. A copy of the letter dated October 24, 2013 addressed to Sir Mekere obtained by the Post-Courier highlighted section 6 of the Mining (Ok Tedi Tenth Supplemental Agreement) Act 2013 and advised of the appointment of “transitional management team” headed by the Chief Secretary. “In accordance with section 6, on the 23 October 2013, National Executive Council approved the removal of all directors of PNGSDP and has now appointed the following transitional management: Chief Secretary (Sir Manasupe Zurenuoc Kt O-BE), Secretary for Treasury (Mr Dairi Vele) and provincial administrator for Western Province (Dr Modowa Gumoi),” Mr O’Neill stated in his letter. “Thank you for your services.” According to Sir Mekere, the PNGSDP has written to Mr O’Neill to advise him of the PNGSDP’s decision to request for international arbitration on the Government’s expropriation of its 64.3 per cent shareholding in Ok Tedi Mining Ltd.

### **Papua New Guinea misses binding deadline on \$118 million payment – Nautilus**

*The saga of the Solwara 1 option payment from the Papua New Guinea government continues for Nautilus Minerals.*

HALIFAX, NS (MINEWEB) - Kip Keen, Mineweb, 24 Oct 2013

Nautilus Minerals says the Papua New Guinea didn't pay for a much disputed 30-percent interest in the Solwara 1 underwater mining project on time. A few weeks ago an arbitrator ruled against the Papua New Guinea government and set October 23, 2013, as a deadline to pay Nautilus around \$118 million for a 30 percent stake in Solwara 1. The government had exercised its 30 percent option back in late March, 2011, but never paid up, contending the junior hadn't met all its obligations on the project. The dispute headed to binding arbitration in June last year and an arbitration decision finally came out in early October, this year. Nautilus said the arbiter ruled in its favour and ordered Papua New Guinea to pay the junior for the 30 percent interest by October 23. But that deadline has now passed without payment, Nautilus said this morning in a news release that was thin on details.

Nautilus stated it “is in discussions with senior officials of the State” and added that it preferred “to resolve these matters amicably.” In the run up to the October 23 deadline Nautilus President and CEO Michael Johnston had voiced hope the government would make payment on time. In an early October conference call Johnston said he had met with Papua New Guinea officials to talk about the arbiter's decision and that officials did not show resistance to it. “Those discussions were very good,” Johnston said. “We're currently working with the government to try and achieve completion by October 23.” In a Q&A with Radio Australia Johnston was asked what would happen if Papua New Guinea missed payment, but didn't expand on the consequences. “You know, like I said, the decision is legally binding on the state.”

Post-Courier 25.10.2013

## PM to sign new Ramu deal

By ROSALYN ALBANIEL-EVARA

PRIME Minister Peter O'Neill is expected in Madang next week for the signing of the revised memorandum of agreement for the multi-million kina Ramu nickel project.

This was revealed yesterday by Madang's provincial director for mines, John Bivi.

Mr Bivi said the event would take place at a time yet to be fixed by officials from the Prime Minister's Department and the Mineral Resources Authority.

He said the revised MoA now had the full blessing of the National Executive Council through the office of the Prime Minister.

He said the initial MoA was signed back in 2000 and the one to be signed comes after 13 years of hard work and perseverance on the part of all stakeholders involved in this project.

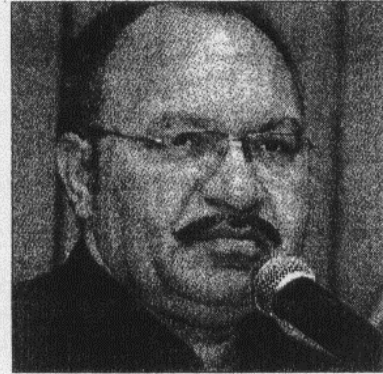
Mr Bivi said aspects under the revised MoA which had been approved, endorsed and sanctioned for implementation included the

special economic development projects, Basamuk township (Raicoast district), Usino township (Usino-Bundi District) and feasibility studies for the Madang-Raicoast Highway, Yal-Usino Road which is being proposed as an alternative route linking the province, Lae and the Highlands provinces and other Ramu nickel project corridors.

Mr Bivi said from this signing many benefits would come and he challenged the landowners of the project's four impact areas of Basamuk, Kurumbukari and the Inland and Coastal pipeline to get themselves properly organised and ensure their maximum participation, especially in the spin off business activities.

Mr Bivi said the signing would put to rest many of the doubts people may have had about the project.

"Through the Ramu nickel project many benefits will come for the people of Madang. The challenge is now on the landowners to reorganise themselves so that they can take part in the spin-off



PETER O'NEILL

businesses," Mr Bivi said.

"The project is now into its production stage. The MOA is one thing and the signing another, but all these things will contribute to the success of this multi-million kina project.

Mr Bivi said preparations for the signing were on track.

He said among the guests expected to attend were senior ministers of the O'Neill-Dion Government, officials Chinese Developer Ramu NiCo Management officials, landowners, leaders from the Madang Provincial Government and administration and others.

### Hidden Valley: Expropriation idea wrong, local says

The National, October 24th, 2013

THE majority of landowners are against the suggestion of expropriating benefits from the Hidden Valley gold mine to the provincial government's control, landowner consultant David Boe says. Boe said the suggestion by landowners' chairman Rex Mauri was totally opposed by landowners. "The majority of us, landowners, are in support of our local MP Sam Basil who is fighting vigorously on our behalf," Boe said. "We do not want any interference by the provincial government (because) that might undermine our birthright." Boe urged Mauri to resign so they could have a new chairman. "If things do not work in our interest then we will have no choice but back our national member to close down the Hidden Valley gold mine for the good of our people," Boe said.

### Yandera pushes on

The National, October 24th, 2013

By GYNNIE KERO

THE feasibility study conducted on the K4 billion Yandera project is nearing completion, Marengo Mining president and chief executive Les Emery said. Speaking to The National in Port Moresby yesterday, Emery said the company had spent more than K300 million on the project. He said: "The K300 million was all equity funds chipped in by investors, funds were spent more into drilling and not so much on exploration." Drilling deposits revealed Yandera as having a resource of 600 milli-

on tonnes. Based on mining proposition, this indicated a 30 million tonnes a year throughput for Marengo. Predictions were that the project would go into production in the next three years. The miner owns 70% of the project while the PNG government takes the rest. Describing Yandera as an “elephant project”, he said he was pleased for a small company the size of Marengo to operate the world-size copper project in Madang.

Emery expressed confidence in the project due to the global demand for copper. “What a great sight it was to come in as a small mining exploration company and eight years on, we are still here, we are a single project company. “The world would not find new and major copper discoveries for probably a decade. “World’s consumption depends on mines and they run out eventually. “I am very positive on copper and when you look at China, the perception is that it is slowing down its growth of 7.5%, but would still consume commodities more than what the world produces – whether it be iron, zinc, copper, and I know copper’s got a future and Yandera’s got future,” he added. Emery stressed that the supply of electricity is a challenge, adding that Yandera would require 120 megawatts for its operations. Marengo is now a Canadian-registered company employing 135 Papua New Guineans and five expatriates.

### **PNG Government takeover of Ok Tedi leads to job losses for SDP**

Radio New Zealand, 24.10.2013

The Papua New Guinea Sustainable Development Programme Ltd says it has had to lay off workers and cancel major projects because of the financial problems it faces after the recent government take over of the Ok Tedi mine. Last month, the government passed legislation enabling it to take over the remaining 63 percent of shares in the mine that it did not already hold. These belonged to the SDP whose leadership accuses the state of stealing a lucrative asset from Western Province. The Prime Minister Peter O'Neill says there's no reason for SDP to close down its projects because it has enough money in the Long Term Fund to finish all the projects. But the chief executive of SDP David Sode says the rules of the fund dictate that money can only be drawn down when mine operations cease. "But that hasn't happened yet so I'm not about to push my board down to go to jail in Singapore (where the long term fund is administered) for breaching trust rules that say as long as mining and milling activities are happening at Ok Tedi, you can't have the money. So whoever is advising the Prime Minister has some advice that I don't have." The chief executive of SDP David Sode.

### **Prime Minister clarifies mine shareholding**

The National, October 24th, 2013

By MALUM NALU

PRIME Minister Peter O'Neill says the 63.4% shareholding in Ok Tedi Mining Ltd that the government took from the PNG Sustainable Development Program Ltd does not belong to Western landowners as claimed. He said this in response to Western people from the Community Mine Continuation Agreement and mine villages who threatened to shut down the Ok Tedi mine unless the government gave them the 63.4% shareholding in OTML. O'Neill said the 63.4% shareholding did not belong to the CMCA and mine villages as they claimed but to all the people of PNG. “On the question of the 63% shares, I don’t see anywhere in the agreement between PNG Sustainable, BHP and PNG Government that 63% belongs to the landowners,” he told reporters. “If I’m wrong, show it to me. The law of this country says anything below 6m belongs to the State, belongs to every one of us in Papua New Guinea, not to one specific group of people.

“We are willing to sit down with the communities surrounding the project area but we are not going to break laws so that one group of Papua New Guineans can become so rich that the rest of us can become so poor. “If they don’t want to be participants, to be shareholders, we will do a deal with the provincial government, do a deal with the mine site landowners and that will be it. “If they are not on the boat we will leave them behind. It’s entirely up to them, I’m not going to wait forever. “I don’t know where their argument is coming from. “There is a negotiation going on at present. They’ve been invited to come and participate.

“Our negotiation team for the shares is led by the Chief Secretary and Secretary for Treasury. “They are not the only landowners in the Ok Tedi area. The mine pit area and the nine villages surrounding the mine are supporting what the government is doing and they are actively participating in negotiations with government. “Those along the river systems and other communities along the river systems that have been affected by the mining operations have taken up a position that is contrary to what the real landowners of the mining area are taking. “That being said, we don’t respond very well to threats. “No government should be held at ransom by any landowner. “There are lawful means to attend to issues.”

All smiles ... Prime Minister Peter O’Neill celebrates with Bill Menimm, chairman of the Mineral Resources Star Mountain, after resolving the Ok Tedi mine takeover issue in Port Moresby yesterday. – The National, Nationalpic EKAR KEAPU, 24.10.2013



### **Ok Tedi: Government strikes deal with landowners**

Post-Courier 24.10.2013

OK Tedi mining lease area principle landowners have accepted key offers by Prime Minister Peter O’Neill to end the current standoff over the mine issue. Representatives of the 10 villages situated around the Ok Tedi mining lease area – Mineral Resources Star Mountains (MRSM) – in a meeting with Mr O’Neill agreed to the offers at Parliament House yesterday. These offers include the increasing of MRSM’s shareholding in Ok Tedi Mining Limited by the O’Neill-Dion Government, after it takes over PNG Sustainable Development Program, and the building of a tailings dam for the safe dumping of the mine’s waste. Mr O’Neill said the board members had expressed support towards the Government for its decision to take over PNGSDP, as PNGSDP had failed miserably to deliver tangible services to the people of Western Province. “On behalf of the Government, I am offering to increase your shareholding of the Ok Tedi mine and establish a proper tailings dam, to control environmental pollution, particularly to the rivers and subsequently to avoid further harm to nature,” the Prime Minister told the landowners at yesterday’s meeting.

He said since PNGSDP had not built any infrastructure and the landowners had expressed gratitude that the Government had acquired PNGSDP and could now bring services to them. Board member and Deputy Governor of Western Province, Borok Pitalok, said the board was fully satisfied with the outcomes of their discussions. “Like a pig, it must be slaughtered and distributed accordingly,” Mr Pitalok said. “That is exactly how we’ve anticipated it to be all along with the revenue from the mine, however, BHP Billiton has failed to distribute it evenly. “Therefore, we have now allowed the Government to distribute the revenue accordingly to all the shareholders and have asked for Western Province to receive the largest portion.” Mr O’Neill says the decision on PNGSDP is for the people.

### **Ok Tedi immunity gone, with implications beyond BHP**

Sara Bice, *The Conversation*, 23.10.2013

Remote Mount Fubilan, near the source of Papua New Guinea’s Tedi River, is once again the site of global controversy surrounding the Ok Tedi copper gold mine. Since the late 1980s, Ok Tedi has symbolised the David and Goliath struggle between major multinational miners, remote developing communities and the environment. Ok Tedi resumed the spotlight in recent weeks when the Papua New Guinean Parliament removed former mine operator BHP Billiton’s immunity from legal prosecution for environmental damages caused. On 19 September, PNG Prime Minister Peter O’Neill led Parliamentary actions to pass a bill allowing the Papua New Guinean Government to take complete ownership of the Ok Tedi Mine. In a separate bill passed at the same time, new legislation removed BHP Billiton’s immunity from legal action for environmental damage caused by the mine’s operations. BHP Billiton’s legal immunity arose through a 2001 agreement in which the company voluntarily divested its interests in Ok Tedi, placing its majority shareholding into a charitable trust, the PNG Sustainable Development Program (PNGSDP).

The Program held 63.4% ownership of the mine, with the PNG Government holding the remainder. This recent legislation transfers full ownership to the PNG state and removes that agreed immunity. The environmental damage caused by the Ok Tedi mine is extensive and, many scientists argue, likely to be irreversible. During the 1980s and 1990s, the mine dumped an estimated 80,000 tonnes of limestone sludge, containing chemicals and minerals, into the upper Tedi River. A 1984 effort to build a tailings dam failed, with the company arguing that a dam was impossible in a geologically unstable terrain with heavy rainfall. Scientific studies found the large amounts of contaminated sediments have changed the river’s ecosystem, with severe loss of fish, reports of death to riverside rainforests and areas along the river’s considerable flood plain. In passing the legislation, PM O’Neill declared to Parliament that the immunity granted to BHP Billiton marked “a very bad decision [by the then-PNG Government led by PM Mekere Morauta]...preventing its own people from exercising their right under law to sue for permanent damages done to their environment and their livelihood”.

### **Global fallout**

The PNG Government’s decisions raise substantial questions for mining companies, mine-affected communities and governments worldwide. All of whom continue to grapple with balancing the economic and social development possible through mining, and the industry’s negative environmental and social impacts. What, if any, ongoing protection should companies expect or receive when immunity deals are struck? Which individuals within mine-affected societies should contribute to decisions about when and how mining companies are held to account? Are agreements made with one era’s elected officials themselves immune to the attitudes and decisions of those who follow? The Ok Tedi case is particularly thorny. Despite the extraordinary environmental damage, Papua New Guinea of the late 1990s was a country struggling under enormous economic pressures, including

ballooning interest and inflation rates blamed on years of gross mismanagement. Government services strained under the weight of economic failure, leaving many remote communities bereft.

At the time of the 2001 agreement, BHP Billiton's preference was for closure of Ok Tedi. Yet the mine comprised an estimated 11 per cent of GDP and produced 19 per cent of total exports. For a country in economic strife, the closure costs associated with such an asset were deemed too great, the environment another victim of national economic necessity. The renegeing of legal immunity for Ok Tedi comes at a time when serious concerns are once again being raised about other PNG mining operations. The Panguna Mine in Bougainville, for example, holds the ongoing attention of international NGOs and local activists. Local communities are now fighting a potential reopening of the mine, which Jubilee Australia highlights as having a history of military-community conflicts. The continued operations of the Hidden Valley Morobe Joint Venture also garner ongoing attention from NGOs and activist groups worried about tribal conflicts, land disputes, environmental damage and insufficient compensation. The recent raising of Ok Tedi's ghost highlights the pernicious nature of mining's impacts and the ongoing requirements of redress and responsibility.

Interestingly, the PNGSDP claims that the immunity granted to BHP Billiton also extended to the State as partial mine owner. Removal of the immunity does not only affect BHP, they argue, but the Government itself. The legal reality of this assertion has yet to play out or be investigated. Along with these questions, the case also reminds governments, especially those of developing nations, of the importance of foreign direct investment. Highlighting the tricky relationships between encouraging investment and protecting local societies and environments. In response to the legislative changes, BHP Billiton has warned the Government's actions raise PNG's 'sovereign risk'. In other words, investors considering PNG as an option will now more carefully consider the levels of risk and uncertainty which may come with business commitments in PNG. Miners, governments, mine-affected communities and NGOs are monitoring the Ok Tedi case with great interest. It remains a terribly compelling, modern day example of the tensions between corporations, communities, government and the environment. And now a stark reminder that forgiveness or impunity once agreed may be reversible.

## **O'Neill: Government to reform PNGSDP**

Post-Courier 23.10.2013

By ISAAC NICHOLAS

THE National Government has taken the decision to restructure the PNG Sustainable Development Program (PNGSDP) for the interest of the people of Western Province, Prime Minister Peter O'Neill said yesterday. He said the mining lease had expired and the mine closure agreement had come to a close, meaning that the PNGSDP must be handed over to the people of Western Province. "This is their money. This is their asset that must be given back. That is under the agreement," said Mr O'Neill. He said there was no need by PNGSDP to cancel any projects in Western Province as there was sufficient money available. He said the claim that the planned projects would be affected was a blackmail by Sir Mekere Morauta and PNGSDP to mislead the people. He said Sir Mekere, as prime minister, gave exemption from law suit to BHP Biliton for massive environment and social damage they caused when they operated the mine. "Sir Mekere does not represent the PNG government, Western Provincial Government and people of Western Province, including landowner groups on the Board of PNGSDP," Mr O'Neill said. He said Sir Mekere had a conflict of interest in that he accepted the position of chairman of PNGSDP and Ok Tedi, thus raising questions about whether he acted in the people and nation's interest when he gave those exemptions.

He said Sir Mekere must come clear and tell the people of Western Province and the nation which side he was on. "Sir Mekere does not speak for any PNG stakeholder but he speaks for BHP, a foreign interest. It is now obvious that Sir Mekere is more interested in protecting his legacy and the

interest of BHP.” the PM said. “Who did he consult to pass the laws not to sue BHP. He should shut up or better still resign and save whatever integrity he has left.” Mr O’Neill said Sir Mekere appeared to be deliberately making statements using money belonging to the people of Western Province to pay advertisements aimed at creating fear and discourage foreign investment in the country. Meanwhile, the Prime Minister has issued a stern warning to landowners threatening to shut down the Ok Tedi mine. “No one should be held to ransom by landowners. There are lawful means to attend to issues.” On the issue of 63.4 per cent of the shares demanded by the landowners, Mr O’Neill said it did not show anywhere in the agreement that that amount belonged to landowners. “We are not going to break the law to make one group of landowners rich and the rest of the people poor,” he said.

### **PNGSDP lays off 59 workers**

The National, October 23rd, 2013

THE PNG Sustainable Development Program Ltd has laid off 59 workers because of the financial problems it faces, chief executive officer David Sode said. Sode said it was “because of a lack of revenue flow following the national government’s expropriation, without compensation, of the Ok Tedi mine”. “I regret to say that 59 staff, some of whom have been with PNGSDP for many years, have lost their jobs. “This represents more than half of our workforce of 92. “Our staff are the best of the best, highly skilled in their field, committed to nation-building, committed to their projects and committed to the people of Western. “By reason of the decision by OTML not to pay our 2012 dividend to us, we do not have enough funds to continue business as usual.” “Nor can we legally access the Long Term Fund to keep our social and economic development projects going and staff employed.” He said monitoring of other parts of the organisation was continuing.

Prime Minister Peter O’Neill yesterday called on PNGSDP chairman Sir Mekere Morauta to step down. He said there was no reason for PNGSDP to close down its projects in Western and around the country as announced last Friday because it had enough money to continue running them. “There is no need for them to cancel any projects,” O’Neill said. “There is sufficient money, hundreds of millions of kina, in the account that Sustainable is managing to finish off all these projects. “There is sufficient money in the Long Term Fund to finish all the projects – US\$1.4 billion-plus (K3.64 billion). “This is just blackmail and emotional outburst by PNG Sustainable Development and Sir Mekere to justify their argument. “Sir Mekere should shut up, if he has got any honour left in him, and resign because he’s got a serious conflict of interest.” O’Neill warned villagers threatening to close down the mine today that they would be dealt with by police.

### **Seafloor mining robots and equipment nearing completion to mine for gold, silver and copper** nextbigfuture.com, 22.10.2013


The Canadian company Nautilus Minerals is the leader in marine mineral exploration. Nautilus Minerals has developed robotic technology for deep-sea mining in collaboration with the French company Technip. The company is planning to open the first deep-water mine in 2015. The Solwara 1 mine will be located 1600 metres below sea level. The company has found large deposits of copper and gold there. Solwara 1 is located in the Pacific Ocean, north of Australia, in Papua New Guinea.







Nautilus Minerals plans to continue searching for additional commercially viable deposits of copper, gold, zinc, and silver outside of Fiji, Tonga, the Solomon Islands, Vanuatu, and in the western part of the Pacific Ocean. Solwara 1 was supposed to start operations in 2013, but this was postponed. Nautilus Minerals will use submersible robots to work on the ocean floor and break apart loose ore. A pipeline will then transport the ore to a specialty vessel on the surface, which then will

transport the ore to shore for refining. Nautilus Minerals has a sales agreement with a Chinese company for the minerals that are recovered. China has a huge demand for copper. “This is an extremely rich deposit of gold and copper,” says Terje Bjerkgård from Norway’s Geological Survey (NGU). He studies mineral resources and has participated in two research expeditions that included the area around Papua New Guinea.


## Seafloor Production Tools (SPTs)

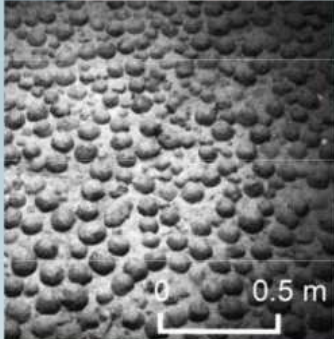
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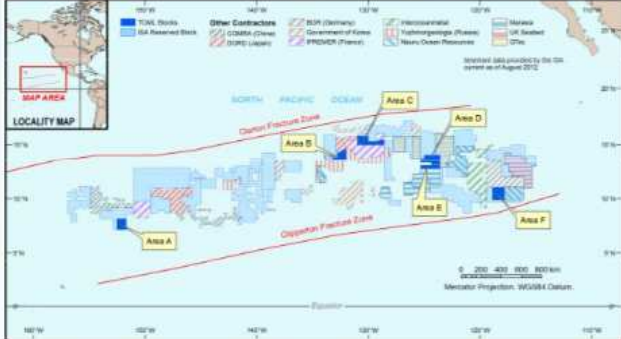


	<p><b>Auxiliary Cutter</b></p> <p>Length: 15.8 m            Width: 6.0 m            Height: 7.6 m            Boom swing: 11.6 m            Boom cutting: +4 -1.0 m</p> <p style="text-align: center;">In fabrication</p>	
	<p><b>Bulk Cutter</b></p> <p>Length: 14.2 m            Width: 4.2 m            Height: 6.8 m            Cutter Width: 4.2 m            Cutting Height: +4 -0.5 m</p> <p style="text-align: center;">In assembly</p>	
	<p><b>Collecting Machine</b></p> <p>Length: 16.5 m            Width: 6.0 m            Height: 7.6 m            Collection Range— height: -2 m +5 m            Collection Range— Width: + 4 m</p> <p style="text-align: center;">In fabrication</p>	

## Nodule License







- NI43 101 resource  
410 million tonnes @ 1.2% Ni, 1.1% Cu, 0.24% Co, and 26.9% Mn\*
- Nodules lie on the seafloor at depths starting at 4,500 metres
- Sponsored by Tongan Government
- Planning underway to upgrade a significant portion of inferred resource to indicated to move to scoping/prefeasibility studies

\* Resource prepared by Matthew Nimmo, Principal Geologist, Golder Associates Pty Ltd, a member of the Australian Institute of Geoscientists and a qualified Person under NI43-101

“Underwater mining will first be commercialized in the Pacific,” he says. “The largest known deposit on the ocean floor is in Middle Valley in the northeast Pacific Ocean, off Canada. Other interesting deposits are north of New Zealand. Underwater mining will become more viable as land-based deposits become harder and more expensive to exploit. The challenges are tied to the distinct fauna around the hot springs.” Many countries are active in securing rights to underwater mineral resources, even though the start of large-scale mining efforts remains years away. “Many countries,



such as China, Russia, Japan, France and India, are positioning themselves strategically to secure resource areas in international waters,” says Søreide. “The politics of international oceans is full of intricate details, with a lot of the laws tied to the international laws of the sea.”

The Norwegian University of Science and Technology (NTNU), Statoil, and the mining company Nordic Mining are collaborating on a research project that will map marine mineral resources along the Mid-Atlantic Ridge. “Our primary goal is to map potential resources,” says Fredrik Søreide, an adjunct professor at NTNU’s Department of Marine Technology who is heading up the project. “We can then prioritize research and development as we move ahead.” Researchers from the university’s Department of Geology and Mineral Resources Engineering and Applied Underwater Robotics Laboratory will also participate in this project.

### **Papuan Governor to Revoke 50 Logging, Mining and Plantation Permits**

By Mongabay Indonesia October 22, 2013 via West Papua Media Alerts, 27.10.2013

Around 50-60 permits for forest management, mining and even plantations which were issued by Papua’s two caretaker governors over the last two years are going to be revoked. “A caretaker governor does not have the authority to issue permits, their duty is only to prepare local elections to choose the definitive governor,” said Lukas Enembe, the Governor of Papua Province, on Friday 11th October 2013. The election for the Governor of Papua Province was delayed for two years and during that time 60 forestry, mining and plantation companies received permits to start operations in Papua. “In the end monopolies have arisen over natural resources, land and forests. The mechanism must be regulated so that no one company or corporate group has a monopoly. A caretaker does not have the right to do this., and so they have contravened the law. I have signed a document meaning that those companies can no longer operate in Papua.”

Last August, Enembe wrote to the Forestry Ministry calling for a halt to 13 of the 25 timber utilization permits from natural forests (IUPHHK-HA) that are currently in force in Papua, covering an area of 2,083,091 hectares. The Governor will also evaluate 42 gold mining companies in Degeuwo, all of which are illegal. “Really we should already have intervened in this area. Although the Governor has previously issued an instruction to shut the mines, but the regency governments haven’t carried it out. What’s going on there?” asked the Secretary of the Papuan Provincial Mining and Energy Agency, Fred Boray. The Degeuwo mining area, which was first opened in 2002, is located across four government districts: Nabire, Paniai, Intan Jaya and Deiyai Regencies. There are currently 42 companies operating, but only six have permits.

Papua province covers an area of around 32,757,948 hectares, of which 31,738,931 hectares (97.89%) is land area. Land classified as production forest or limited production forest is around 10,700,567 hectares, and timber utilization permits have been issued for 4,989,783 hectares. The governor has requested Regency leaders (bupatis) not to issue permits that will result in forest destruction. The reason is that damage to the forest will not bring any positive contribution to people’s lives. “For example, the oil palm plantations in Keerom Regency that are no longer productive. Because of that, I ask all the bupatis not to give out permits too freely, they should look at the seriousness of the investor,” said Enembe. *(translated by AwasMiffee)*

### **Nine ‘Climbers’ Detained After Entering Papua Mine**

*European nationals illegally accessed Grasberg*

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 22, 2013) – Security officials at Freeport Indonesia’s massive Grasberg Mine have detained nine foreign nationals who said

they were mountain climbers. According to a source within the company, the nine hikers allegedly illegally entered the open pit mine in Papua province on Sunday and were detained by security later that day because they did not have a permit to enter the area. The climbers have been identified by the anonymous source within the company as Swiss nationals Michel Wirth-Fragata, 44; Silvan Schenk, 57; Matthias Halchey, 34; Fritz Yacoby, 60; and Daniel Meyerhoff, 45; German national Reinhard Buscher, 61; Austrian national Alois Fuchs; and Matheus van der Maulen, 59, from the Netherlands. The Jakarta Globe reports the ninth climber and the only female in the group, who has been identified only as Elen Anezlua, 42, was taken to the hospital in Tembagapura to receive treatment for severe dehydration. The others were taken to the Freeport security office in Sugapa Grasberg. Local police were not immediately available to comment. Freeport Indonesia, a subsidiary of US mining giant Freeport McMoRan, operates gold and copper mining in Papua's Timika district. The Indonesian government owns a stake in Freeport Indonesia as well.

### **New Zealand: Seabed mining bid stirs protest**

By Jamie Morton, New Zealand Herald, Oct 22, 2013



Miners are eyeing iron-rich sand off South Taranaki. Photo / Getty Images

The first marine consent application for seabed mining on the North Island's west coast is about to be lodged, rallying environmental groups over what one described as the most important clash on the issue. Trans-Tasman Resources says it will this week lodge a bid to mine 65sq km of exclusive economic zone seabed in the South Taranaki Bight for iron-rich sand particles. But a band of groups including Forest and Bird and Greenpeace called for a moratorium on all seabed mining in New Zealand. The groups claim there is a lack of knowledge about the marine environments involved and the cumulative effects of mining, an inadequate regulatory process and doubts over the social and economic effects of the operations, as well as the method used. But the company says its operation would have minimal environmental effects on the surrounding area, and scientific reports were prepared before its application to the Environmental Protection Authority.

Kiwis Against Seabed Mining, which is preparing for a fight, sees the bid as crucial as it believes many more application for mining along the west coast will be lodged if the consent is granted. "It starts the ball rolling ... it's like the big toe of a giant prying the door open," chairman Phil McCabe said. His group believed there was still not enough information about the effects on marine life, particularly mammals, and considered the submission period - usually 20 working days then 40 more until hearings began - far too brief. The proposal has run into opposition along the coast, although TTR resources environment and approvals manager Andy Sommerville said there had been considerable consultation with the community. Mr Sommerville said the company had looked at other possible effects from the mining, such as on waves, surf breaks, fishing and marine life, but

expected it to have little impact. "We've done a tremendous amount on determining what is out there."

### **Mining plan**

- \* Trans-Tasman Resources is seeking a consent to mine 65sq km of exclusive economic zone seabed in the South Taranaki Bight for iron-rich sand particles.
- \* The mining would be done by remote-controlled 12m-long, 350-tonne "crawler" machines, which would travel along the seafloor pumping sand to a processing ship above.
- \* Once iron ore particles were separated magnetically, the sand would be deposited on areas already worked over.
- \* Any life on the seafloor, such as tubeworms, would be killed as the mining progressed 300sq m block by block, but the company believed the areas would soon be repopulated.
- \* The project, which seeks to generate an extra \$147 million in exports for NZ, would ultimately involve the excavation of up to 50 million tonnes a year.

### **Chinese miners silently exit Kompiam – John Pundari and Mining Minister to explain** Trupla Png, via Facebook, PNG Mine Watch 22.10.2013

The awarding of the initial exploration license (Exploration License No. EL 1801 ) to a little-known Australian company - Paradise Gold Play Holdings Ltd happened in 2010. John Pundari, member for Kompiam Ambum was then the Mining Minister. A number of mining licenses were issued by the then minister, allegedly under dubious circumstances. The Koekam Exploration License was alleged to be one of them. The landowners objected to the awarding of the license and sought the minister, Pundari, to withdraw it (<http://www.postcourier.com.pg/20101202/business02.htm>).

Earlier this year in 2013, EMTV picked up on the continuing battle between landowners, explorers and known political figures influencing the disputed exploration site. By then, a new Chinese mining company has taken over under a 'new' mining license. "But the Chinese company, Nijiang PNG Limited clarified that they are operating legally and with a new exploration license." (<http://www.emtv.com.pg/news-app/item/kompium-gold-mine-landowners-battle-over-land-rights>).

On 22 August, the Post Courier reported that the Chinese mining company has 'silently' exited the exploration site and shifted all its machine and equipment down to Lae under police escort (<http://www.postcourier.com.pg/20130822/news10.htm>).

What baffles the people of Kompiam Ambum to this day is the district MP Pundari's heavy involvement with the exploration site, yet, very little outcome and no explanations provided. "CAN I ask the Mining minister Byron Chan, Kompiam-Ambum member John Pundari, developer Chinese-owned Nanjiang Holdings Ltd, Elmaniel Inc and landowner representative Willie Pyawe and Bob Muiyo on what is going on at the alluvial mining at Koekam?" (<http://www.postcourier.com.pg/20130729/yutok03.htm>).

Can the district member, Pundari (and the Mining Minister) provide answers to these questions so the resource owners can be aware? As the current Environment and Conservation Minister, what level of approval did he give if any, to the Chinese company as they were doing heavy alluvial mining and are they required to provide any environmental report or any other report to the government on the ground (the District Level Government) before exiting silently? Can two licenses be given to the same exploration site, both current? Did the Chinese really have a 'new' exploration license? Why is the development of this mining becoming highly politicized, especially at the top level and dragging poor landowners with them?

Among the many unanswered questions raised by the Kompiam Ambum people, Mr Pundari, you have a lot more on your plate to answer to the people of Kompiam Ambum regarding the Koekam gold prospect. While you are busy with your court case with Neah (2012 election win dispute) and your most recent one with Post Courier, the people of Kompiam Ambum still maintain the claim that they have been left abandoned for 15 years. After this term, it will be 20 years. How long do you intend to run the district as you have run for the last 15 years? No one works at your district office in Kompiam. Where are you operating from? How many times have you visited the district office in the last 15 years? How many times this year? None. Last year - none - only once during campaign time in 2012 which you nearly got stuck in the river without bridge which connects to the district headquarter, which Post Courier has claimed you have diverted K5mil to your private company. Kompiam Ambum is a district run via proxy; only that it's not really run but let to run down at will.

### **Ok Tedi mine takeover causes shutdown of Papua New Guinea development projects**

By Jemima Garrett, ABC Radio Australia, 22 October 2013

Almost 100 development projects have been closed down as a result of the continuing dispute over PNG government's decision to take over Ok Tedi copper mine.



The Ok Tedi mine in Papua New Guinea. (Credit: ABC licensed)

Almost 100 development projects have been closed down as a result of the Papua New Guinea Government's decision to take over the giant Ok Tedi copper mine. Formerly Ok Tedi's largest shareholder, the Papua New Guinea Sustainable Development Program, or PNGSDP, says it has been starved of funds. Meanwhile, landowners from the 162 mine-affected communities are threatening to close the mine itself if the PNG government does not give in to its demands. The ninety-seven development projects which have been shut down amount to a total worth of around \$AU96 million. They include help for schools, hospitals and aid posts across the country, as well as water, sanitation and solar energy projects. The chief executive officer of the PNG Sustainable Development Program, David Sode, says with the usual dividends the company receives from Ok Tedi not coming in there is no money left in the charitable trust's coffers.

"We've had to make a decision and the board has gone as far as it can, as far as allowing us to rule out projects while we're in this position of... having no more funds coming from Ok Tedi," he said. "And also they are unable to access funds from the long term fund of course, which everybody thinks we have." Caught between the issues, Mr Sode says they have tried their best to keep funding

projects until they decided they simply did not have enough cash to continue. The decision to stop all development projects they were involved in was made last week.

### **Ok Tedi to pay up**

For the past year and a half, the administrators of Ok Tedi have consistently said they have issues of being financially viable, which meant they were unable to pay a dividend. "We've heard on the grapevine that there will be a declaration of dividends at the end of the month," Mr Sode said.

"They suddenly have a dividend once we're out of the picture, which is surprising." Ok Tedi Mining Limited and a spokesperson for Prime Minister Peter O'Neill have both denied suggestions that the government ordered Ok Tedi to delay its dividend until the government took full control of the mine. By the end of the week, half the staff of the PNG Sustainable Development Program will have taken redundancy. David Sode is worried part completed development projects will be derailed.

"We've now sought the government to actually carry on the funding to the completion stage of these projects," he said. "Since Friday we've had no response, we haven't had a response from the governor, we haven't had a response from the prime minister, we haven't had a response from any member of parliament as to how they intend to take on these projects that are in their neck of the woods."

The PNG parliament has passed legislation cancelling PNGSDP's shares in Ok Tedi, replacing them with shares owned by the government. PNGSDP is yet to discover what, if anything, it will be paid for its shares. Mine affected landowners for whom PNGSDP was set up for are demanding that the PNGSDP shares be handed over to them. If that does not happen by Wednesday they say they will shut down the mine. And the stakes are even higher as PNGSDP and its \$1.4 billion fund was supposed to provide development and an income stream for the mine-affected landowners in the decade after the Ok Tedi mine closes.

David Sode says the government should have consulted them before mounting its takeover. "There's a lot of hurt people, there's a lot of angry people and there's a lot of mixed emotion," he said. "From here onwards it needs some careful management to see how does Papua New Guinea... and particularly how do the Western Province people benefit from the trust fund that's been setup for them, and how do they benefit from Ok Tedi continuing? "Surely it's their call. "I have no idea what the capabilities of the landowners are... the consultative process obviously wasn't afforded to them, so I feel sorry for them on the basis that they were never consulted." For many years, Ok Tedi has been the biggest single contributor to PNG Government revenue, so it is unlikely to tolerate any action that might jeopardise the mine's operation.

### **Ok Tedi mine at risk as compo row bites**

Rowan Callick, The Australian, 22.10.2013

LANDOWNERS around Papua New Guinea's giant Ok Tedi mine are threatening to close its operations tomorrow following the government's legislated nationalisation — so far without compensation — of the 63.4 per cent of the mine's shares that it did not already own. Richard Zumoi, a spokesman for the 111,000 villagers who signed the Community Mine Continuation Agreement approving the mine's continued operation past its originally scheduled closure at the end of this year, said they wanted the government to grant them the shares instead. Mr Zumoi said they also wanted the government to pay them the \$363 million in dividends for last year, which Prime Minister Peter O'Neill has instructed the new Ok Tedi Mining board, which he appointed, not to declare. The dividends would have gone to PNG Sustainable Development, the trust established to replace BHP-Billiton's ownership when it withdrew from operating the mine a decade ago after environmental disasters.

Leaders of the CMCA have also demanded that the mine's managing director, Nigel Parker, who was reappointed to the board by the government, resign or be sacked as responsible for the loss to the landowners of benefits they had been receiving through PNGSDP. Mr Zumoi said that since the nationalisation of ownership, community projects run and funded by PNGSDP, including in health, education and water catchment, had ground to a halt. Now, he said: "If nothing can be done, we'll just shut the mine until our river systems restore and the livelihoods of our people return to normality." It is most unlikely the mine will be closed by the protesters tomorrow – but any disruption will add to pressure on the government to start to resolve the row over its unprecedented nationalisation move.

The PNGSDP board's sole remaining asset is \$1.4 billion in a long-term fund it had compiled to provide income for locals following the mine closure. It is in Singapore, apparently beyond reach of the PNG government. The government's halt of the trust's access to mine dividends has led it to announce that "it is no longer able to continue funding social and economic development projects", many of which are already operating. These include 43 projects in Western province, for which the outstanding funding required is \$76m, and 54 projects in other parts of the country, for which \$23m is required for completion. Mr O'Neill has asked the Taskforce Sweep anti-corruption investigators to review both BHP's indemnity granted as it withdrew from the mine and PNGSDP's work since then, including "why so much money belonging to the people of the Western province has been wasted".

## **PNG LNG Pipeline Poses No Threat: ExxonMobil**

*Local landowners allegedly unhappy with exposed pipes*

By Jeffrey Elapa

PORT MORESBY, Papua New Guinea (The National, Oct. 22, 2013) – The Papua New Guinea liquefied natural gas (LNG) pipeline does not pose a threat to lives or the environment, the developer of the project ExxonMobil says. The company was responding to claims by landowners living along the pipeline. The developer said Esso Highlands Ltd was meeting its commitments to build the PNG LNG Project to international safety standards as well as standards set by environmental, engineering and construction regulations. "In doing so, we are ensuring the integrity of the pipeline and the safety of the communities that live in the vicinity," a source said. The developer said PDL 7 landowner association chairman Chris Payabe raised concerns the PNG LNG gas pipeline was a threat to the environment and the people. Speaking on behalf of the landowners, Payabe said the landowners were not happy with developer ExxonMobil and Sperberg, the company contracted to lay the pipes from Hides to Portion 125 in Central, over the manner in which the pipes were laid. He said the pipes were exposed and not at a depth of 6-8m. That, he said, posed possible risks. However, the representative from ExxonMobil said the PNG LNG Project's pipeline routes had been chosen on the basis of several key criteria, including:




- Using existing linear disturbed areas close to existing infrastructure;
- Giving the pipeline right of way (ROW) away from inhabited areas, such as villages, where possible;
- Reducing the number and complexities of water course crossings;
- Minimising disturbance by limiting the ROW to 30m where possible.
- Avoiding steep, unstable slopes and minimising side slopes; and,
- Avoiding critical wildlife habitat and cultural areas such as sacred areas or archaeological sites.

The source said the project was committed to operating in an environmentally responsible manner and it was managed with an in-depth scientific understanding of the environmental and social im-

pacts of its operations. The project's environmental and social management plan (ESMP) described management and mitigation measures be applied in areas where sensitivities were identified. This enabled compliance with the environment permit issued by the Papua New Guinea Environment and Conservation Department, the source said.

## Press Statement of the Prime Minister

Quelle: Post-Courier, October 22, 2013 via PNG Mine Watch, 22.10.2013

**HON PETER O'NEILL, CMG MP**  
Prime Minister

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## FACTS ABOUT OWNERSHIP OF OK TEDI MINING LIMITED

As our Government through its elected representatives in Parliament has already made the decision on Ok Tedi Mining Limited and its future, that it will be owned and operated for every citizen in our country.

I am now being forced to respond to countless fees and misleading statements that Sir Mekere Moenita continues to advertise using PNGSDP funds, which are rightfully owned by the people of Western Province.

It should also be placed on record that Sir Mekere has published a letter that has not been received by me. This is again a deliberate attempt to mislead the public on the facts to suit his agenda.

I will simply outline the facts so that there is full public disclosure:

- Sir Mekere represents BHP Billiton on the Board of PNG Sustainable Development Program Ltd (PNGSDP), a private company registered in Singapore.
- Sir Mekere does not represent the PNG Government, Western Provincial Government, and people of Western Province including landowner groups on the Board of PNGSDP.
- The Mining lease under the current arrangements and ownership expired in March 2013, thus warranting new negotiations for the Mine to continue operating.
- The PNG Government engaged in discussions with PNGSDP, BHP Billiton and Sir Mekere for about nine months. The last was in Marshall Islands at the margin of the Pacific Leaders Meeting. On those occasions, we "shake hands" in Agreement on the Way Forward, only to be reneged by Sir Mekere.
- BHP Billiton refused to talk with the PNG Government and informed us that Sir Mekere will speak to us on their behalf.
- Sir Mekere for over nine months insisted that he was prepared to transfer the ownership of the Mine to the State BUT on a condition that he and the BHP 'X' class directors control PNGSDP and its structure.
- The State rightfully rejected this proposition saying that the control of PNGSDP must be given back to the people of Western Province as it was initially intended in the Agreement.
- At both BHP and Sir Mekere were not prepared to settle these issues in good faith, the State had no option but to pass Laws to protect our people's and national interests.
- Sir Mekere continues to use money belonging to the people of Western Province in PNGSDP to pay for costly advertisements telling lies after lies to justify his actions.
- Sir Mekere, as Prime Minister, gave exemptions from law suit to BHP Billiton for massive environmental and social damage they caused when they operated the mine.
- Sir Mekere has a serious conflict of interest in that he accepted the position of Chairman of PNGSDP and Ok Tedi, thus raising questions about whether he acted in our people's and Nation's interest when he gave those exemptions. The State is now seeking legal opinion on this matter, including on the constitutionality of the exemption.
- The decision by PNGSDP to cancel several projects is regrettable but this does not mean that PNGSDP is running out of money; they simply are paying for unnecessary advertisements and huge directors' fees for themselves in US dollars.
- PNGSDP for some time now has been pursuing projects costing millions of kina which are yet to be delivered and making investments that have been losing substantial amount of money. Examples are Daru Port Development and Purari Hydel Power project and others.
- The current Ok Tedi mine is not wholly owned by the State but together with the landowners under the Mineral Resources Site Mountaineer Ltd and Western Provincial Government under Mineral Resource Ok Tedi Ltd. Their shareholding is in agreement after negotiations with State is complete.
- Recently the Ok Tedi Management also rebutted Sir Mekere's statement about the dividend being stopped by the State, but he continues to lie about that as well.
- It is now obvious that Sir Mekere is more interested in protecting his legacy and the interest of BHP.
- Sir Mekere does not speak for any PNG stakeholder but he speaks for BHP, a foreign interest.
- He must do the honourable thing and resign as Chairman of PNGSDP because of his obvious conflict of interest brought about by his close relationship with BHP when he was PM and now as Chairman of PNGSDP, a position he assumed only few months of leaving politics.
- Sir Mekere is deliberately making misleading statements about investors expressing concerns about the acquisition of Ok Tedi Mine. There has not been one single investor in or outside PNG that have expressed any concern, they understand this a unique and one off transaction, where shares already owned by PNG is being transferred to an entity that represents the people, that is the State.
- Sir Mekere appears to be deliberately making these statements aimed at creating fear and to discourage direct foreign investment in PNG.
- The PNG government is willing to engage with anyone other than Sir Mekere who has the interest of the people of Western Province on the future of PNGSDP at heart.

This advertisement is to correct lies that are being consistently manufactured by Sir Mekere and PNGSDP.

**HON PETER O'NEILL, CMG MP**  
Prime Minister

40 Post Courier, Tuesday, October 22, 2013

## Western villagers form council to monitor funding

The National, October 22nd, 2013

A COMMUNITY watch group to has been formed in the four local level governments in South Fly District, Western, to monitor the use of development grants. The Dakom Watch Council is made up of members from the four local level governments – Daru Urban, Kiwai, Morehead and Oriomo.

The group was a direct outcome of the Consultative Implementation and Monitoring Council budget tracking initiative workshop held on Daru Island. It was to educate LLG and community leaders to understand basic elements of the structures, systems and processes of how development grants are made available, used and reported on. The workshop discussed the formation of ward development committees, their composition, number of administrative staff required for each LLG, their functions and roles in respective LLG wards. Speaking on behalf of churches and women at the workshop, Rev Anna Bisai of the United Church told CIMC facilitator Elizabeth Avaisa that the information shared “is very important for us to see where we have gone wrong and help us to understand what we have to do to help our own communities”. Participant Rodney Nega said ward development committees were often made up of political cronies. Ward councillors and LLG presidents at the workshop were told that a major task for ward development committees was to identify needs of the community, formulate ward plans and budget for them.

### **Don't shut Ok Tedi mine, locals told**

The National, October 22nd, 2013

By BENNY GETENG and MALUM NALU

POLICE have warned people from the Community Mining Continuation Agreement and mine villages to reconsider a threat to shut down the Ok Tedi mine in Western. Western police commander Insp Silva Sika condemned the threats made by the organisation last week because it could lead to situations that might get out of hand. Sika said the group should instead hold discussions with relevant authorities to sort out their problems. People from the Community Mine Continuation Agreement (CMCA) and mine villages last Thursday gave the Government 48 hours to respond to their petition or they will shut down the Ok Tedi mine tomorrow. Representatives of the 162 CMCA and mine villages are demanding that the Government gives back the 63.4% shareholding in Ok Tedi Mining Ltd was taken away from the PNG Sustainable Development Program Ltd last month.

Sika said it was wrong to mislead the people because some of them did not fully understand the issues. “I ask the group to stop conducting meetings or awareness in the province,” he said. “They will be arrested if they do not take heed of instructions. “The threats, including blocking off the highway access and other operations of OTML, are very serious as they are going against a government decision. “They should seek proper dialogue with the right people to air their views.” Sika said the people from the CMCA must consider the safety and welfare of the people first. “Who is going to benefit from the actions that they are adamant to carry out?” he said. “Reinforcing the threats will lead to serious repercussions such as law and order problems. And that is not a good thing for the people and province. “I appeal to them to stop immediately and look at proper ways to air their frustrations in a more professional manner.”

### **Mekere: Truth vital**

The National, October 22nd, 2013

PNG Sustainable Development Program Ltd chairman Sir Mekere Morauta says the company is encouraged by the awareness campaign by community mine continuation agreement (CMCA) leaders in Western. “The work being done by the CMCA is helping Western people understand how they have been cheated of their rights and benefits by the government’s expropriation, without compensation, of the Ok Tedi mine,” he said in a statement yesterday. “A lot of half-truths and disinformation are being spread in Western by people who are looking to benefit personally and commercially from the government’s expropriation. “It is vital that the truth is available to the public so they know exactly what they have lost and what the CMCA are doing to try to restore their rights and benefits.



“PNGSDP recognises that the CMCA’s have the best understanding of the issues and encourages Western people to attend their awareness and information sessions.” Sir Mekere said the recent public awareness and information sessions conducted by the CMCA leaders in Daru had been successful. He urged people in Kiunga and Tabubil to attend similar sessions there so that they had all the facts available to them. Sir Mekere urged interested people to visit the PNGSDP website, [www.pngsdp.com](http://www.pngsdp.com). “The unfounded rumours and gossip being spread by vested interests is not the basis on which to make good decisions for the future wellbeing of Western,” he said. “The CMCA and mine village leaders, the elected representatives of the mine-affected people, are in the best position to provide sound advice to communities deprived of their rights and benefits.”

### **French Mining Group Warns Nickel Industry ‘Overcapacity’**

*Eramet reduced output at New Caledonia mine by 6% this year*

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 21, 2013) – The French mining group Eramet, hit by the slumping nickel market, is warning of more losses and the need to reduce costs. An Eramet spokesman told AFP that the nickel sector is in overcapacity and it’s impossible to predict when things will sort themselves out. The warning came as the company posted a 5 percent drop in third-quarter sales to 754 million euros [US\$1.03 billion], mainly on slumping nickel prices. For the first half of the year, the company posted a net loss of 32 million euros [US\$43.8 million]. To face its problems, the group says it will push through new cost-cutting measures, slash back investment and scale back operations, but the group says it planned no restructuring programme. The company also says output at its main nickel mine in New Caledonia was reduced by six percent in the first nine months of the year, compared to the same period last year.

### **10 clans to share K12million**

The National, October 21st, 2013

LANDOWNERS of Tari Airport will share K12 million allocated by the State, mediation talks with the Hela provincial administration agreed. Homaria Poropaija clan spokesman, Jacob Andaja said the 10 clans identified that owned specific hectares of land would be allocated the money. He said the payment of the second batch of K12 million had to be shared between the sub-clans and not associations or business groups because not all were to benefit from the funds. “Homaria Paropaija and other majority landowners have not given any power of attorney to anybody, including lawyers or associations,” he said. “We want the payments to be made according to the agreement and into the agreed account that was witnessed by the registrar of the national court because all members of sub-clans have agreed and signed.” Principal landowner of Portion 107 and Kia Kopiria clan spokesman, Timon Henry Hebari said the State had allocated K12 million in 2012 but the funds was held in a trust account because the landowners were still involved in fights. He said the Hela provincial government held meetings with landowners in Tari as ordered by the court and agreed to share the funds properly. The landowners promised to stop fighting and share the funds.

### **Oil Search Ltd celebrates 10 years in PNG**

Post-Courier 21.10.2013

OIL Search Limited, Papua New Guinea’s largest oil and gas producing company, will mark ten years of success as the operator of six of PNG’s currently producing oil fields and the Hides gas field, this week. The company took over PNG oil fields from Chevron Niugini on October 17, 2003. Since then, Oil Search has grown to become the country’s largest oil and gas producer. With a current market capitalisation of approximately K29 billion, it is also the biggest public company listed

on the Port Moresby Stock Exchange. The PNG government is Oil Search's largest shareholder. The value of its shareholding has grown from around K450 million when it took its initial stake in 2002 to around K3.8 billion now, a return of more than seven times on its investment. Since 2003, Oil Search has invested K21.6 billion in the local oil and gas industry, including a further K2.9 billion on developing and maintaining its oil fields. Over this time, Oil Search and its joint venture partners have participated in 63 of the 85 wells drilled in the country, representing over 70 per cent of all wells drilled. The Company continued to drill and invest in PNG throughout the global financial crisis.

This level of confidence and commitment has seen oil field life extended by more than 30 years and production rates, presently more than 29,000 barrels of oil per day, double that anticipated by the previous operator. The success of Oil Search's drilling and production programme in one of the world's most challenging environments has added significantly to the wealth of this country, the revenues of the community and the company's stellar growth over the past ten years. Over the past 10 years, Oil Search has achieved a success rate of approximately 50 per cent in exploration and development drilling, partly through the introduction of new technologies such as extended reach drilling and PNG's first significant 3D seismic, which recently opened up offshore drilling in the Gulf of Papua for the first time in 12 years. The company's exploration program continues to realise promising results. Over the last year, oil and gas has been discovered in the Gulf of Papua, on the Mananda Ridge in the PNG Highlands and in the Middle East.

In 2013, Oil Search will spend close to US\$200m or K550 million on explorations in PNG alone, the highest amount since its inception in 1929. Oil Search's biggest growth asset is its 29 per cent interest in the PNG LNG Project operated by Esso Highlands Limited. The Project is the largest development ever undertaken in PNG and is on track to commence first LNG deliveries in the second half of 2014. Oil Search, as an established operator in PNG, is committed to supporting the PNG LNG Project operator meet this target. First LNG sales will transform Oil Search into a significant LNG exporting company, quadrupling its production base in the first full year of operation. This, combined with continued production from the PNG fields and exploration upside, gives Oil Search many reasons to celebrate with the people of PNG.

## **PNGSDP 'Forced' To Close 100 Projects Nationwide**

*State says projects to continue with provincial support*

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Oct. 21, 2013) – The Papua New Guinea Sustainable Development Program (PNGSDP) has announced the closure of 100 projects nationwide last Friday. The company said in a statement that it could no longer be able to continue funding social and economic development projects in the country because of the Government's decision to take over the Ok Tedi Mine. PNGSDP chairman Sir Mekere Morauta said the company had been forced to make this decision by the actions of the O'Neill government in expropriating the mine without compensation, and attempting to take control of the company itself. But yesterday, a spokesman from the government told the Post-Courier that these projects, initiated by the Ok Tedi Development Foundation, would continue as they had the support of the provincial government. They said that the funding to OTDF would increase once the re-distribution of the PNGSDP shares in Ok Tedi mine to the mine landowners, affected area landowners, provincial and national government, were confirmed.

The spokesman for the Prime Minister said that funding would be cut off to wasteful projects by the PNGSDP which included Cloudy Bay Timber, Daru Port, Purari Hydro and excessive payments to consultants. These projects and payments are not beneficial to the people of Western province or PNG, he said. But Sir Mekere refuted the report saying that the government has deliberately starved

PNGSDP of funds by instructing OTML not to pay the 2012 dividend due to the company this year. “Also, the way in which it has expropriated the mine has been deliberately designed to prevent PNGSDP from accessing the \$US1.4 billion Long Term Fund,” he said. Sir Mekere said PNGSDP was using its available funds to restructure the business, to prepare for moving operations to Western province, and to finance the fight for justice on behalf of the people of Western province. “PNGSDP has examined every possible way of maintaining project funding, but this has proved to be impossible. “The board and staff of PNGSDP deeply regret the devastating social and economic consequences caused by the actions of the O’Neill government, especially for the people of Western province,” he said.

Sir Mekere said the O’Neill government had left PNGSDP no choice and therefore the projects had been halted. PNGSDP has written to the Prime Minister Peter O’Neill advising him of the consequences of his government’s decisions, and handing back responsibility for financing the completion of all projects. The former CEO said the government’s decisions meant that thousands of people in villages across the country – and most remote and disadvantaged areas – would go without desperately needed social and economic development projects. “The most severe and long-lasting impact of your government’s decisions will be felt in Western province,” Sir Mekere said. The projects that are being forced to stop in Western province include:

- \* The rehabilitation and expansion of the Daru water and sewerage systems;
- \* PNGSDP’s scholarship schemes for promising Western province students;
- \* School classrooms and teachers’ housing, aid posts and health workers’ housing;
- \* Church-based health and education programs;
- \* Village power and water supplies;
- \* The Western Province Rubber Wealth-creation scheme and;
- \* Transport infrastructure such as roads, bridges and jetties

The Government’s decisions are forcing a total of 43 Western province projects to close or come to a halt. The outstanding funding required to complete these projects is K191.8 million. Projects in other provinces include:

- \* Port Moresby General Hospital rehabilitation (NCD)
- \* Cocoa Industry Rehabilitation Project (ENB)
- \* Karkar Island Cocoa Industry Rehabilitation (Madang)
- \* Bougainville Church projects (ARB)
- \* Wanbel Campaign on Violence Against Women (National)
- \* Rehabilitation of the National Institute of Medical Research (National) and other projects.

### **Ok Tedi denies PNGSDP claims**

Post-Courier 21.10.2013

By *MELISSA MARTIN*

The Ok Tedi Mining Limited has denied claims made by the PNG Sustainable Development Program (PNGSDP) that Prime Minister Peter O’Neill had instructed the mine not to pay the 2012 dividends that were due to them. In a media statement last Friday OTML said the PNGSDP has been recently making public statements in the media and described the statements as “scurrilous and absolutely false”. The management of OTML advised the board, at the 30 August 2013 board meeting that it was not in a position to recommend a dividend at that time due to serious operational issues that it had. The management stated that it has encountered issues from March 2013, in addition to the fact that the drop in metal prices had considerably impacted revenue. The management further advised the board that the appropriate time to consider a dividend would be at the November 2013 scheduled board meeting.

OTML said the PNGSDP did not accept the advice and moved at the 30 August 2013 board meeting to declare a dividend of \$US150 million regardless of management's advice. The two independent directors, the managing director Nigel Parker and chief executive officer Alan Roberts, each independently assessed management's advice and opposed the dividend resolution, as moved by PNGSDP. The statement clarified that this was done in the best interests of the mine operations and its commitments in accordance with the mine constitution and the solvency provisions of the Companies Act 1997. They said Mr Roberts did not personally condone the action by the State to take over PNGSDP's shares in OTML, however, retained his independence in assessing the position of the company's ability to consider a dividend as proposed by PNGSDP.

### **Mekere: OTML is financially sound**

Post-Courier 21.10.2013

Chairman of PNG Sustainable Development Program Ltd Sir Mekere Morauta yesterday questioned the truth of comments made by Ok Tedi Mining Ltd denying that the Prime Minister had instructed the company's board to withhold payment of the 2012 dividend to PNGSDP. "The statement is false on two counts," Sir Mekere said. "The Prime Minister himself stated to journalists that he had instructed OTML not to declare and pay the dividend. (He quoted the PM as saying: 'I put a stop to that declaration. We have stopped the declaration of dividends so that when we take over, it will not be broke.')

"Secondly, the Prime Minister instructed government representatives responsible for OTML not to pay the dividend. "Therefore OTML's statements could not be further from the truth." Sir Mekere said the Prime Minister's instructions to OTML not to pay the 2012 dividend, which is due this year, were merely one example of gross political interference in the independent management of the company. He also said comments by OTML that it could not afford to pay the dividends were also not true. OTML managing director Nigel Parker has written to PNGSDP in December 2012 advising that OTML was committed to declaring and paying \$US350 million in dividends in 2013 and 2014.

This formed the basis of PNGSDP's planning for health, education, wealth-creation and infrastructure projects in Western province and elsewhere. OTML's available cash flow for 2012 was \$US326 million, so it should have been possible to pay a \$US350 million dividend. And that was still the expectation when the OTML board met in February 2013, Sir Mekere said. "But just a few days after that meeting, the Prime Minister wrote to inform me that PNGSDP would not be allowed to participate in Mine Life Extension," Sir Mekere said. "He still seems to have expected PNGSDP to pay its share of MLE costs, though. "But rather than seek alternative financing for MLE, OTML burned through its available cash to keep MLE going despite the protestations of PNGSDP. "Mr Parker then turns round in August and says sorry we're not going to pay your dividend because we've spent \$US177 million on MLE and don't have enough cash. "But OTML's overall cash position was better than budgeted and the company still had \$US230 million in the bank. "Solvency wasn't the problem. It was financing MLE out of dividends. OTML should have stopped MLE, got the State to pay, or found alternative financing; but no, the company used dividends that should have gone to SDP to fund social and economic development projects, especially in Western province."

### **Deep sea riches could spark Pacific mining boom**

By Ann Arnold, ABC Radio National, 20 October 2013

*A project to dig minerals from the seabed off Papua New Guinea could signal a new era of mining in the world's most remote and least understood environment, the deep sea. Mining companies are excited, ecologists are worried, and struggling island nations are watching with interest, as Ann Arnold writes.*

One and a half kilometres below the sea, on the flank of an active volcano, hundreds of tonnes of machinery will carve up mineral-laden rock, and pump it to a ship on the surface. The entire operation will be remotely controlled from the ship. This is not a sci-fi fantasy. Nautilus Minerals Inc, a Canadian-registered company based in Brisbane, is forging ahead with this plan with renewed vigour, after winning a recent commercial dispute. The Nautilus project, called Solwara 1, is based in the Bismark Sea, off the coast of Papua New Guinea. 'Solwara' is pidgin for saltwater. On the seabed, it's pitch black, acidic, and very cold. And just a bit spooky. 'It's sloping, fairly rugged and then on top of that you got super-imposed these what they call chimneys, or almost like a forest of what is in effect, high grade copper deposits which have grown from the sea floor,' Nautilus CEO Mike Johnston says. These thermal vents may or may not be active, belching black smoke. 'Where the chimneys are still active, you'll have snails all over the vent, down to the point where the ambient water temperature gets too cold for the snails. In the upper portions of the chimney they'll be covered in snails.'

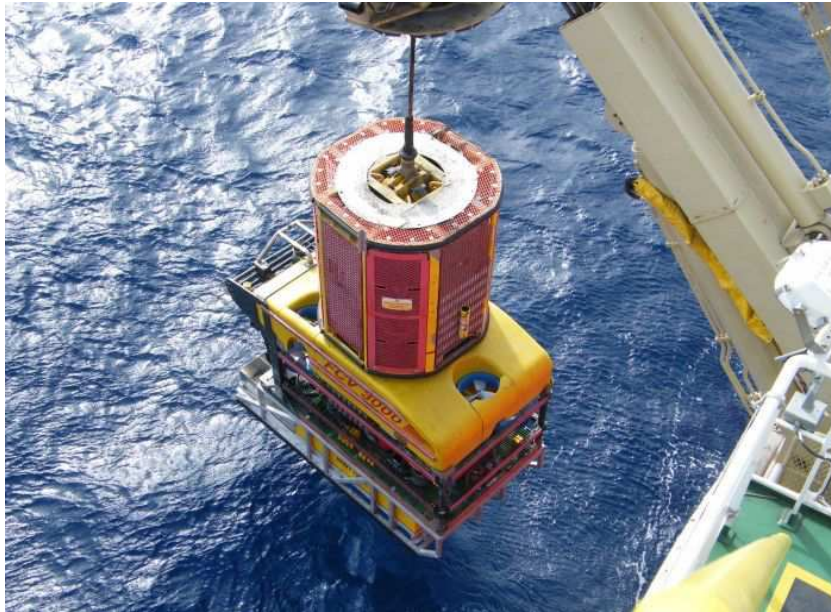


Image: Launching the Remotely Operate Vehicle (ROV) off the back deck of the vessel. (Courtesy: Nautilus Minerals)

Nautilus is spearheading a global rush to mine the deep seabed. Conventional mining on land is increasingly expensive and ore quality is declining over time. Deep sea mining, promoted by its advocates as less disruptive and less harmful to the environment, is touted as the challenging, but necessary, next phase of exploitation. But there are inherent risks and dangers, and, unless very closely monitored and regulated, deep sea mining will be a plunge into the unknown—literally. Only a fraction of the world's deep seas have been studied. Scientists are now scrambling to keep pace with this burgeoning industry. The seabed treasure excites the miners. 'It's a fabulous looking metal,' says Mike Johnston. The Solwara 1 sulphide mounds that he's targeting are largely chalcopyrite, a very high grade copper mineral, with high gold content. 'It looks actually like gold when you see big chunks of it. It averages about six grams gold per tonne. To put that into context, the average mine in Western Australia, an open pit gold mine, would be probably mining an average of about one and a half grams,' says Johnston. 'Then you've got the copper content, and the copper's a shade under eight per cent copper. The average grade of copper mined last year on land was less than 0.6 per cent copper.'

Add to that mix zinc and silver, and it's obvious why Nautilus is keen to start work. After obtaining the world's first seabed mining licence, from the PNG government in 2011, the project has been on hold for over a year, with a dispute over a payment from the government. The government is a partner in the venture, and has 30 per cent equity. An arbitration decision earlier this month by the Honourable Murray Gleeson, former chief justice of the High Court of Australia, requires the govern-

ment to pay Nautilus \$118 million dollars by next Tuesday, October 23. Watching closely as the project unfolds are the many income-deprived island nations of the Pacific, whose territorial waters contain abundant mineral riches. There is the potential for a bonanza for them, and also for the commercial interests lining up to exploit their assets. Companies from Russia, the UK, India, Japan, South Korea and elsewhere have seabed exploration licences in the Pacific, covering hundreds of thousands of square kilometres. The Pacific is buzzing with talk of it, with some countries more impatient than others.



Image: Nautilus' PNG program is spearheading global interest to mine deep seabeds (Courtesy: Nautilus Minerals)

Legislation is being drawn up by each of the small nations, and environmental safeguards established, with support from the SPC, the partly EU-funded Secretariat of the Pacific Community. The resource-strapped countries are being urged to protect themselves, and cover all contingencies. Back in the 1990s, Julian Malnic, who as a geologist founded Nautilus and obtained the Solwara 1 exploration lease, went to Tonga. 'When I got there the Mining Act was only one and a half pages long! And I had to really simulate the whole process of claiming there,' says Malnic. 'They were very nice people and gave me the keys to the department over the weekend. It was a pretty sleepy place back then, Tonga. 'I drafted a form, wrote Ancient Kingdom of Tonga across the top, and for an application fee put \$300 Tongan dollars. It sounded about right. 'Then I made the forms, printed them out, filled in the forms by hand, so they looked the part, and took out eight and a half degrees of latitude of mineral potential, right through the Tongan exclusive economic zone.' Julian Malnic has left Nautilus, but still retains shares in the company. Today, Nautilus has more than 200,000 square kilometres of deep sea exploration tenements in Tonga granted, or under application. Several other companies are active there too.

As well as sulphite mounds in volcanic areas, on the even deeper abyssal plains which span the Pacific there are polymetallic nodules, which look like potatoes sitting in the silt of the seafloor. They are about four to five kilometres down, and the American defence behemoth Lockheed Martin is behind one scheme to extract them. Jimmie Rodgers, the secretary general of the SPC, says seabed mining is both a curse and a gift. 'For many of these countries, that will be the only thing they have going forward apart from fish,' says Rodgers. 'I think, because of that importance, there will be continuous political and economic pressure, both from the countries and investors, to make sure they go at it.' The Solwara 1 project was approved with an Environmental Impact Statement (EIS) which critics such as Rick Steiner, a retired professor of marine conservation at the University of Alaska, say was inadequate.

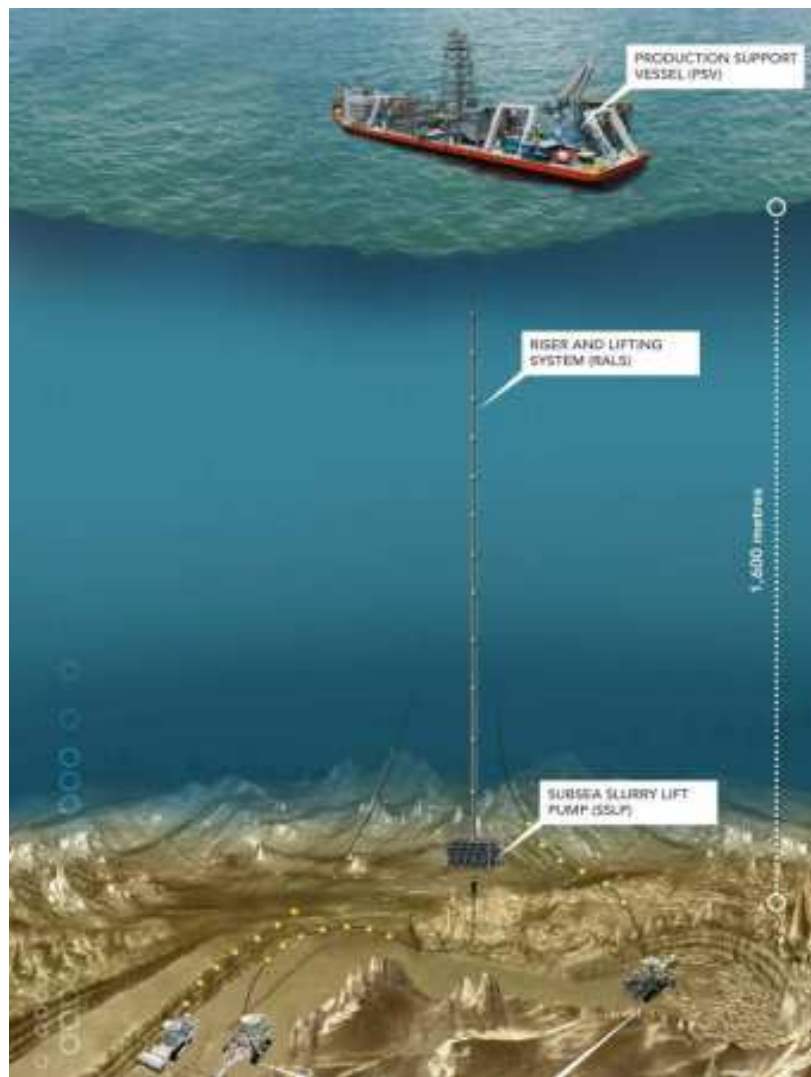


Image: An illustration shows the process of mining the seabed (Courtesy: Nautilus Minerals)

‘This was the document that Nautilus submitted to the government, seeking permission to do the project. One, it was incomplete – the annexes and appendices were not available,’ says Professor Steiner. ‘Even the body of the document showed glaring omissions. The science was only partially completed. There were a lot of unanswered questions, a lot of issues the EIS did not address.’ Nautilus says substantial scientific work has been done since then, much of it funded by the company, and there are remediation plans. But one of the lessons from Solwara 1, according to Jimmie Rodgers, is the need for independent assessment of an EIS. There has been anxiety within coastal communities in PNG about what impacts the mining might have on the water quality, and the fact that it’s being done in a volcanic area. The other lesson for the rest of the Pacific, says Rodgers, is the need to do community consultation well. ‘When you look at the kind of information you put to the community, it’s got to be both the benefits, and the cons,’ he says.

‘When you look at areas of environmental degradation, there’s not enough known about the impact on the seabed, at this point in time. And we’ve got to be truthful, nobody really knows, not even the scientists really know. ‘If you look at terrestrial mining we can see open cut mining and not too much is left there. It doesn’t take too much imagination to think what happens, if the same kind of thing happens on the seabed.’ Jimmie Rodgers is realistic about what lies ahead for the Pacific, however. ‘Can we actually stop it? I think the answer is no. Can we modify it in such a way that would minimise it? I think yes,’ he says. ‘The work that the SPC is currently doing is to make sure that people are aware that when they make a choice, they know that yes, we will have some resources. ‘But at the same time, they know that they are putting the future of their countries into some kind of risk that they are not able to quantify.’

## **PNG MP says Bougainville people oppose mining**

Radio New Zealand, 18.10.2013

The Papua New Guinea MP representing central Bougainville, Jimmy Miningoro, says the people living near the controversial Panguna mine do not want it to be re-opened. The Autonomous Bougainville Government has been consulting around the province about a possible re-opening since the beginning of the year but talks planned last week in the Panguna district were derailed by former combatants. Mr Miningoro says this is an indication the people don't want mining. "The way things are going now it seems that a lot of people on the ground, they don't support mining. That is the truth that I am getting out from the people. And also especially people who live along the Jaba River where once when Bougainville Copper was operating the company has dumped all the waste down through the Jaba system." Jimmy Miningoro says the Autonomous Bougainville Government should instead emphasize agriculture, starting with copra and cocoa, developing its small remnants of coffee and looking to new crops.

### *Letter to the editor*

## **Frieda project is bad news for Fly River**

The National, October 18th, 2013

WERA Mori made an interesting statement when he suggested that Ok Tedi Mine facilities along with the Fly River can be used as the government brings the Frieda prospect in the Sepik into operation (Oct 7). With the OTML, PNGSDP and government saga still in debate, Mori appears not to have learned much, or is just absent minded. The people of Western have political leaders, with whom this suggestion should be raised in the first instance. The Fly River issue is currently a hot topic and further "thinking-aloud" on behalf of the government in the media by leaders is unnecessary and unhelpful. I hope Mori will not go as far as proposing the discharging of the Frieda Mine waste into the Fly River as well. The Fly River and subsequently, the people living along the Fly River, are already affected badly by the waste from the two mines, the Ok Tedi Mine in Western and the Porgera gold mine in Enga. We are not asylum seekers settled in Western.

Biango Buia, Port Moresby

## **Lack of consultation stalls compo payment**

The National, October 18th, 2013

By JEFFREY ELAPA

THE lack of proper consultation by exploration licence holders of PPL 260 in the Tebi LLG, Hela, has forced customary landowners not to accept compensation payment for environmental damage. Kole Tribal leader and landowner Pai Wasa said seven clans of his tribe and Makapo declined payments during prospecting work and improvements carried out between Hela and Enga provinces. The licencees are believed to be a number of companies, including Oil Search Ltd. Wasa said the manner in which the landowners and the community were treated by the licensees prompted the landowners to take action. "The ill-treatment included lack of properly-conducted landowner identification or social mapping, lack of proper negotiation and consultation on compensation for damage that may arise as a result of the licensees prospecting on private land and the unilateral determination of compensation without providing documentation as to how and at what rates were used to determine compensation for each clan," Wasa said. "This resulted in one person being chopped by disgruntled landowners, houses burnt and mounting tension in the area at the moment."



Wape Morowa was chopped by his Tukure tribesmen. “He was killed because he picked up payment on behalf of his tribe from the licensee when it was made at the Enopi Police Barracks in Tari,” Wasa said. He said the licensee had consulted the landowners properly by outlining the terms and conditions for the parties to agree, then such an incident could have been avoided. “To enter private customary lands and cause damage without seeking the consent of the landowners, in our view, amounts to trespass and is in breach of the constitutional rights of the customary landowners,” he said. “This further amounts to an infringement on the right to privacy, freedom from the deprivation of private property and other rights as accorded to us by the Constitution of Papua New Guinea and by our customary laws that govern our traditional land.” “If the Government of Papua New Guinea had authorised such entry into our private property, then, it is complicated in the infringement of our customary laws and the Constitution of Papua New Guinea. “We call on the minister responsible for the issuance of the prospecting licence (PPL260) to investigate this matter without delay,” Wasa said.

### **Ok Tedi: Villagers threaten Government**

The National, October 18th, 2013

WESTERN people from the Community Mine Continuation Agreement (CMCA) and mine villages want the National Government to respond to their petition on the Ok Tedi mine. The 162 CMCA and mine villages, representing 110,677 people, are demanding that the Government return the 63.4% shareholding in Ok Tedi Mining Ltd (OTML), which the State took away from the PNG Sustainable Development Program last month. Spokesman Richard Zumoi, flanked by CMCA and mine village representatives, said if they did not receive a positive response, they would meet in Kiunga next Wednesday and shut down the mine, with the backing of OTML Workers’ Union. He said they would first travel to Daru to meet with South Fly villagers and then proceed to Kiunga. “This is our last call to the Prime Minister and the Government of Papua New Guinea,” Zumoi said. “If they do nothing, we go back, Wednesday we have a meeting with the other leaders and we will talk to the workers’ union. “We are shutting down the mine. Definitely.” They want:

- The return of 63.4% shareholding in OTML;
- that all dividends from the 63.4% shareholding be paid directly to CMCA and mine villages;
- that no payment and use of the 2012 and 2013 dividends by any person or body other than the CMCA and mine village communities;
- an immediate halt to all dealings in the 63.4% shareholding pending outcome of meeting with Peter O’Neill; and,
- The restoration of beneficial rights and the right to decide not to approve the continuation of mining, if in their view environmental compensation is deemed inadequate, and does not meet their expectations of a fair value for environmental damage.

In the interim, the villagers demanded the immediate transfer of 2.5% shareholding plus any other outstanding commitments of the 2006/2007 CMCA review outcomes, separate from the 63.4%, as granted to them by National Executive Council.

### **Nautilus Could Mine 2nd Site In PNG Within 4 Years**

*Company also pushing ahead with plans for rest of Pacific*

MELBOURNE, Australia (Radio Australia, Oct. 18, 2013, 2013) – Canadian company Nautilus Minerals could begin seafloor mining at a second site in the Pacific in as little as four years.



Nautilus Minerals has been exploring the territorial waters of Papua New Guinea (PNG) for mineral deposits since 1997, when the first offshore mineral exploration licenses were granted. (Credit: ABC)

The company hopes to be the first in the world to mine copper and gold from the deep ocean at its site in the Bismark Sea in Papua New Guinea. Nautilus's CEO, Mike Johnson, has been keeping a low profile in the media since last year when its dispute with the PNG government was referred to international arbitration. Now that the dispute has been resolved, the company is pushing ahead with its plans in PNG and elsewhere in the Pacific. Nautilus is now willing to answer questions from its critics. Nautilus Minerals says it is ready to ramp up its deep-sea copper and gold exploration project after an international arbitrator's ruling on its dispute with the government of Papua New Guinea.

Earlier this month former Chief Justice of the High Court of Australia Murray Gleeson ordered PNG to pay for its 30 per cent stake in the joint venture and to pay its share of costs to date. Papua New Guinea had argued that Nautilus had not kept its obligations, allowing it to terminate its role in the venture. Mike Johnson told Radio Australia's Pacific Beat the project is still on track to become the world's first commercial deep-sea copper and gold mine. "Now that the arbitration dispute has been dealt with...we are looking forward to accelerating the rest of the contracts and build [our] schedule," Mr Johnson said. The State has been told to comply with the arbitrator's decision which means the PNG government is expected to pay US\$118 million by October 23rd. Mr Johnson said they are confident that the state would meet its obligation. Metal prices have been falling and the dispute caused delays and extra costs.

But Mr Johnson believes the value of copper is still rating well enough. "The project is largely a copper mine. Copper pricing is still very, very good; \$3.20 last Friday," Mr Johnson said. "There is a little bit of jitteriness around gold as there always is when you have significant political events happening, and I guess the current state of the U.S. would be classified as a significant political event." Mr Johnson admits that the dispute had some damaging effects on the company. "Definitely, it has had an impact on our company...and on the project because delays ultimately result in increased cost," Mr Johnson. "We have managed to track to a revised schedule on [our three main contracts] but any delays, generally, in the mining industry result in increased cost." Mr Johnson believes the dispute has not risked the commercial viability of the project. "We always planned for a significant ramp-up period when we were commissioning the machines and bringing them on line, but now we will have the ability to do a fair bit of that work closer to home where they were built back in Newcastle." Mr Johnson said.

"It will be a lot easier to fix any minor problems...so there has been a few benefits there with the time delay." Mr Johnson believes there is a lot more support for the project than people are aware of. "It is a very, very good project that suits what PNG needs [to] go forward," he said. "Papua New Guinea needs to start developing small to medium sized enterprises. This project sits nicely in the desire to develop those sorts of industries." "It is not your normal type of mining project." Mr Johnson believes if PNG takes up the areas of business associated with the project, it can capture 60-70 percent of the value chain for an investment of 30 per cent of the actual capital. "It is my belief that this would still be the first project [commercial deep-sea mining] in the world," Mr Johnson said. "We are well advanced on design work for the vessel and discussions with yards and financiers but until a contract is decided on and awarded we won't be able to say exactly what that timeframe will look like."

## **Report Shows Gold's Major Contribution To PNG Economy**

*In PNG, gold made up 15 percent of GDP in 2012*



A worker holds a bar of poured gold. (Credit: AAP)

MELBOURNE, Australia (Radio Australia, Oct. 18, 2013) – A new report shows gold mining adds more than a little glitter to Papua New Guinea's economy. The report says Gold mining contributes a higher proportion of economic activity in Papua New Guinea than it does in any other major mining country in the world. The independent report by PricewaterhouseCoopers shows the direct economic impact of Gold in the world. It was commissioned by the London-based World Gold Council and is the first to examine the whole value chain for gold. It shows that in 2012 gold contributed 15 per cent of PNG's Gross Domestic Product. Ghana and Tanzania were next, with gold adding 8 per cent and 6 per cent to total economic activity. In total, gold mining contributions to the global economy were approximately \$78 billion. World Gold Council's Director for Development Terry Heymann told Radio Australia's Pacific Beat the figures from the research were quite impressive.

"Goldmining can contribute very significantly to economic growth and economic development and particularly when you look at the countries that are included in this study," Mr Heyman said. "We looked at the 15 largest gold producers and many of those are developing countries." Gold made up 26% of PNG's exported products. "These are very significant numbers when looked at within the national context," Mr Heymann said. "[The numbers] have a huge opportunity to help drive positive social and economic development in countries like PNG that are fortunate to have those gold reser-

ves." Currently there are approximately 16,000 people working in the gold mining industry in Papua New Guinea. Mr Heymann says the report looked at the direct economic impact of gold's contribution to the global GDP. He believes that mining in many places has led to the creation of entrepreneurial cultures. "Every country that is blessed with gold reserves should think about how to use the mining industry as a way to spur development for economic opportunities that are broader than the mining industry itself," Mr Heymann said. "The mining industry can really help drive that."

## **Murky waters run in Solomons mining boom**

By Stefan Armbruster, SBS, 17.10.2013

The Solomon Islands is at an economic cross roads and Australian government and mining interests are playing a big part. Ten years after the end of the ethnic conflict, investors are now looking at the country's mineral riches, from which it also takes its name. Political and business leaders are meeting in Brisbane week to weigh up the prospects, but it is a challenging investment environment. As Stefan Armbruster reports, in the Solomons land owners are also taking stock. The path of the once powerful Metapona River in Guadalcanal is blocked with a mass of dead trees. Its waters run from high in the mountains, giving life to leaf hut villages along its winding path until it reaches the sea. Alfred Pago from the Matepona Downstream Association leads the way to what is call "the blockage" near the river mouth. During the monsoon the Metapona break its banks with devastating results for the villagers. "Before the mining we never experience that. We experience the flooding, from there it kills our crops on our farms, wherever we plant," Alfred Pago says. "This is the original Metapona River. We used to fish, we used to take shells, we used to drink water, we used to use this water for cooking and the livelihood of the people."

Upstream is the Australian-owned Gold Ridge mine. It is the only one operating in the country. It recently reported record returns, though below expectations of parent company St Barbara. The Solomons is one of the poorest countries in the world, with a booming population demanding better services. For Prime Minister Gordon Darcy Lilo mining is a priority. "You have to understand it from this context: we are a least-developed country, but rich in natural resources," he says. "There's no doubt about that. I think what should be at the forefront of our mission should be to avoid us plundering this resource that can bring about a good and prospective economy for our country." Business is good at the central markets now days in the capital Honiara. Australia has spent two-billion-dollars over the past decade stabilising the Solomons with a peacekeeping mission. It ended a brutal ethnic conflict known as the "tensions" and now investors are taking an interest. "Mining has picked up and was the largest contributor to growth in 2011," says Nicholas Coppel is the coordinator of the Australian-led Regional Assistance Mission - known as RAMSI.

"The economy grew by over 10 per cent, that was largely because of Gold Ridge coming into full production." Nicholas Coppel is an economist with Australia's Department of Foreign Affairs and Trade. "You take a country like the Solomon Islands which has a low level of economic development, a low level GDP per capita and it has quite a way to go to improving the livelihood of people," he says. "It's a particularly difficult challenge in the Solomon Islands for the government to be delivering services. People live over 300 islands, infrastructure is very poor, the cost of service delivery to government is very high, so it needs a tax base." Dr Simon Albert from the University of Queensland is researching a planned nickel mine by major resource player Japan's Sumitomo. "It's certainly boom times. There's both large and small investors actively working within the country, so in the next five to 10 years it's likely to take off in a serious way," Simon Albert says. The Sumitomo project is already before the courts with another Australian company, Axiom, over who has the right to mine. It is not the first resources boom in the Solomons.

There is a precedent that was mired in legal disputes and corruption. "The timber industry has really been the foundation for the country's economic development, and it's been fundamentally a disaster on economic, social and environmental issues," Simon Albert says. Prime Minister Gordon Darcy Lilo has signed the country up for the Extractive Industries Transparency Initiative, a voluntary international mining standard for developing countries. "(It's) absolutely important, because the EITI has set the standards, the standard that you can get all the stakeholders engaged in how they share experiences, information, and data on how all stakeholders can manage the revenue flows out of this transparently, for the benefit of the economy, the people, and the country as a whole," he says. Gordon Darcy Lilo was one of the architects of the Gold Ridge mining agreement back in the 1990s. "Well as you know the case of Gold Ridge, it's the first gold mine and it is a very special one as far as we're concerned because no sooner had we opened the mine," he says. "Then we went into the tensions and the last 10 years RAMSI has given us the opportunity to rethink and come up with an arrangement that can better the arrangements at Gold Ridge."

The Prime Minister is under pressure from mine site land owners, who blame the government for irregular royalty payments from mine, the very issues the Extractive Industries Transparency Initiative addresses. "In a way it is not the institutions, it is the personnel that has failed. The systems are absolutely so robust, tough and tight but it is the officers who are regulating those offices and institutions that neglect their duties," Gordon Darcy Lilo says in defence of the administration. A statutory minerals authority and trust funds for land owner royalties are now planned but colonial-era laws covering mining and the environment are still under review. There are many critics of the government's handling of the resource sector. "The forum does not oppose mining. We would like to see it done in the best interest of the resource owners," Ben Afuga from the civil society group Forum Solomon Islands International. Ben Afuga has a stark warning, recalling the "tensions" and the trouble mining has caused in neighbouring Bougainville.

"The government has to listen to the people, we have seen it happening around the world when resources that were suppose to be given to the people are not distributed fairly, people tend to cause problems," he says. Dr Simon Albert from the University of Queensland is also critical of the Solomon Islands government approach. "The principle driver of major social and economic disasters at the mining sites, where you 'haves' at the mine site and the 'have nots' downstream, suffering the impacts by not receiving the benefits," he says. "That's exactly what's happening at Gold Ridge and decades after other countries have learnt that lesson, the Solomon Islands and Gold Ridge particularly still haven't learnt that lesson."

What of the environment and the blockage at the Metapona River? Prime Minister Gordon Darcy Lilo is cautiously sceptical. "I wanted to find out the validity of such a report because if you go to the land owners, they will give you lots of claims, brain sickness will always find opportunity," he says. "They might be absolutely legitimate but what I'm saying is that we need to have good and credible technical and scientific to verify those claims." Gold Ridge owner St Barbara decline to comment for this report. The government has been refused it permission to empty its tailings dam, which villagers say would have poisoned them with cyanide and the pollutants. Downstream land owners receive no royalties from Gold Ridge and so far no scientific study has been completed on if the mine did cause the blockage. Alfred Pago of the Metapona Downstream Association has a warning for land owners. "I have to say that, from the government, it should consider the first people, you have to agree with them, the land owners, and the affect and the speed of the mining, you have to consider them. We are the people."

Video: <http://www.sbs.com.au/news/article/2013/10/17/murky-waters-run-solomons-mining-boom>

## **MP Sione Alleges Corruption In Tonga's Government**

*Company given exploration rights allegedly managed by PM's office*

By Pesi Fonua

NUKUALOFA, Tonga (Matangi Tonga, Oct. 17, 2013) – There is corruption in government, Sione Taione, the People's Representative PR No. 8 for Tongatapu, told the Tongan Parliament yesterday, 16 October. Sione made his blatant accusation of government when the House was debating on the 2012 Annual Report of the Ministry of Land, Environment, Climate Change and Natural Resources. In the report there was a reference to a Modulus Pacific Company Ltd., a Tongan-registered company that had signed a Memorandum of Understanding (MOU) with the Tongan government in 2008, giving the company the exclusive right to explore for oil and gas within Tonga's 37,000 square kilometers of marine lands. Most intriguing though, that according to the report, Modulus is administered and managed by the Prime Minister's Office. Sione said that Princess Pilolevu was affiliated with the company and pointed out a disparity in seabed rights favoring the Modulus, a company that did not pay any license fees. According to Sione three mineral exploration companies were confined to one small area in their seabed exploration for minerals in comparison to Modulus, which has the exclusive right to the whole of Tonga.

The Minister of Justice, Hon. Clive Edwards warned the PR for the misusing of the word corruption, "one must be certain that there was corruption, and he must have evidences to support his claim." Sione responded that if there were a stronger word than corruption, he would have used it. Lord Ma'afu reminded the member that apart from exclusive right, there is also a performance right. Under a performance right, if Modulus fails to activate their exclusive right within three years, they may lose the privilege for an exclusive right. Sione, however, pointed out that according to the Annual Report, Modulus had initially been given a four years license, but was later extended for another six years. The acting Prime Minister, Hon. Samiu Vaipulu, reminded the House that since the 1980s no companies have been interested in exploring for oil on Tonga's seabed, until Modulus came along. He said that the company would invest millions in Tonga and if they would be successful, they could attract many more millions of foreign investment to the country.

Hon. Clive Edward reminded the House that a registered company has directors and a secretary responsible for its administration. He called on the member to stop making it out that there are officials in the Prime Minister's Office who are running the Modulus. Dr. Sitiveni Halapua, the PR No 3 for Tongatapu, pointed out that according to the report Modulus was administered and managed by the PM's Office. He said it was a mystery as to why this was not stated in the PM's Annual Reports despite the fact that it was reported in the Annual Report of the Ministry of Land. He moved for the administration and the management of Modulus to be moved from the PM office to the Ministry of Land. He also moved for the annual report of the Ministry of Land to also be included in reports of mineral explorations that have been carried out, and a detailed report on all the companies that are exploring for mineral, gas and oil on Tonga's seabed.

The annual report of the Ministry of Land, Environment, Climate Change and Natural Resources was passed yesterday, 16 September. Modulus Pacific Company Ltd. is one of three Tongan-registered subsidiary companies of the US-based venture capitalist Modulus-Baringer Group that were registered in Tonga in 2008 to carry out oil and gas exploration. The other two subsidiary companies were Baringer Tonga Central and Baringer Tonga South. Dr. Kairat Sydykov, the managing Director of Modulus-Baringer Group. was reported to have said in Tonga in January 2012 that they would start exploratory drilling for oil in Tonga's seabed in 2014. He said that the main areas that Tonga would benefit from were increases budget revenue, development of infrastructure and employment opportunities.

## **Identify clans, local says**

The National, October 17th, 2013

By ELIAS LARI

LANDOWNERS from Semberigi in the Southern Highlands have called on the government to identify clans properly as they would be involved in the new construction of the Southern Highlands-Gulf highway. The landowners from the Kagua-Erave electorate said they would make decisions regarding the highway. Spokesperson Tom Wambe said the government had to allow landowners to participate meaningfully and benefit. He said the people of Semberigi did not benefit financially in terms of employment in the Gobe Oil project or even with the PNG LNG project. He said the government should not entertain "paper landowners" at Waigani. "We are tired of people speaking on our behalf," he said. Wambe said the state committed K12 million as mobilisation fund for CIV-PAC Ltd to start phase one of the road from Kikori to Semberigi on land owned by the Bogasi clan.

## **NGO urges government to protect country's interests**

Post-Courier 17.10.2013

THE Government must defend Papua New Guinea's sovereignty in the dispute over the Solwara 1 experimental seabed mining project, says an activist group. Last week an Australian judge, Murray Gleeson sitting in Sydney, Australia, ordered the PNG government to pay the Canadian mining company, Nautilus Minerals, K295 million in return for a 30 per cent stake in the controversial Solwara 1 mine. This is despite PNG officials advising their government the deal is a bad one for PNG and made no economic sense. "The government must not allow foreign mining companies and foreign judges making decisions overseas dictate what happens in Papua New Guinea," community activist group ACT NOW! said. "It is totally wrong that an Australian judge sitting in a secret hearing in Sydney can make a decision that will affect the lives of thousands of people in PNG. "What does he know about our marine environment, our customs and our way of life?" John Chitoo from the Bismarck Ramu Group said: "This is totally unjust and undemocratic. "PNG is supposed to be an independent country. We must make our own decisions. The days of us having to crawl at the feet of the Colonial "masta" ended in 1975," said Mr Chitoo. "Investing almost K300 million of our money in a mine that might never make a profit and which will destroy an important marine environment is just ludicrous," say the activist groups.

## **Papua Mine, Union Reach Collective Bargaining Agreement**

*Negotiations with Freeport will bring pay increases for workers*

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 16, 2013) – The miner Freeport-McMoRan says it has successfully concluded negotiations with union workers at its Papua site in Indonesia on terms for the Collective Labor Agreement. In a release, Freeport says both parties have agreed in principle on the substantive terms to be included in the agreement for the upcoming two-year period, including a base pay increase for the workers. Enhancements in the pension plan and other benefits were also agreed upon. Negotiations have been proceeding intermittently since June. Freeport Indonesia, which employs about 24,000 workers, expressed relief that negotiations have been settled without having to go through a strike. Relations between Freeport and unions have been strained in recent years following a three-month strike in 2011, May's deadly tunnel collapse at Freeport's Papua mine and a series of minor spats. The agreement is expected to be formalised before the end of October.

## **LNG: Threats to shut project down**

The National, October 16th, 2013

By JEFFREY ELAPA

THE Hides landowners in the Hela are threatening to shut down the PNG LNG project after waiting for government commitments since 2009. The Petroleum Licence Area 7 landowners who own about 70% of the PNG LNG gas and the condensation plant, have called on the government to respond to their demand. Their demand was made in a petition with a 14-day notice earlier this year as agreed under the Umbrella Benefit Sharing Agreement (UBSA) and Landowner Benefit Sharing Agreement (LBSA) agreements of 2009. Hides 4 landowners umbrella company chairman Chris Payaba said in the agreement signed in 2009, the parties agreed to resettle the landowners, join the pipeline from wellhead A and not wellhead B, a permanent water supply for the landowners, construction of the K100 million Hides township, sealing of the Para Komo road and funding and construction of health and education facilities, among others.

Payaba, who represents more than 7,000 landowners, said from Hides yesterday that since the agreement was never honoured by the state, the landowners gave the government a 14-day notice addressed to the Prime Minister Peter O'Neill and developer ExxonMobil's managing director, Peter Graham. He said copies of the petition for the developer and the state was also delivered to the Chief Secretary to Government Sir Manasupe Zurenuoc, Petroleum and Energy secretary Rendall Rimua, Mineral Resource Development Company managing director Augustine Mano, while a further seven days notice was given to the Attorney-General Kerenga Kua. "Since the people gave the petition, no response has been forthcoming and the PNG LNG project is about to be completed. We want the government to come out clear and tell us if our demands are going to be honoured and when it will be honoured," he said. "We will not allow the pipes to be connected to the wellhead and we will force it shut if we do not receive any response from the government and the developer," he said. "Enough of giving us piecemeal and sweet-talk. Enough is enough and we want a favourable response to our demands."

## **NGOs back Tomscoll's call on agriculture**

Post-Courier 16.10.2013

LOCAL non government organisations have backed a call by Minister for Agriculture and Livestock Tommy Tomscoll to turn its attention away from the mineral sector and put emphasis on re-developing the local agriculture sector and other sustainable industries. Port Moresby-based ACT NOW and Madang-based Bismarck Ramu Group, in a joint press statement, said they fully supported the call. Mr Tomscoll last week during the launch of the Tari Pori district agriculture plan said recent development in the extractive industries have left the agriculture sector near collapse and this needs to change. "The minister is absolutely correct to say our economy should be based on local agriculture rather than mining, oil and gas or indeed logging or oil palm," said John Chitua, coordinator of the Bismarck Ramu Group.

"Investment in local agriculture means investing in the innovation and creativity of Papua New Guinea people, including women and youth. This is far more productive and of greater benefit than investing in foreign mining companies." Community advocacy group ACT NOW also shared the same sentiments as their NGO counterpart. "Local agriculture directly affects the livelihoods of over 80 per cent of our population. As the Minister says, it has been their source of income, food and business for centuries. "Development means investing in people and our own skills and knowledge, and for PNG that means local agriculture. "Mining, oil, gas or oil palm are not our Papua New Guinean ways and should not be the focus for our government." They are urging the minister to press ahead with his review and implement measures to revive it and reconnect with local farmers.



*Letter to the editor***Ok Tedi takeover - Western suffering in silence**

The National, October 16th, 2013

I REFER to the statement from Sir Mekere Morauta about “More suffering in Western province because of PM’s attack” (Oct 7). The prime minister's decision to take ownership of Ok Tedi Mine Ltd may not be right for the people. I have been in Western recently before I moved out of the province and I have seen that people there, especially those in the mine impact regions were very confident working with PNGSDP and OTML and openly voiced their views in discussions. Any review in the policies or projects, PNGSDP and OTML always had consultative meetings with the people. They implemented policies and projects in the best interests of the people. It is sad to read Sir Mekera’s statement that just a short time after the takeover of OTML by the government, health and education projects in Western are closing. People are losing jobs and the communities are hurting. The people of Western are suffering in silence as they see their leaders going along with the prime minister. PM, please keep your word if you are planning to get better benefit packages for the people of Western. Lawrence Rox Miria, Gazelle

*Letter to the editor***Nautilus Minerals deal benefits only investors**

The National, October 16th, 2013

I WOULD like to comment on an article on the front page of The National regarding the state being asked to pay K295 million to Nautilus Minerals Inc (Oct 7). By paying the money, PNG will have to allow the Canadian company to start the Solwara-1 deep sea mining project. The implications of deep sea mining to the environment is unknown because it will be the first time it is done, in PNG. There is no guarantee that the venture will succeed. There are some very powerful stakeholders in this business, and we have been made to dance to their tune all because of the contract the PNG government signed in March, 2011. Nautilus Minerals Inc has shareholders from huge mining companies that operate worldwide, from Oman to Cyprus to the United States. The company, no doubt, was able to convince PNG politicians into signing that agreement, and that led to the government failing to honour the contract. In the 32 months since the signing of the agreement, the PNG government was expected to pay K 9 million a month. How in the world did any politician in his right mind sign the agreement? The K295 million is much-needed money for hospitals, schools, roads and bridges. There are rural areas in PNG which lack basic medicine, and people are still dying of preventable diseases. It is a shame that a big corporation such as Nautilus can take what little money we have so that it can please its fat investors. This giant of a company is shoving the decision right down our throats whether we like it or not. Archer, Popondetta

**Nautilus project at least two or three years away, even if government pays up**

Business Advantage via PNG Mine Watch 16.10.2013

Even if the PNG Government puts up its share of the funds for the Solwara I project, as Nautilus Minerals’ CEO expects, it will be at least two to three years before the company can begin its deep sea mining operation in the Bismarck Sea. Earlier this month, Nautilus won a legally-binding ruling that the PNG government pay for its 30% stake in the joint venture Solwara I project and to pay its share of costs to date. As we reported last week, the independent arbitrator ordered the PNG government to pay US\$118m (K 303 million) by 23 October 2013. Nautilus’s CEO, Mike Johnston, reassured an investors conference last week that he is confident the government will pay by the due

date. Johnson said he had met with the new head of Treasury Dairi Vele in Port Moresby last week, and other officials, ‘and didn’t meet with any real resistance. The project is continuing to move forward and we have a lot of support’.

‘The arbitration has basically given clarity to some of the issues which really were issues between the company and the government obviously, but also internally within the government and that clarity makes it very clear what the path forward is for both parties, in my view, we’re both keen to get on with it now,’ he said. Nautilus is now going ahead with plans to build a special-purpose vessel that will separate ore from seawater. Johnson says he expects the order to be placed in the first quarter of 2014, but would not be able to give a timeline on exploration until then. The company has quotes ranging from US\$180 million (K 462m) to US\$260 million (K 668m) for the ship, according to Chief Financial Officer, Shontel Norgate. The vessel will take two to three years to build, depending on which shipyard gets the order, she said. She said Nautilus could fund the cost of the vessel with partners or pay for it alone, which would involve paying 20–30% of the cost through equity and the rest with debt financing.

### **Solwara 1 project recommences MoA talks**

Post-Courier 16.10.2013

STAKEHOLDERS of the Solwara 1 deep sea mining project have re-commenced discussions on the project’s memorandum of agreement (MoA). This comes more than a year after the project was engaged in an arbitration process between the State and Nautilus with respect to their financing obligations as joint venture partners. These issues have since been resolved. The stakeholders comprising the state, New Ireland Provincial Government, Nautilus Minerals Inc, and the East New Britain Provincial Government, met last week in Kavieng where the MoA was discussed. The Mineral Resources Authority’s acting Executive Manager for the Development Coordination Division and senior member of the state team, Sean Ngansia said the parties are committed to executing this MoA before the end of the year. He said last week’s meeting was successfully concluded as issues progressed well despite some disagreements.

Among many other issues discussed were royalty distribution between the New Ireland Provincial Government and the East New Britain Provincial Government, business development plan and employment and training. It was agreed that the NIPG would table to its provincial executive council, the national government proposed royalty break up of 40 per cent ENBPG and 60 per cent NIPG between the two provinces. The NIPG position on this would be tabled in the next MoA meeting. The stakeholders agreed that Nautilus will provide a business development plan to the state, particularly to the Department of Commerce and Industry. It was agreed that Nautilus would submit an employment and training plan to the Department of Labour & Industrial. The recent MoU signed between the NIPG and Nautilus although not part of the MoA, was also discussed. It was also agreed that the NIPG would discuss the details of the MoU with its local level governments. All stakeholders expressed satisfaction with the outcomes of the meetings despite issues that needed to be sorted out.

### **Foreign Miners Argue Over Nickel Rights In Solomons**

*Sumitomo, Axiom claim support from Santa Isabel landowners*

MELBOURNE, Australia (Radio Australia, Oct. 15, 2013) – A major court case in Solomon Islands is seeking to resolve a long-running dispute between Australian and Japanese companies over nickel rights on Santa Isabel island. Japanese company Sumitomo and Australian miner Axiom are appearing at Honiara court house to argue they each have the right approval to start mining rich veins of nickel bearing ore. Sumitomo began prospecting first, but a deal between landowner groups and

Axiom has landed the rights in dispute and in court. Sumitomo and Axio both claim support of different landowner groups, while another landowning company has also sent its own representation. Australian judge, John Brown, who has extensive experience in Melanesia, has been brought in to hear the case. Lawyers say it is exceptionally important to determine issues of land-ownership and processes around starting future mining operations.

The Solomon Islands has one operating gold mine - Gold Ridge in Guadalcanal. During a visit to Japan, Sumitomo told Solomon Islands Prime Minister Gordon Darcy Lilo the mine on Isabel could be ten times the size of Gold Ridge. The Solomon Islands Government believes that once this case is resolved the country has a bright mining future. Dr. Philip Tagini, special secretary to the Solomon Islands prime minister, says 111 prospecting licences have been issued. "We are gearing up in terms of the departments, we are reforming our legislation, we are setting in place a new policy which will allow participation by a wide range of stake-holders [and] equity to be built into our systems," he said. "We have reforms in the areas of taxation to allow predictability to be judged by potential investors. "The Environment Act – we are, we are strengthening the implementation and monitoring of the Environmental Act." The complicated case is expected to continue into next year.

### **Ok Tedi nationalisation, biggest ever legal challenge?**

PNG government to defend aggressive move

By Rowan Callick, Islands Business, October 2013

The Papua New Guinea government on September 18 nationalised through parliament the vast Ok Tedi copper-gold mine by 62 votes to none—a move which is expected to trigger the country's biggest ever legal challenge. This is likely to see the government defend its aggressive move in both Port Moresby and also in Singapore, where PNG Sustainable Development Program (SDP), the trust that owned 63 percent of the mine is legally registered. This structure was arranged to ensure that most benefits of the mine—which is the biggest single contributor to the PNG government revenues, A\$543 million or about 16 percent of the total government income—flow to people in the Western province, where it is located. It was devised with Australian mining giant BHP-Billiton when it pulled out of Ok Tedi more than a decade ago, following environmental disasters. At stake is not only the mine worth A\$876 million, but also the A\$1.5 billion in a long-term fund established by SDP to be used for the people of the province when the mine closes. Prime Minister Peter O'Neill, proposing the takeover, said that SDP shareholders would be compensated—but the amounts have not been determined. This will be decided by the prime minister, according to the legislation, acting on Cabinet's advice.

The act, which cancels SDP's shares in Ok Tedi Mining Ltd and issues new shares to the government, giving it 100 percent control, also removes the immunity for BHP against action for compensation, which was granted at the same time as the trust was established. In an explanatory memorandum attached to the legislation, the government says: "Any person who has any choice in action or right to pursue or enforce legal proceedings against or in relation to BHP in connection with the operation of the Ok Tedi mine will now have their full rights restored." The remaining connection of BHP with Ok Tedi is that it has retained veto power over changes to the constitution of SDP—chiefly in order to ensure that the long-term fund, which comprises a form of compensation for the environmental impact of the mine, remains fully available to benefit those affected. The chairman of both Ok Tedi and SDP, former prime minister and former central bank governor Sir Mekere Morauta, said: "Where we can fight, we will fight. Why are we expropriating assets from our own people? Ok Tedi is a nationally-owned mining company."

One of the issues that triggered the government takeover, was that it claimed it was not consulted earlier in the process by which Morauta became chairman of both entities. The O'Neill government

has received widespread support from the public and from politicians since making its unprecedented move. But leaders of the mine-affected area of Western province, almost all of whom signed the Community Mine Continuation Agreement to approve an extension of Ok Tedi's operation beyond the end of this year in return for a flow of dividends and other benefits via SDP, have attacked the mine nationalisation. The association of such communities wrote to O'Neill saying that they had agreed to the mine's continuing operation in order to gain development benefits via SDP, but "we have not consented to the takeover of SDP shares in Ok Tedi by the government". Morauta said these villagers "have been tricked by a ruthless prime minister focused on his own ambitions." Stephen Howes, director of the Development Policy Centre at the Australian National University, who co-wrote an independent review of SDP in 2011, said the government's move "raises serious questions about government-business relations and the security of property rights in PNG." Morauta said the government's assumption of ownership would be "the trigger forced on the company to start drawing down" the A\$41.5 billion long-term fund, to which two thirds of the dividends from the mine has gone.

The SDP chief executive David Sode said the trust in its first decade spent about A\$450 million on 662 projects, focused on education and health from the other third of the dividend income in Western province and elsewhere in PNG. O'Neill said however: "It is time to put the ownership of the mine and its future beyond doubt. The behind-the-scenes influence of BHP and its representatives and appointees has gone on for too long." The move underlines a trend towards economic nationalism in PNG. Mining Minister Byron Chan has told parliament "the government is looking at taking over" the A\$5.6 billion Frieda River copper/gold project, 81.82 percent owned by Swiss-based GlencoreXstrata. And Commerce Minister Richard Maru earlier this month blocked the partial takeover of New Britain Palm Oil Limited (NBPOL) by Malaysian company Kulim Berhad—which wanted to increase its stake from 48.97 percent to 68.97 percent—saying that 90 percent of the economy is controlled by foreigners: "The government's aspiration is to reduce that to 50 percent by 2030." He said that not only was Kulim barred from increasing its stake in NBPOL, perhaps PNG's most successful agricultural venture, but it would have to reduce its present stake by selling shares to provincial governments where the company operates.

He said the government would restrict full foreign investment or participation in some sectors of the economy, including in agriculture and fisheries. Maru said: "We have to create two million jobs immediately, otherwise we're going to continue to have social problems. And as a responsible government, we're going to take some very drastic steps, including legislative changes to create more opportunities for own citizens to enjoy the wealth of our nation." The battle for control of Ok Tedi and SDP with its massive funds began almost a year ago when O'Neill told parliament that leading Australian economist Ross Garnaut—who was chairman of both entities and had chaired SDP since its establishment—was "no longer welcome" in the country. O'Neill said after introducing the nationalisation bill to parliament that SDP "has collected money and parked it in the bank and hasn't been investing it in helping every day issues." Morauta said that "the risk of turning Ok Tedi Mining Ltd into a state-owned enterprise far outweighs the benefits. "It would destroy the mine and threaten the flow of dividends"—with "reliable sources estimating that at least billions of kina have gone missing from government coffers in the last few years."

A multi-billion dollar scheme to bring hydro power from PNG's Purari River to Queensland in Australia, via a joint venture between Origin Energy and SDP, would appear to be one of the casualties rippling out from this massive row enveloping PNG's political and economic worlds. It remains unclear how the government will pay for the takeover. The share of the mine owned by SDP alone is valued at the equivalent of 55 percent of this year's originally budgeted deficit. Morauta said the parliamentary legislation "would undermine investor confidence at a time when a number of very large investments are on the horizon". PNG Treasurer, Don Polye revealed in parliament during the same week as the nationalisation of Ok Tedi, that the budgeted fiscal deficit for

2013 of 7.2 percent of gross domestic product—following a succession of balanced or near-balanced budgets—is expected to deteriorate to 7.7 percent. He attributed this in part to falling commodity prices, in part to large corrupt payments for “ghost workers”—staff who have died or moved or collect more than one salary—on government payrolls.

### **Report: Drop in agriculture sector**

Post-Courier 15.10.2013

By *ANCILLA WRAKUALE*

THE agriculture sector has witnessed a decline in cash crop production in recent years, says the World Bank in its East Asia Pacific economic update last week. The report on PNG said international prices for PNG exports also continued to fall, with some offset for local producers' incomes from 11 per cent depreciation in PNG kina against US dollar between January and August this year. The report said complementary investments in extension and marketing services required to improve farmers' incentive and productivity have been lagging. Reports from the BPNG from its quarterly economic bulletin shared similar sentiments. The bank reported a decline in sales revenue in agriculture, forestry, fisheries, manufacturing, wholesale, retail and transportation sectors, while it increased in the mineral and building and construction sectors. The level of employment increased in the mineral, wholesale, agriculture, fisheries and other non-mineral sectors while it declined in the retail and manufacturing sectors. The bank reported that average price of PNG exports in the June quarter of this year declined by 8.3 per cent, compared to the corresponding quarter of 2012. There was a 7.5 per cent decline in the weighted average price of all agricultural exports. For the agricultural, logs and marine product exports, the weighted average price declined by 11.2 per cent and was attributed to lower prices of agricultural exports. Excluding logs, the weighted average price of agricultural and marine product exports declined by 13.7 per cent in the June quarter of this year, compared to the corresponding quarter in 2012.

### **Ok Tedi landowners seek opposition help**

EMTV 14.10.2012

The landowners of Ok Tedi Mine have sought assistance from the Opposition in fighting the decision made by the government over the transfer of Ok Tedi's shares. They say they have come to the Opposition as it is the alternate government and wanted legal advice on how they can address the situation they now face. Elected representatives from the CMCA areas and the mine affected villagers presented themselves to Opposition Leader, Belden Namah last Thursday. Representing 162 mine villages of the impacted communities along the Fly River corridor, the leaders said the Prime Minister Peter O'Neill has ignored them when passing the bill on the transfer Ok Tedi Mine shares. Spokesman, Richard Zumoi said the government is yet to respond to the two petitions presented before and after the bill was passed.

“Before the bill was passed, we wanted to stop the bill by inviting the Prime Minister. On the 2nd of August we presented our petition that we don't want the arrangement he (O'Neill) made,” said Zumoi. “We did another letter again to the Prime Minister after the bill was passed, but still we got no response,” he said. Zumoi said they are seeking independent legal advice, but from what they have gathered they do not have legal standing because they do not legally own the mine. However, they welcome any form of assistance from the Opposition even legal advice as to whether they have any legal grounds to challenge the decision in court. Mr. Namah has responded promising them to take their views further to his legal advisors. The landowners have written to the prime minister, demanding immediate transfer of 2.5 per cent shareholding plus any outstanding commitments of 2006 and 2007 CMCA review outcomes.

**Nautilus confident PNG government will meet deadline to pay its share of seabed mine**  
 ABC Radio Australia, 14.10.2013

Nautilus Minerals says it is ready ramp up its deep-sea copper and gold exploration project after an international arbitrators ruling on its dispute with the government of Papua New Guinea. Earlier this month, former Chief Justice of the High Court of Australia, Murray Gleeson ordered PNG to pay for its 30 per cent stake in the joint venture and to pay its share of costs to date. Papua New Guinea had argued that Nautilus had not kept its obligations, allowing it to terminate its role in the venture.

*Presenter: Jemima Garrett*

*Speaker: Nautilus's CEO, Mike Johnson*

JOHNSON: The State has been told to comply with the arbitrator's decision within a reasonable time frame so we issued a notice saying we would like completion by 23rd October and we are working to that date. And once that is achieved, ..As you are aware we have always managed to keep the 3 key contracts underway during this process. It was difficult but we managed to do it, particularly the sea-floor production tools so production of those tools has been ongoing through this and now that the arbitration dispute has been dealt with by the arbitrator, we are looking forward to accelerating the rest of the contracts and build schedule.

GARRETT: You expect the Papua New Guinea government to pay US\$118 million by 23rd October. How sure are you that it will pay up by the deadline?

JOHNSON: Well, the arbitrator's decision is legally binding and it is final so the state must abide by his ruling and meet its obligations under the state equity options agreement that it signed back in May 2011, I think it was.

GARRETT: Have you spoken with PNG government Ministers or senior officials since the arbitration to find out whether they are actually on the case and will be able to pay by the deadline?

JOHNSON: Yeah, I have spoken to officials in Treasury and they are working to meet their obligations so yep!

GARRETT: So you are confident you will get the money?

JOHNSON: Well, we are confident that the state will meet its obligation.

GARRETT: By the deadline?

JOHNSON: Yeah, we have a deadline of the 23rd. The state, in my discussions with them last week the State was working to meet its obligations by the due date so..

GARRETT: What happens if PNG doesn't pay up by the deadline?

JOHNSON: Well, it is a legally binding obligation on the state.

GARRETT: I guess you can't put them in prison. What are the consequences of not paying up?

JOHNSON: (laugh) Oh! You know, like I said the decision is legally binding on the state.

GARRETT: Metal prices have been falling while this dispute has been happening and the dispute has caused delays and extra cost. What impact will those factors have on the project?

JOHNSON: Oh there is no doubt as we have discussed previously that the dispute has resulted and will result in delays in terms of the project. As for metal prices falling, well the project is largely a copper mine. Copper pricing is still very, very good; \$3.20 last Friday so you know. I can remember working in the mining industry back in the early 2000's when copper was 60 cents a pound so I wouldn't say prices have fallen. There is a little bit of jitteriness around gold as there always is when you have significant political events happening. And I guess the current state of the U.S. would be classified as a significant political event.

GARRETT: How damaging has the dispute been to the project?

JOHNSON: Well, we have managed to keep the project on track and continue with the build but yes, definitely, it has had an impact on our company, that is for sure, and on the project because delays ultimately result in increased cost. We were tracking very well with the project early on and we are still, with the three main contracts we have managed to keep going, we have managed to track to a revised schedule on those but any delays, generally, in the mining industry result in increased cost.

GARRETT: Has this dispute risked the commercial viability of the project?

JOHNSON: No! What it has done, I guess is, the delays have resulted in the critical path moving through the vessel rather than the machines. So what it will do is give us the ability to test the mining tools in particular, iron out any operational issues that may occur with those in the early stages. I mean we always planned for a significant ramp-up period when we were commissioning the machines and bringing them on line, but now we will have the ability, hopefully, to do a fair bit of that work closer to home where they were built back in Newcastle. It will be a lot easier to fix any minor problems, when the factory is just down the road than, literally, on the other side of the world. So there has been a few benefits there with the time delay.

GARRETT: What are you doing to heal the rift with the PNG government?

JOHNSON: To me listening is the key part of any relationship and I think I have always, we as a company, are always keen to hear what people think and where there is good ideas, take those ideas on board. So as a result of that I like to think we have very strong support at all levels of government, whether it is politicians or bureaucrats. There is a lot more support for the project than people are aware of and it is a very, very good project, that suits what PNG needs going forward, you know. Papua New Guinea needs to start developing small to medium sized enterprises. This project sits nicely in the desire to develop those sorts of industry. You know, it is not your normal type of mining project. There is opportunity for Papua New Guinea to participate throughout the project, throughout the value chain. You know, if Papua New Guinea takes up the areas of business associated with this project, Papua New Guinea can capture 60-70 per cent of the value chain for an investment of 30 per cent of the actual capital.

GARRETT: Will Papua New Guinea still be the first country in the world to start commercial deep-sea mining?

JOHNSON: Well, it is my belief that this would still be the first project. I know people are looking at other projects but it is my belief that this one would be the first.

GARRETT: So what is the timetable for getting commercial mining happening in PNG now the arbitration is complete?

JOHNSON: the timeframe still relies on the building of a vessel and critical path for delivery of the project still goes through the vessel. Vessel construction can take anywhere from 24 to 36 months depending on the yard and the type of vessel that's required. We are well advanced on design work for the vessel and discussions with yards and financiers but until a contract is decided on and awarded we won't be able to say exactly what that timeframe will look like.

### **Ok Tedi: Landowners want out**

The National, October 14th, 2013

OK Tedi landowners have demanded the Government return their 63.4% shareholding in Ok Tedi Mining Ltd (OTML). Leaders of the Community Mine Continuation Agreement (CMCA) people in South Fly, North Fly and the mine villages, agreed on this following the Government's recent takeover of OTML. Their other demands are:

- All dividends to be paid directly to CMCA and mine villages;
- no payment and use of the 2012 dividend by any person or body other than the CMCA and mine village communities;
- an immediate halt to all dealings in the 63.4 shareholding pending outcome of meeting with the prime minister, and,
- Restoration of beneficial rights and the right to decide not to approve the continuation of mining.

In a statement yesterday, the CMCA leaders said the distribution of dividends was part of the environmental compensation to their communities and mine villages. "We are entitled to benefit from the compensation due to CMCA and mine villages," they said. "In the interim, we demand the im-

mediate transfer to us of the 2.5% shareholding plus any other outstanding commitments of the 2006/07 CMCA review outcomes, separate from the 63.4% shareholding granted to us by NEC decision No. 272/2006.”

### **Chan satisfied with Pogera review**

Post-Courier 14.10.2013

Mining Minister Byron Chan has expressed satisfaction with the progress of the Porgera memorandum of agreement review this year. Mr Chan, in a statement, said this year has witnessed a real commitment by parties to the Porgera MoA wherein two meetings have been held progressing discussions to a stage where the parties were confident that they can sign off before the end of the year. “I am pleased with the progress of the Porgera MoA review this year and the government looks forward to singing off this long overdue MoA before December this year,” Mr Chan said. “The landowners, Enga Provincial Government and the state have demonstrated their commitment in progressing the review process this far and I commend them for their efforts and encourage them to finish what they have started. “I am informed that this is probably the only time the review itself has come this far and appeal to all parties to conclude the review.” He said the review process has not been smooth though with factions within the landowners themselves threatening to shut down the Porgera mine demanding greater recognition of their involvement in the review as well as laying claims to state funds which the claim is rightfully due to them.

“I am informed that the matter between the state and the Porgera Young Generation is currently before the courts, and until such time as the courts have made a decision, I am not at liberty to make any comments with respect to their claims for funds from the state,” he said. Last month, the Mt Kare Young Generation Association issued a 14 day ultimatum petitioning the prime minister stating their various claims and demands. “In the meantime, I appeal to them to join the rest of the parties at the next review meeting,” Mr Chan said. The minister also appealed to parties to the MOA not to threaten the disruption of the mine as means of leveraging their demands. “I must commend all parties including the Young Generation for ensuring that despite the threat to shut down the Porgera mine recently, common sense and restraint was applied resulting in no action being taken against the mine,” he said. Mr Chan assured both the Porgera landowners and the Porgera Joint Venture that the government was doing everything in its power to ensure that the review is completed and that “we not entertain threats to disrupt mine operations”.

### **Bougainville must look at other alternatives**

Post-Courier 14.10.2013

CENTRAL Bougainville MP Jimmy Miringtoro wants the Autonomous Bougainville Government to seriously look at alternative ways of making money for the region. And he has suggested the ABG hierarchy and bureaucracy seriously invest in the 14 abandoned plantations from the Bougainville crisis, one of them the Numanuma Plantation, to generate revenue because he believes the way things are going, mining will not kick start now or soon but after many years of negotiations. “Mining will not come about soon,” Mr Miringtoro said. “What transpired last week where ABG mining officials and leaders were chased away in Central Bougainville shows clearly or signifies that people are not ready to start the mine. “We have to respect the people and we have to respect the ex-combatants and we have to respect the small people who suffered and who are still suffering. “We must therefore start looking at alternatives, and one way is that the ABG should now seriously revisit the agreement on the plantations.”

The MP, who is also the Minister for Communication, has also defended Lawrence Daveona, who has been blamed for the actions of the ex-combatants, claiming that it was a big mistake to point fingers. “Whoever is blaming Daveona must apologise because he is being used as the scapegoat



when there are bigger issues to point fingers at including the ABG mining division,” mr Miringoro said. “The ABG mining division were not honest enough to organise people but pushed them to lure others in order to discuss the issue of mining. “That is not the way to go about it. Shoving money under the table is not the answer. This is a sensitive issue that we must all address with due respect. “So with this, I urge all people of Bougainville to look into other means of generating revenue and I would recommend agriculture to improve the economy of Bougainville. “We should concentrate on cocoa and coconut and help our farmers.”

### **Concerns rise over environmental impacts of deep sea mining**

Nuku'alofa, Tonga, Matangi Tonga Online, October 11, 2013

Members of various regional organisations have voiced their concerns over the prospect of deep sea mining in Pacific waters. The concerns were raised in a United Nations administered forum known as the Pacific Solution Exchange and highlighted in a press release by the United Nations Development Programme (UNDP) last week. The forum hosts e-discussions on topics with contributions from researchers, scientists, civil servants and experts from around the Pacific. According to the UNDP, Pacific waters are “...now facing large-scale industrial exploitation as mining of the deep seabed for minerals becomes a reality”. Pacific Political Advisor for Greenpeace Australia Pacific, Ms Seni Nabou stated “As terrestrial minerals become depleted and prices rise, the search for new sources for supply is turning to the sea floor and many non-government organisations remain concerned at the haste in which exploration and mining is taking place,”

“While harvesting these resources could provide a much-needed economic boost to many Pacific Island countries, Greenpeace Australia Pacific and a coalition of Pacific Regional Non-Government Organisations are concerned about the rush to deep seabed mining and have called for a halt to it in the Pacific region”. “This emerging industry, facilitated greatly by advances in technology, poses a major threat to our oceans, which are already suffering from a number of pressures including over-fishing, pollution, and the effects of climate change”. The concerns were shared by Deep Sea Minerals Project Legal Advisor from the Secretariat of the Pacific Community, Hannah Lily who stated that in some cases, “Scientists predict the direct impacts of seabed mining of seabed mining are likely to be localised to the mining site, due to the high pressure and low current in the deep ocean, which will restrict sediment dispersal”. The Pacific Solutions Exchange is a forum that has over 1500 members including practitioners, students, government, concerned elders, and community members in remote islands.

### **Billions in taxes from oil, mining**

The National, October 11th, 2013

PAPUA New Guinea’s mining and petroleum industry paid an average of about K2.24 billion [0.8 billion US\$] in government taxes each year for six years. From 2005-10, the industry paid to the National Government K9.69 billion [3.4 billion US\$] in corporate taxes, K1.2 billion [400 mio. US\$] in dividends, K1.2 billion in royalties and K1.27 billion in dividends withholding taxes. This totalled K13.42 billion [4.7 billion US\$] for the period. The sector also contributed significant amount in salary and wages tax, duties and levies, the tax credit scheme and dividends to some host provincial governments and landowners. PNG Chamber of Mines and Petroleum revealed this at the second national consultation conference in Port Moresby earlier this week. The mining and petroleum industry contributed more than one-third of government tax revenue every year.

The chamber said: “The resource industry had experienced an unprecedented period of activity and growth and this shielded PNG from the effects of the global financial crisis that impacted many

other economies.” The last major market crash to affect PNG happened in 1997 following the Asian financial crisis and recovered in 2003. Since then, the country had experienced an extended cycle of sustained growth until the middle of last year when evidence of a slowdown began to show. “Exploration had been at an all-time high, resulting in widespread benefits across the country since exploration funds were spent in provincial centres and towns and on grassroots employment across the country,” the chamber said. Formal employment in the mining and petroleum sectors had grown to more than 35,000. The workforce in the formal informal mining sector expanded to 60,000-80,000.

### **Mining project areas need police presence**

Post-Courier 11.10.2013

By *JOHNNY POIYA*

Local leaders have called on the Government to establish police stations at the different resource development project sites in the Southern Highlands and Hela provinces. The leaders said the projects have drawn an influx of people into the areas, triggering an increase in law and order problems. They claimed that police personnel providing security at the project sites were not enforcing law and order but were serving the interests of the project developer, Exxon Mobil. Recently a local leader was beheaded at a market in Homo where work on the pipeline segment three and four was in progress. The killing forced Exxon and contractor Spiecapag Niugini to shut down operations for a week. The victim was the chairman of a landowner group from the Huku clan where land petroleum development licenses five and six are situated. Homo Pawa People’s Association chairman Paias Pape and Moran Special Authority chairman Antony Hamaga said permanent police stations were needed at the sites. The leaders said such killings and other crimes in the area were never experienced before the project started. They said so far 10 people have been killed. Henny Haiabe, the secretary of Marupa Mandali Pipeline Association, said people were living in fear with a lot of outsiders flocking into the area. “Production on the LNG is about to begin,” Mr Haiabe said. We need to have several police stations in the area to curb rising crime. This would also help government and the developers prevent future disturbances.”

### **Agriculture vital to PNG**

Post-Courier 11.10.2013

By *ANCILLA WRAKUALE*

RECENT increased developments in the extractive industry have left the agriculture sector to near collapse, says Agriculture Minister Tommy Tomscoll. Mr Tomscoll said despite that, the agriculture sector has always been the backbone of the economy. He said as a way forward he would encourage the government to shift their focus from the mineral sector to redevelop the agriculture sector and other sustainable industries such as fisheries and tourism for sustainable economic growth. “PNG is a agriculture economy and not an economy based on mining, oil and gas,” he said. Mr Tomscoll said revenue from the extractive industry was an opportunity and will not last. He said the success of agriculture lies in innovation and creativity, hence it was important to educate and do more awareness to the young people to work hard on their land. He said they will review the entire sector and revive it and connect directly with the farmers. He said the livelihoods of over 80 per cent of Papua New Guineans depend on agriculture with the sector contributing to about 20 per cent of GDP. Mr Tomscoll said farming has been a form of income, food and business for the people of PNG for many years. He said he would like to see people go into the culture of savings from their farm produce and agricultural activities to improve their lifestyles for them and their children.

## **Government wrong to allow Nautilus, leader says**

The National, October 10th, 2013

A COMMUNITY leader in East New Britain said the arbitration ruling for the government to pay Nautilus Minerals nearly K300 million indicates it was wrong initially to allow the company into the country. Jack Ephraim, an outspoken leader from the Duke of Yorks islands, in Kokopo district, said many concerned leaders and environmental organisations were calling on the government to reconsider its decision in allowing Nautilus to conduct exploration on the country's seabed in the proposed Solwara 1 project in the Bismarck Sea. Ephraim said the government had to pay the fine for breaching the contract with the company, which had indicated a lack of consultation with the people before making such a decision that would impact the lives of people between ENB and New Ireland. He has cautioned the government to pay up its due before the deadline on Oct 23. Ephraim said it was best if the government put a stop to anymore dealings with the company and said the project without a proper environmental impact study was likely to have environmental destruction. It is understood Nautilus was looking forward to bringing the Solwara 1 project into production and will work with the state in order to progress.

## **Good governance pushed**

The National, October 10th, 2013

GOOD governance on the exploitation of the country's resources can generate large revenues for economic growth and poverty reduction, PNG Civil Society Organisations (CSO) said. Transparency International PNG operations manager Jerry Bagita said the extractive industries transparency initiative (EITI) aimed to strengthen governance and capture revenues from the resource sector. The EITI sets a global standard for revenue transparency between companies and governments from natural resource extractive activities. It is a robust yet flexible mechanism for monitoring and reconciling these payments and receipts. Two key requirements of the EITI standard are:

- Companies publish what they pay and governments publish what they receive in an EITI report; and
- This process is overseen by multi-stakeholder group of governments, companies and civil society and published in a national EITI report that is accessible to the public for its review, dialogue and debate.

In May, the PNG government announced at the sixth global EITI conference its intention to apply for EITI candidacy. The application for candidacy involves the invitation of civil society and industry to join the state in implementing the EITI. During the second national consultation conference which ended yesterday, civil society representatives in all four regions were endorsed and self-selected seven CSO representatives to participate in the formal PNG EITI multi stakeholder group that would be established in November. The seven CSO organisations included Transparency International PNG, Institute of National Affairs, Consultative Implementation and Monitoring Council, PNG Council of Churches, PNG Mining Watch, Business Against Corruption Alliance and PNG Eco Forestry Forum.

## **Landowners victims, not beneficiaries**

By *DAVID MURI*

Post-Courier 10.10.2013

FUNDS allocated for development purposes in gas-rich Hela province have been misappropriated by 'Papua New Guinean paper landowners' and the real landowners continue to suffer. Demands on the government have also been made to furnish the list of beneficiaries of infrastructure develo-

ment grants and the guidelines used in selecting those companies in the newspapers. A frustrated chairman of PDL 7 in South Hides, John Kaloma said yesterday that landowners from the richest province are literally poor, and he demanded that National Planning Minister Charles Abel apologise to the marginalised landowners for claiming that they have misused more than K550 million in development grants. “There is not even a single toea in our hands. Papua New Guinean paper landowners collaborating with senior government officials are benefiting from these funds at our expense,” Mr Kaloma said. He said the stark reality is that landowners are living like refugees and mere spectators in their own land while outsiders flock in to seize opportunities. “We the project site landowners are living on the hilltops as migrants. We are not benefitting from our resources. We are carrying the landowner title for nothing,” he said.

“Children are missing out on education. There is no proper health care in our area. Many things we expected are not reaching us.” Mr Kaloma said it was a slap in the face when Mr Abel reported that all grants for impact projects will be diverted to the provincial governments because landowners were misusing the funds. Mr Abel said the national Government distributed K360 million in infrastructure development grants and K190 million for high impact projects but nothing was on the ground to show for that massive amount. However, Mr Kaloma said more abuse would occur if the funds were in the provincial government’s custody. Instead, he wanted the Department of Petroleum and Energy to manage and distribute the funds, adding this agency is familiar with sensitive landowner issues. “We are sick and tired of politicians dealing with our money. Enough is enough,” he said. Mr Kaloma said infrastructure development grant funds are specifically for affected areas as per the Kokopo benefit-sharing agreements, and that the national and provincial governments have separate budgetary allocations for projects.

## **Papua New Guinea up in global resource risk rankings**

ABC Radio Australia via PNG Mine Watch, 9.10.2013

Papua New Guinea has improved its ranking on the Resourcestocks Magazine 2013 World Risk survey. The survey assesses risks mining and energy investors face in the country, including sovereign and financial risk, as well as issues such as red tape, green tape and access to land and infrastructure. With fewer countries ranked this year, PNG jumped to 30th place, up from 59th place last year. Resourcestocks Editor, Anthony Barich, says the approach taken by the government helped boost PNG's rank.

**Presenter:** *Jemima Garrett*

**Speaker:** *Anthony Barich, editor, Resourcestocks Magazine*

BARICH: Certainly, with the government change last year it is very keen to advance the country and it's putting key social and physical infrastructure to try and improve things. The Prime Minister last year did give a talk outlining, I think the quote was that frankly there have been far too much red tape inefficiencies at all levels of government. So I think there's a real sense there by operators and we publish in there as well with pngindustrynews.net and PNG Report, as well, our sources there basically say that those working in the country believe that it's a great place to operate.

GARRETT: You say that the energy industry has contributed to the improved ranking too, why?

BARICH: Certainly well obviously it's got 19 billion dollar LNG Project to go online next year, and three following up behind that as well. I think that with the fact that these big companies are prepared to make long-term investments there does send a strong message that you can actually operate there.

GARRETT: PNG is still in the bottom 25 per cent, and there are countries like Algeria, Colombia, Tanzania ahead of it. Does PNG actually really have anything to celebrate here?

BARICH: Well that's a good point, I think those other countries are really similar, yes they're a few rankings up above one or two or three above PNG, but they're all similar though in a sense Jemima that they're all coming from behind the eight ball position and they're all trying really hard to tighten

up their regulations, to try and get rid of illegal miners, which is what places like Colombia in Latin America are really struggling with, even the more established places like Chile are dealing with these issues as well. So I think that while Colombia and PNG and these places still have a long way to go, there's no denying that, but I think that it just signals the fact that well a lot of major companies are going in there, junior companies are actually in there and thriving, even in this difficult commodity climate, and things generally look pretty good moving forward, although obviously there's a long way to go.

GARRETT: The takeover of the Ok Tedi mine by the PNG government happened after this survey was taken. How is that affecting investors?

BARICH: Yes I think certainly there's thoughts all around Asia, Indonesia especially with the thoughts that well countries have put in these policies like Indonesia where after ten years of production in metals they'll takeover the mine, 51 per cent and that kind of thing. In Africa people have been concerned by a rising tide of nationalism. So it's understandable that these things have happened, but what we're talking about here in PNG, it's important to remember that we're not talking about a specific policy here that says we will takeover your mine like Indonesia's doing. What the Ok Tedi thing is, is a unique and very complex set of circumstances that have gone over a number of years since this issue has been going on. There have been several governments, so it's not like this government's kind of just come in and decided right, we're going to take this over, especially with the environmental issues that are kind of part of the cause of this whole thing. I can't see this situation happening again in modern regular, in the times with modern regulation.

GARRETT: So you'd agree with Prime Minister Peter O'Neill when he says this is a one-off?

BARICH: Oh yes, in fact those exact words are what I've since spoken to, obviously with the survey results and you look at them and you think well how does that fit in with decisions like Ok Tedi, and investors in the region or investors outside of the country, overseas who are investing in PNG, and juniors and mid-caps that are also in there say to us that look, this is a one-off, this has nothing to do with us, it's a unique complex set of circumstances which specifically relate to the companies involved in that. So I think that pretty much sums it up.

### **Referendum call to decide Panguna future**

Radio New Zealand, 9.10.2013

There's a renewed call for the people of the autonomous Papua New Guinea province of Bougainville to have a say in any re-opening of the controversial Panguna copper and gold mine. This comes as the final of a series of regional meetings on a possible re-opening, being held near the mine site in central Bougainville, has been held up by disputes between several of the parties involved. A Panguna landowner and former candidate for president of Bougainville, Martin Miriori, says a plebiscite, run by the election office, is the only way to get full buy in from the people. He says when Panguna was first opened 40 years ago few had a say. "The white man exploited the ignorance of the people to bulldoze certain things. Now we have got educated people, the majority, so that is why I say a plebiscite will be a way forward, so that if anything goes wrong if we say yes to the re-opening of the mine then we have the responsibility jointly."

### **Provincial governments to control IDG funds**

The National, October 9th, 2013

THE National Executive Council has agreed to divert all infrastructure development grants (IDG) for major impact projects to the provincial governments. This is because more than K550 million of IDGs have been misused by landowners. National Planning Minister Charles Abel said the Government had disbursed K360 million in IDGs and K190 million for high impact projects (HIP) but nothing had been translated into infrastructure on the ground. Abel said the Government had ag-

reed to use the remaining IDGs through the PNG LNG project to seal the road from Mendi to Komoon, along the Highlands Highway, as requested by the governors of Hela and Southern Highlands. He said all IDG funds would be controlled by the provincial government through the Works Department for the development of major impact projects.

Under the PNG LNG project, it was agreed that the Government would commit K120 million and K190 million respectively for business development grants and HIP for development projects. However, it was found that a funding of K550 million has been mismanaged and the Government decided to stop the system of funding the landowners directly as cash handouts. Abel said the funds would be transferred to the provincial government by strengthening the provincial works units of which 5% would be used to improve the provincial works units. Under the arrangement, the landowners can still apply for contract and subcontracts depending on their capacity. But there would not be any free handouts. Works Minister Francis Awesa said the Government was addressing the landowner issue correctly because a lot of money had been wasted over the years.

### **Official outlines use of Ok Tedi proceeds**

The National, October 9th, 2013

PROCEEDS from Ok Tedi mine flows to the consolidated revenue of Government and are used with tax and other forms of revenue to fund recurrent expenditure such as salaries and wages, a Government official said. Speaking on behalf of Prime Minister Peter O'Neill, he said the proceeds paid for medical drugs and funded development projects in the country. "The Treasury Department has a record of these expenditures. The Department of National Planning and Rural Development has a record of development projects funded in the budget," he said. He was responding to a statement by PNG Sustainable Development Programme chairman Sir Mekere Morauta on the issue. "While the national government has to spread its resources thinly in the country, the PNG Sustainable Development Program does not have to do that," he said. "Its main focus is the Western province. It was set up to repay the people there for the massive damage done to their environment and their way of life. "If PNGSDP had spent K5 billion since 2002, then there is nothing to show for. This is why the MPs from the province approached the prime minister for change, to ensure PNGSDP become accountable to the huge wealth at its disposal. "Sir Mekere cannot be boasting about Daru Port, Purari Dam feasibility, or Cloudy Bay Timber. These are projects where millions of kina have been wasted with no impact on the lives of the people of Western. "No one can sit back and allow this kind of wastage to continue while the mine people suffer."

### ***Letter to the editor***

### **Government, PNGSDP do not represent Western**

The National, October 9th, 2013

FROM the outset, I believe that all the madness about the Government's takeover of Ok Tedi Mine and Mekere Morauta's outbursts played out in the media is yet another conspiracy created to suit their own interests at the expense of those that are ultimately affected by the mine, the people of Western, from beyond the Star Mountains to the Fly Delta. How can the Government guarantee our people that this takeover will benefit them when it does not have a solid foundation to operate a mine? We have every reason to believe that this takeover will not be in the best interests of our people. Also, the PNG Sustainable Development Program has in my view, done so little in terms development with so much funds and its impact has not been felt. When have they constructed a major road network connecting the province, a referral hospital for our people or built much needed infrastructure? They have not delivered for our people and yet they have delivered many impact projects

to the other parts of the country. In my view, only one positive thing has come out from this saga and that is the disbanding of PNGSDP. The government has done the right thing by removing shares out of it. It will cut off the link for good so that there is no outside influence. If the Government is serious about the welfare of the province, then it should institute a trust fund exclusive to the province and offload over half of the shareholding to it then tie it in with the major infrastructure and social development so that the benefits are felt right across the spectrum of the populace.  
Fabian Faustinus, Tabubil

### **LNG sales to up GDP**

Post-Courier 9.10.2013

THE exports of liquefied natural gas (LNG) in the second half of next year will raise headline GDP by as much as 10 per cent next year and 20 per cent in 2015, says the world bank. The World Bank projects that that the GDP growth projections would increase as PNG starts exporting LNG. This represented an important inflexion point for the PNG economy. On the positive side, significant fiscal policy and investments risks associated with the project have diminished greatly, and overall GDP is expected to expand significantly in 2014 and 2015. The bank in its East Asia and Pacific Update said with the significant increase in GDP growth, the impact on gross national income (GDI), the current account, and government revenue will be far more modest. The US\$19 billion PNG LNG Project is now 90 per cent complete and on track for first deliveries in the second half of next year. PNG's growth is slowing from the very strong growth rates of recent years as construction of the PNG LNG plant facility nears completion.

### **Telefomin road plan 40 years old**

Post-Courier 9.10.2013

Nigel Parker, the managing director OK Tedi Mine Limited, has revealed that the proposed Tabubil-Telefomin highway was designed 40 years ago. Mr Parker said the delay to initiate the construction phase was due to a lack of political will. He congratulated the Member for Telefomin Solan Mirisim for prioritising this vital infrastructure in the district's five year development plan that was launched last Friday. Mr Parker said he was happy to come to "this very beautiful place" and have this opportunity to speak to the people about the benefits they will receive from this five year development plan. He said early this year, the Prime Minister made changes to the legislation on the tax credit scheme. To get the mining company involved in the construction of the road, the National Executive Council changed how the scheme works to benefit the people. Mr Parker said that in order for the company to get involved there must be a letter from the council to grant access so that work can commence. He said that for the last 30 years the Ok Tedi mine has provided air services to the remote district, which has contributed to the economic benefits in the district. Mr Parker also emphasised the importance of education and the benefits that can be realised through sending kids to school to be equipped with knowledge to successfully develop their district and PNG as a whole.

### **Namah criticises PM over Ok Tedi mine**

Post-Courier 9.10.2013

By GREGORY AVIRA

The lack of consultation between the State and Ok Tedi mine landowners before amendments were made to the mining agreement was criticised by the Opposition yesterday. Opposition Leader Beldan Namah in a press conference said the amendments to the Ok Tedi Mining Agreement, which were passed on September 18, were done in the best interest of the Government alone with little concern for the people in the mining areas. Mr Namah said the Government should have consulted the landowners on matters concerning the ownership of the mine before making amendments to the agreement which has now given the state 100 per cent ownership of the mine. Mr Namah said the ac-

tion of the government was undemocratic and termed it as being a “dictatorship” approach. “Why has the prime minister taken away the 63.4 per cent of shares from the landowners?” Mr Namah asked. “What motivated the prime minister to take the shares away from the landowners?” He assured the landowners that the Opposition would pursue the matter and would take it up in court, for the 63.4 per cent of shares to be returned to the people.

Mr Namah said the Government, under the leadership of Prime Minister Peter O’Neill, may have other vested interests resulting in the mine being taken over by the state. He said the amendments to the agreement would now allow the Government to sell shares to investors of its choice and this was what the Opposition reckoned would happen to the 63.4 per cent newly acquired shares. “It is highly likely that there is already a company waiting to buy the shares,” Mr Namah said. He said the state’s ownership of the mine could also be used as leverage to secure loans from overseas lenders to continue funding projects throughout the nation. The Opposition argued that the recent high spending by the government on projects despite having a deficit budget was also a cause for concern. He said the awarding of large contracts by the government could mean the national budget deficit could be as high as K5 billion. He called for either the Treasurer or Finance minister to clearly state the actual amount of the budget deficit for transparency purposes.

### **Prime Minister invites Thais to explore oil**

The National, October 8th, 2013

PRIME Minister Peter O’Neill has invited Thailand to join oil and gas exploration and production in the country. During a meeting with Thailand Prime Minister Yingluck Shinawatra on Monday on the sidelines of the Asia Pacific Economic Cooperation (APEC) Summit in Indonesia, O’Neill said Petroleum Minister William Duma would be travelling to Thailand for talks with the Thai energy minister. According to the Thai government’s website, O’Neill accepted the invitation to join the ITU Telecom World 2013 to be hosted by the Thai government next month. He told Shinawatra that Papua New Guinea was opening an embassy in Thailand to elevate the relations between the two countries. O’Neill urged Thailand to play a more active role in boosting trade between PNG and the Association of Southeast Asian Nations (ASEAN). At present, about 1,700 Thais are working in Papua New Guinea. Meanwhile, New Zealand is lending its weight to Papua New Guinea hosting the APEC summit in 2018. Prime Minister John Key met with O’Neill in Bali. O’Neill said PNG was well quipped to host the international meeting, which would include heavyweights like the United States, China and Russia. “Papua New Guinea’s economy has been growing at an average of 8% over the last 12 years,” O’Neill said. “Over the next five years we are going to be ready, and it’s good for the Pacific.”

### **Ok Tedi Saga: O’Neill called to reveal where funds are**

EMTV via PNG Mine Watch 8.10.2013

The chairman of PNGSDP and ousted OTML chairman Sir Mekere Morauta called on Prime Minister Peter O’Neill to tell the nation and the people of Western Province where the funds received from the Ok Tedi mine are. The chairman of PNGSDP Sir Mekere Morauta yesterday pointed fingers at the national government for the lack of infrastructure and social development in the Western Province. The figure Sir Mekere put was well over 11 billion kina. He said from 2002 to the end of 2012, the National Government received a net K11.2 billion from the mine – K6.9 billion in taxes and charges and K4.3 billion in dividends. Sir Mekere said on a pro-rata basis, the O’Neill-Dion Government would have received almost K2 billion between August 2011 and August 2013. He reported that from 2002 to 2012 PNGSDP received a net K5 billion in dividends.



From that money he said PNGSDP spent about K650 million in Western Province, K537 million in the rest of the nation, and saved 1.4 billion US dollars for the province after mine closure. From that money he said PNGSDP spent about K650 million in Western Province, K537 million in the rest of the nation, and saved 1.4 billion US dollars for the province after mine closure. He called on the Prime Minister to conduct an investigation into these funds immediately. He said it is government's responsibility to rehabilitate the services such as the Daru General Hospital, its water and sewerage systems, the Trestle Wharf and Daru Airport, the education and health sectors. He said this is not PNGSDP's responsibility and the National Government should not blame them. Last month Prime Minister Peter O'Neill terminated Sir Mekere from the Ok Tedi Mining Limited Board and launched an investigation into PNGSDP. This investigation aims to find out where and how all these funds were used.

### **Australia brings up Ok Tedi issue at APEC**

EMTV via PNG Mine Watch 8.10.2013



Julia Bishop and Rimbink Pato

The meeting with Minister Bishop was Rimbink Pato's first in several bilateral meets. Both PNG and Australia had to get a number of issues right since the new Abbott government took over from Kevin Rudd after the recent Australian Federal elections. Several of Rudd's undertaking that the back end of his reign had to be revisited. Among them; the Angau Hospital in Lae, Police assistance from Australia, the Highlands Highway, Manus, and others to name a few. What was new for the Abbott Government was Ok Tedi. Minister Bishop was quick to raise that with Minister Pato. She expressed at the signal the O'Neill government has sent out to investors. Minister Pato in an assertive response said the government took control of Ok Tedi to ensure a win-win outcome for the investors as well as resource owners. He said a parliament and even a court decision endorsed that.

Meanwhile, Prime Minister O'Neill arrived in Bali on the falcon over the weekend accompanied by his wife Madam Linda Babao, Enga Governor Peter Ipatas, Acting Foreign Affairs Secretary Bill Dihm and the Chief of Staff to the Prime Minister, Isaac Lupari. Like the other twenty one APEC leaders, Mr. O'Neill engages in private sector discussions, sustainable development, equity and connectivity. It's a compact two days where Mr. O'Neill will conclude by formally announcing Pa-

pua New Guinea's undertaking to host and chair APEC in 2018. The organisations significance and relevant increases as member countries realise their economies are integrated. They can have a common check point to ensure growth, removing barriers to trade, encourage investments and support this year's theme of 'Resilient Asian Pacific Engine of Global Growth.

### **Ok Tedi Landowners want probe extended**

Post-Courier 8.10.2013

Principal landowners of the special mining lease area of the Ok Tedi mine want the government-sanctioned investigations into BHP's exit and the establishment of PNG Sustainable Development Program terms of reference widened to cover environmental damage and lost benefits for mine pit landowners. Following their recent long standing court victory which determined true ownership of the mine pit landownership, Kimka Sepiyan Tribe Land Group Incorporated called on the investigation team to establish whether a proper agreement was signed before the commencement of mining operations in 1976, and importantly, why mine pit villages had not been included initially as major beneficiaries. Group spokesman Paul Eddie said such a probe would reveal that neither social mapping nor proper landowner identification process was followed to determine the true landowners. "I call upon the O'Neill government to extend the investigations in order to establish if there was any agreement signed at the initial stages of mining, and if so, why were the principal landowners not consulted," he said.

"The state has a duty to protect the rights of the people, especially resource owners and it is a crime on the part of BHP not to have consulted with the genuine landowners." Mr Eddie said if the state and BHP had previously dealt with any so-called landowners, then they were not the legitimate mine pit landowners, as millions of kina had already been wasted on these people. "I urge the investigation team to 'leave no stone unturned' by uncovering and penalising any individual or group that had received benefits single-handedly from the start of the mine operations," he said. The minepit landowners also want these benefits in the form of equity payments, dividend and business development grants that purportedly went into the wrongs hands over many years to be fully-reimbursed by Ok Tedi Mining Limited and also the state.

### **Sir Julius tells government to honour deals**

Post-Courier 8.10.2013

THE National Government must honour its obligations under Memorandum of Agreements (MOAs) by paying all outstanding arrears in major extractive industries. Governor for New Ireland Sir Julius said no affected parties should be forced to go to courts and arbitrations to order the State to pay for commitments made. Sir Julius noted with grave concern that the bureaucracy in Waigani has a poor record of honouring National Government commitments relating to MoAs with the provinces. He was responding to media reports yesterday of the State being ordered by an arbitrator in Australia to fulfill its commitments to the Solwara 1 seabed mining project in New Ireland Province. The PNG Government has been ordered to pay K295 million to Nautilus Minerals, the developer of the project, by October 23, 2013.

Sydney based arbitrator, Murray Gleeson, issued an award in favour of Nautilus Minerals in respect of issues that were the subject of the notice of arbitration initiated by the PNG Government. Mr Gleeson made a declaration that the State of PNG was in breach of the state equity option agreement signed by the parties in March 2011. Mr Gleeson found that the State failed to complete the purchase of a 30 per cent interest in the Solwara 1 project on November 11 2011. Sir Julius said the national Government also owed the New Ireland Province over K120 million in outstanding SSG arrears and has failed to implement projects under Lihir MoA. He said this was based on a National

Executive Council Decision 612 of 2002, which downgraded SSG to a quarter from 1 per cent of annual revenues.

This matter first went to arbitration in 2010, but then Attorney-General and former Chief Justice Sir Arnold Amet persuaded the New Ireland Provincial Government to settle out of court. Sir Arnold was replaced by Dr Allan Marat and after the 2012 general election, Kerenga Kua became Attorney-General. Sir Julius has met with Mr Kua and briefed him on this matter. “Unfortunately the present government is now caught with breaches by previous leaders and governments since 1995, when the Lihir MOA was signed,” Sir Julius said. “The Public Service and legal officers never take responsibilities for this failure. “Those responsible for providing poor advice should be replaced with more capable people. “People and provinces have lost faith with the Government with their constant negligence.”

### *Editorial*

#### **Robbery confirms crime worsening**

Post-Courier 8.10.2013

LAST Friday’s daring broad daylight robbery which saw robbers walking off with K6 million pushes crime to a whole new level. Previously there was a general consensus amongst ordinary Papua New Guineans that the slain criminal William Kapris had no peers when it came to executing robberies, as the theft of K3 million from the Bank South Pacific (BSP) branches of Madang and Kerema in the Gulf Province in 2008 attested to that quality. Kapris’ ability to evade arrest and use women including Correctional Service officers to his advantage won him a following in the country but also a lot of enemies within and outside the prison walls. In June this year the notorious Kapris was shot dead by police in a manhunt, closing a chapter in PNG’s crime annals and enabling institutions such as the Correctional Services to escape further public scrutiny and ridicule. However, last Friday’s robbery of the eight trunks of cash at a value of K6 million confirms crime and its practitioners becoming more advanced and smart in how they execute their operations, ensuring authorities did not respond promptly and effectively. The robbery basically went according to plan to ensure they pulled off PNG’s highest ever theft.

Revelations yesterday by the NCD Metropolitan Commander Andy Bawa that the security guards of one of the world’s largest security firms are behind the theft is indeed a worrying development. How many more organisations have been infiltrated by crooked officers who are ready to pounce on unsuspecting members of the public? The scenario is frightening especially for a nation that will soon see the commissioning of a LNG Project that is projected to bring in record revenue over the 30-year lifespan of the PNG LNG Project. Last Friday’s robbery and the swiftness in which it was executed confirm deteriorating law and order in the country. The murder of the two Chinese shop-owners in the Hela Province and the alleged theft of cash and goods from their stores also confirm that crime is now a nationwide problem and affects Papua New Guineans in both urban and rural communities.

The O’Neill Government has in recent months made reference to the deployment of Australian Federal Police (AFP) officers to PNG to assist build capacity at the RPNGC Bomana Training Academy. Unfortunately, we believe the deployment of the AFP to PNG will not be a 100 per cent solution to the deteriorating law and order problems in the country. Training Papua New Guinean policemen and women as well as getting them to take ownership of the many challenges that PNG currently faces could be a way forward. But how can we identify police officers and even security guards who are and will remain committed to their jobs? Developing an effective screening program through which all recruits will have to undergo could be an option. And to compliment that process authorities and private firms should be prepared to pay good money to recruit trainers who

will be willing to impart discipline, honesty and worth ethic into our future policemen, women and security guards.

### **Chinese nationals murdered in Hela**

Post-Courier 8.10.2013

By *TODAGIA KELOLA*

TWO Chinese nationals have been murdered, a substantial amount of cash and their trade store looted by villagers in the LNG gas project area in the Hela Province. Deputy Police Commissioner Operations, Simon Kauba revealed this yesterday saying the two Chinese nationals were attacked in their shop in the early hours of September 28 by villages believed to be from Parra village at Hides 4. The two were brutally murdered and their shop ransacked with a substantial amount of cash stolen, Mr Kauba said. The matter was reported to Tari police station where a raid was conducted and two key suspects were apprehended by police. The two suspects are Diago Tando, 30, of Paki village in the Para ward council at Hides 4 and Minago Hewataga Ambu, 20, of Paijapaija village. Mr Kauba said another other five suspects were still at large but are known to police. and will be taken in shortly. The motive of the attack according to Mr Kauba would have been criminal in that the villagers were aware that trading for the past weeks by the trade store was very good and that the takings were all kept at the store and not taken away to be banked. Mr Kauba identified the victims as Len Shibao, 44, and Sie Xia Oju, 54 both from Fujian province in China.

### **I killed the PNG Government's puppet BHP and will do it again**

Rex Dagi, PNG Blogs via PNG Mine Watch 7.10.2013

The 63.4% shares in the OK Tedi Mine, PNGSDP and its Assets and the future generations fund of USD 1.5billion belongs to me and my affected LANDOWNERS of OK Tedi & Fly River FULL STOP. Let me explain why I say this. The "Out of Court Settlement Agreement 1996" reached between Mr Rex Dagi and BHP, govern by the Victorian Supreme Court of Victoria that forms the bases of BHPs "Exit Plan" in admittance of Guilt over Environmental Destruction in OK Tedi & Fly River system when we settled under these terms as follows:

1. K40 million be paid as compensation to the lower OK Tedi River people of 15 villages as compensation but the principal amount be invested offshore. And initial of K2.5million be released in 1997 and shall continue for the life of the mine from the interest.
2. K150 million for general compensation to the Affected people of the OK Tedi & Fly river. The principal amount be invested offshore and approximately K20million from the interest be released every year.
3. A trial dredging project at Bige in the lower OK Tedi river, next to my village to be established by OTML
4. Given two years for BHP feasibility study report for Tailings Dam be carried out Engineering and Design Plans be produced by BHP by December 1997

The Future generations fund was also part of the terms set out in the Out of Court Settlement Agreement govern by the Victorian Supreme Court of Australia. The PNGSDP was formed when I took BHP to court again in the year 2000. That was when publicly declared to exit from OK Tedi Mine and they stitched their way through the corrupt government of PNG taking advantage of the ignorant Western Province leaders and the weak politics of PNG. BHP never wanted to leave until I filed the second action. That is when and how BHP weaved their way out through corrupt and or ignorant leaders of Papua New Guinea and Western Province. And because of the "Principal Out Of Court Settlement Agreement 1996 between me and BHP, they found their "ONLY" escape door was their bedroom partner the government of PNG who were in business together since 1985. In the

year 2000, I filed a fresh court proceedings against BHP for breaching certain clause in the Out Of Court Settlement Agreement. Subsequently, BHP had to implement their exit plan on the OK Tedi Mine by introducing the CMCA to the OK Tedi & Fly River Communities in which they all agreed without knowing BHP's secret plans.

They then Incorporated that in to the 9th Supplemental Agreement which was passed in Parliament that became an Act in 2001. That Agreement was a total fraud, BHP lied to the Independent state of Papua New Guinea, the Supreme Court of Victoria, the Affected people of Western Province and the International Community. The Independent State of Papua New Guinea became a Puppet of BHP and PNG government breach its own Constitution, section 38 and section 53. Subsequently, series of consultative meetings were held between BHP, OTML and the CMCA villagers. During that time, the affected people were split into two groups. The CMCA villages on one side and Lawsuit supporters on the other side who were landowners. The OK Tedi mine used the Public Affairs department to force the landowners to joint into the CMCA. They were very successful because, they managed to get my colleague Plaintiffs Mr. Alex Main and Mr. Gabia Gagarimabu to withdraw their Court acts on foot in the Victorian Supreme Court and signed the Indemnity and accepted the package under the CMCA.

They left me alone in the Court house and the true original landowners along the mighty OK Tedi & Fly Rivers who refused to sign any Indemnity and die with our giant rivers as "HEROES". In 2002 I withdrew my court actions, shelve it away and walked back home to die silently with my giant rivers and my people. Since then I have been silently listening and watching over my prey that I killed. I will kill the Goliath as it was reported by Australia media on the 5th of May 1994. "David v Goliath" the fight is not over. Now I advise the National Government not to dip its finger into the funds in Singapore because your fingers will be burnt and let me sort it out with BHP. The PNG Government has only cut off ties with BHP but there is one more important thing to do, clean your house and your back yard.

### **PNG Government To Pay \$118 Million To Nautilus Minerals**

*State must buy 30% interest, pay 30% of project expenditures*

PORT MORESBY, Papua New Guinea (The National, Oct. 7, 2013) – Papua New Guinea's national government has been ordered to fulfill its commitment to the Solwara-1 deep sea mining project – meaning it has to meet a demand to pay an estimated US\$118 million (K307.7 million) to the developer, Nautilus Minerals, by Oct. 23. Canada-based sea floor miner Nautilus Minerals, said in a statement last Thursday that Sydney-based arbitrator Murray Gleeson had issued an award in the company's favour in respect of the issues that were the subject of a notice of arbitration initiated by the State of PNG. Under the applicable arbitration rules, the arbitrator's decision is final and binding. The arbitration began on Aug. 26 and lasted 10 days. Prime Minister Peter O'Neill has been in Bali, Indonesia, attending the Asia Pacific Economic Cooperation (APEC) meeting. He is expected to issue a statement after his return tomorrow.

Gleeson made a declaration that the State of PNG was in breach of the state equity option agreement signed by the parties in March 2011 in failing to complete the purchase of a 30% interest in the Solwara-1 Project on Nov 7, 2011. He issued an order that the State was required to comply with its obligations under the agreement to complete the purchase of the 30% interest in the Solwara 1 Project and pay 30% of all project expenditure incurred to date within a reasonable time after the award. Nautilus, last Thursday, issued the State with a notice requiring completion to occur on Oct 23. The company estimated that the total amount payable by the State at completion to be approximately US\$118 million (including interest). "Nautilus looks forward to bringing the Solwara 1 Pro-

ject into production and will work with the State in order to move the project forward in light of the arbitrator's award," its interim chief executive Michael Johnston said in a statement.

The value of Nautilus stock shot up 50.1% to US\$0.55 on the news. The arbitration decision comes after a prolonged impasse with PNG over its partnership in mining project earlier this year. The problem, as Johnston told it, was that many of the deeds covering proprietary technology and sub-sea mining methods, which Nautilus and several partners developed over the years, did not contain clauses allowing for a third party, such as the PNG government, to come on board as an additional partner and owner of the intellectual property rights. Johnston said negotiations with the company's partners in the dredging business were conducted to convince them to redraw the deeds to allow the Papua New Guinea government to gain direct 30% ownership of the intellectual property rights.

### **Parker wants political will**

The National, October 7th, 2013

THERE is a need for strong political will to build the Telefomin-Tabubil road, Ok Tedi Mining Ltd managing director Nigel Parker says. Speaking at the launching of the Telefomin five-year development plan last Thursday in Telefomin, West Sepik, Parker said he saw changes happening. He said in the past 40 years there had been road designs but because of the lack of political support, the project had never eventuated. "I now see change, fantastic change in the political will of the leaders you have elected," Parker said. He told the Telefomin people OTML would be able to work in partnership with their district office through the tax credit scheme.

### *Editorial*

### **Corruption: Time to charge, prosecute and jail**

Post-Courier 7.10.2013

REVELATIONS of the misappropriation of over K500 million earmarked for infrastructure in the LNG-affected areas in the Highlands region marks a black day in the history of this country. It is simply unacceptable that public money comprising over K360 million in Infrastructure Development Grants and over K190 million in High Impact Infrastructure Projects has disappeared without trace between Waigani and the Hela Province. We applaud Planning Minister Charles Abel for going public with these embarrassing findings and more importantly for doing an audit on these funding and how it was disbursed by the relevant agencies. How can over K500 million simply disappear without a trace between Waigani and the Hela Province? Ordinary Papua New Guineans in the LNG-affected areas should be demanding answers from their elected representatives, responsible ministers and bureaucrats. They should be getting on the next available flight out of Mendi or Tari or Mt Hagen and front up at Waigani to demand answers.

Papua New Guineans have over the years become accustomed to corruption-related stories getting published and broadcasted by the media and then falling off the radar. But with the Government continuing to loose substantial amounts of taxpayer funds to corruption, it is time to address the problem once and for all. We appeal to Mr Abel to push ahead with the audit and to refer the findings to relevant agencies for investigation, charging and prosecution. The possible involvement of politicians and bureaucrats in this saga should also be thoroughly investigated. Should there be a need for the Australian Federal Police to be involved in the investigations then so be it. As the audit gets underway we cannot help but notice the fact that the previous Somare Government knew the capacity constraints in the districts and provinces and yet opted to channel funding to these areas without addressing the technical capacity requirements.

The Somare Government's decision to pump a large amount of funding into the districts and provinces without giving them the expertise and resources to monitor the use of that funding was wrong and should not have happened. Consequently, the Somare and now the O'Neill governments should accept some responsibility for the loss of funding. No more funding should be disbursed to the LNG-affected communities until the audit is completed. Papua New Guineans should not condone the loss of any more public funding until the leak in the tank is sealed off permanently. The call by some quarters for the funding to be diverted to road construction and maintenance should also be approached with caution. We believe funding that is earmarked for road construction and maintenance should be put through a proper tender process and opened to the public. Competitive bidding should form a core part of the application process to ensure the company with the experience, sound financial background and technical knowhow is picked to do the job. The practice of awarding of contracts to companies whose owners are closely associated to our leaders should not be accepted nor condoned.

### **\$183 Million For Development In PNG LNG Areas Misused**

*Government responds with plans for new processes, management strategy*

By Todagia Kelola

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Oct. 7, 2013) – More than K500 million [US\$183 million] for Infrastructure Development Grants (IDG) and High Impact Infrastructure Projects (HIIP) meant for the LNG project areas has been misappropriated and abused. The government over the years has released over K360 million [US\$132 million] in IDGs and K190 million [US\$70 million] for HIIPs, but this has not translated into infrastructure on the ground. The IDGs and HIIP funds were intended to fund development projects in the areas affected by the PNG LNG project, but there is hardly anything to show for this on the ground. This has prompted the O'Neill - Dion Government to put in place a new process on how Infrastructure Development Grants (IDG) and High Impact Infrastructure Projects (HIIP) from the PNG LNG project will be managed. Planning and Monitoring Minister Charles Abel revealed this to the media last Friday, saying as part of the decision the Government has agreed to allocate 5 per cent of the IDGs towards better resourcing the provincial works units and bringing in resource developers to assist with scoping and implementation of projects, and procurement will occur as per the Public Finance (Management) Act.

"Land owner companies and joint ventures will be given priority through the contracting process subject to their capacity," Mr Abel said. "Engaging strategic partners to assist with implementation is a critical activity of the government and it is part of a boarder strategy around improving implementation and procurement." He also announced that the Department of National Planning and Monitoring would commence an audit of the expenditure of previous IDG and HIIP fundings. Mr Abel said, "The government has raised concerns that we have released over K360 million in IDGs and K190 for HIIPs, but this has not translated into infrastructure on the ground. "That is why we are strengthening the process for accessing these funds." He stated that the process has already been moved out of Waigani and down to the beneficiaries in the provinces in order to increase transparency. "And with five percent going to the provincial works units, it will build their capacity to work with the resource developers through a clearer process that will achieve results," the Minister said. Komo Magarima MP Francis Potape, whose electorate is where most of the projects are located, applauded the government's move and said it was about time the government intervened.

He said the previous government where he was a Minister did not come up with a clear process, and that has resulted in millions of kina ending up in wrong hands. "If you go to my electorate you will see light coming out of the project camps while the surrounding areas are in total darkness because funds meant for these have been stolen and misappropriated by landowners who may have conspired with government ministers and officers in Waigani," Mr Potape said. He also alleged that one

or three families have been paid K40 million [US\$14.7 million] while the majority are suffering and he has called on the government to conduct an investigation into these funds. Mr Abel also announced that the Government has agreed to a request from the governors of Southern Highlands and Hela provinces for their IDG funds to initially go towards the sealing of the Mendi to Komo road which will bring wider benefits.

### **Landowners want OTML boss removed**

Post-Courier 7.10.2013

THE community mine continuation agreement (CMCA) leaders and mine village leaders of Ok Tedi have demanded the resignation or dismissal of OTML chief executive officer Nigel Parker resign or have him dismissed from office. They demanded this yesterday in a statement, adding there were several reasons for their demand. They alleged that Mr Parker continually misled them during the consultation period for their consent to the mine life extension plan from 2015-2025. A landowner representative and mine village leader Joel Dangkim claimed in the statement that Mr Parker failed to advise the Prime Minister of the need to consult the mine villages and CMCA leaders for a meaningful dialogue with the State on government's plan to take over the mine," he stated. He alleged that Mr Parker also failed to discuss the benefits and implication of the planned change before the 10th supplemental agreement was passed on the floor of the national Parliament. "No proper consideration was given to the Workers Union and the employee welfare and loss of businesses owned and operated by local landowners," Mr Dangkim said.

"We now know that Mr Parker is responsible for the loss of benefits to us and negative publicity and confusion amongst the people of Western Province, especially the mine villages and CMCA communities." He said they were questioning the eligibility of Mr Parker as chairman of OTDF, which belonged to the landowners. "For all this time, he had a duty to fully inform us of all facts relating to our future, especially the future of our majority ownership of Ok Tedi and ownership of OTDF. "Instead Mr Parker hid the truth from us, and hid his involvement in the Government's plans from us," he claimed on behalf of the other landowner leaders. They claimed that Mr Parker's behaviour has not been of the standard required and expected by the people of the mine affected communities and mine villages and he should be removed. Attempts to get comments from OTML and its management were unsuccessful.

### **Arbitrator Rules In Favor Of Nautilus In Dispute With PNG**

*PNG government compelled to pay share of undersea mining project*

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 6, 2013) – The mining company Nautilus Minerals says an international arbitrator has ruled in its favour and compelled the Papua New Guinea government to keep its end of a joint venture agreement. Nautilus is planning to mine copper and gold in Papua New Guinea territorial waters under the Solwara 1 deep-sea mining project. The company had filed a notice of arbitration against the PNG government on June the first last year, regarding a disagreement about the parties' obligations under the joint venture and alleging the government had not paid its share of project development costs. A former Chief Justice of the High Court of Australia, Murray Gleeson, declared that PNG was in breach of the state equity option agreement, which the parties signed in March 2011. Mr Gleeson says the PNG government has failed to buy a 30 percent interest in the project on November the 7th, 2011 and has compelled it to comply with the agreement and pay its share of all project expenditure incurred to date.



## **Paki's departure from PNGDP/OTML is a good thing Mekere!**

PNGexposed, PNG Mine Watch 5.10.2013

Is the government's grab for PNGSDP/OTML a good thing? Its hard to say. What about the departure of Rex Paki from its Board of Directors? To this we can issue a much more definitive yes. While Sir Mekere Morauta may have slammed his replacement by Isaac Lupari, Papua New Guineans should breathe a sigh of relief. In October 2012 *PNGexposed* raised serious concerns about Paki's position on the board following the release of a report on the Paga Hill demolition by the International State Crime Initiative. For our efforts, we were slammed by Transparency International PNG Chairman, Lawrence Stephens, who is also a senior manager at PNGSDP. He claimed: "Come on oh nameless ones! Take some deep breaths and ask yourselves if you are really prepared to publicly defend the rights of Papua New Guineans and if it is really necessary for you to throw stones from the shelter of anonymity. Much as you might like to claim the opposite there is nothing astonishing in any loyal Papua New Guinean seeing the difference between accusations and convictions. Shame on you, whoever you are".

The irony is we have men like Stephens and Morautu being held up in the international media as anti-corruption warriors, but what did they do about Rex Paki for all these years? For those unfamiliar with Paki's past, here is our original post from 2012: Over the past 20 years Paki has appeared before two Commission of Inquiries (Finance Department and National Provident Fund), two Public Account Committee Inquiries, and a Supreme Court case where he was slammed by the full court. Paki was intimately involved in the Paga Hill development in Port Moresby between 1997-2000, a development which has recently been making headlines for forced evictions and corrupt property deals. In January 2004 the Public Accounts Committee reprimanded Paki's company Ram Business Consultants (RAM) for issuing an "empty cheque" to the Accountants Registration Board, and then "practicing without ... formal registration".

Two years later in a separate investigation – which Paki attempted to block – the PAC found that over an 18 month period (1998-2000) the Public Curator's Office had paid RAM K1,561,062 (approx US\$640,000), without the existence of a contract, proper invoices, or evidence that any work had been done. Two Commission of Inquiries (COI) also found reason to censure RAM. Following its first appearance, RAM was accused by the COI of receiving "improper benefits" and charging clients "excessive" fees; in the firm's second appearance, the COI found that RAM had substantially inflated a cash-flow projection, so a prominent client could amplify his damages claim against the state. In light of these PAC/COI findings, it is perhaps not surprising that most recently in an appearance before the Supreme Court, Salika DCJ, Gabi J and Hartshorn J, described Rex Paki as "evasive and dishonest", following Paki's extraordinary efforts to frustrate the process of discovery (Paki was being sued for allegedly overpaying himself as liquidator of Motor Vehicle Insurance Ltd).

## **Nautilus' PNG marine mining project to proceed after arbitration decision**

PACNREWS, 04/10/2013

Nautilus Minerals, which proposes to mine copper and gold at the Solwara 1 deep-sea mining project in Papua New Guinea (PNG) territorial waters, on Thursday said an international arbitrator had ruled in its favour, and compelled the PNG government to keep to its end of a joint-venture agreement. Former Chief Justice of the High Court of Australia, Murray Gleeson, declared that PNG was in breach of the state equity option agreement, which the parties signed in March 2011, in failing to buy a 30% interest in the project on November 7, 2011. Gleeson compelled the State to comply with its obligations under the agreement to buy the 30% interest in the project and pay its share of all project expenditure incurred to date within a reasonable time. Nautilus said it expected a pay-

ment of about \$118-million, and that it had issued the State with a notice requiring the transaction to be complete by October 23. The company said it looked forward to bringing the Solwara 1 project into production and that it would work with PNG to move the project forward in light of the arbitrator's award.

Nautilus had initiated a dispute resolution process by filing a notice of arbitration against the PNG government on June 1, 2012, owing to a disagreement about the parties' obligations in the completion of the contract and alleging that the State had not paid its share of project development costs. But the PNG government countered by asserting that Nautilus had not met certain obligations on which completion of the transaction was dependent, arguing that the company had breached the agreement and that the State was entitled to terminate the agreement. Nautilus refuted these claims, maintaining that it was the State that had breached the agreement. The arbitration was conducted in Sydney, Australia, under the United Nations Commission on International Trade Law's arbitration rules.

The Solwara 1 project seeks to exploit seafloor massive sulphides that form an ore body close to vents at depths of 1 600 m. The high-grade mineralisation has been brought up by site's hydrothermal plumes and then deposited on the nearby seabed. Mining would entail the use of underwater vehicles to cut and crush ore that is then fed as slurry into a pump and lifted to a surface vessel. Here the ore would be disaggregated from the deep-sea water, with output then transferred onto a neighbouring vessel for transport to PNG and further processing. Effective November 25, 2011, and at a cut-off grade of 2.6% copper, the project had 1.03-million tonnes grading 7.2% copper and 5 g/t gold for 74 160 t copper and 165 600 oz gold indicated. Inferred material contained 124 740 t copper and 316 900 oz gold..

### **Investment interest in country is high, O'Neill says**

The National, October 4th, 2013

PRIME Minister Peter O'Neill yesterday said business confidence in PNG as an attractive investment destination was very high. He said this after meeting with a number of business leaders during the week and after flying to Lae last week to officiate at the opening of a new modern processing plant for Prima Smallgoods. O'Neill will leave for Bali, Indonesia, tomorrow for the APEC meeting. He will meet and hold talks with leaders of some APEC member countries, where he will continue to promote PNG, its growing economy and the opportunities that are on offer. "We have a very stable political environment now. With our policies being implemented now, the government is directly addressing issues that drive costs of doing business in PNG up, like poor roads and poor law and order situation. "Companies are now happy to expand their businesses, like Prima Smallgoods has done, and that creates more employment and other spinoff business opportunities for our people," he said.

O'Neill said he was pleased that businesses and investors understood that Ok Tedi was a unique case and the decision to take control of the mine was one off. O'Neill said this after international ratings agency Standard and Poors made public their view on Ok Tedi. "Ok Tedi appears to be a one-off, isolated case in some respects," Craig Michaels, Standard and Poor's sovereign credit analyst for PNG, said in an assessment posted on its website. "But we'd expect that mining companies are watching closely. The decision to remove BHP Billiton's immunity from prosecution for environmental damage, in particular, may have surprised miners a bit. "The key question for us is whether this raises miners' perception of sovereign risk in PNG, and whether this has a material effect on future mining investment. If that happened, it would be quite damaging for PNG's economy," Michaels said. Commenting on that, the O'Neill said Ok Tedi was a unique case and the decision by parliament was one off to correct a bad decision of the parliament in 2001.

## **Mori: Govt can now look at Frieda River project**

Post-Courier 4.10.2013

By *ANCILLA WRAKUALE*

THE state's acquisition of Ok Tedi mine now strategically positions the government to explore more opportunities to bring the present sub-economic deposit in the neighbouring Frieda River porphyry copper-gold system into production says vice mining Minister Wera Mori. Mr Mori told a news conference in Port Moresby yesterday that the acquisition of Ok Tedi now has the possibility to fully support the advancement of the Frieda River Project. "I would encourage the state to seriously consider supporting the advancement of the Frieda River Project into production by using the facilities already existing at Ok Tedi. "Instead of setting up a new major infrastructure to develop Frieda River and encounter major socio-environmental issues, it is best that they are minimised by using what is already available at Ok Tedi, and protect the Sepik River from any major impact". He said Sepik and Fly are the two biggest river systems in PNG and to ensure minimal destruction to the environment, the Frieda River Project could use existing facilities at Ok Tedi.

The Frieda River project is located on the boarder of West and East Sepik Provinces and is one of the largest undeveloped copper and gold deposits in the Asia Pacific region. The project has an estimated average annual production profile of 204,000 tonnes of copper and 305,000 ounces of gold, over a 20-year mine life. Mr Mori, who is also a geologist by profession, said mining was an expensive and high risk business. He said if the government could look at such possibilities as such, it would help a lot in decreasing operational costs for the Frieda Project. He also gave assurance to other mining companies and investors operating in PNG that the acquisition of the Ok Tedi mine was an isolated one and there was no need to fear. He said this would now allow the state to ensure there are aggressive explorations programs conducted around Ok Tedi mine for possible extension of the mine life.

### **Mine takeover 'a vote of confidence'**

EMTV, PNG Resource News via PNG Mining Watch 4.10.2013



Vice Minister for Mining, Wera Mori, said in a media conference yesterday, that the government's move to take full ownership of Ok Tedi is a vote of confidence to the mining industry in PNG. Taking over the Ok Tedi Mine has created opportunities for the government to expand existing mining activities and regulate future socio-environmental issues. The Government's acquisition of the mine is a business rearrangement for commercial viability, the Vice Minister said. He assured other mining companies operating in PNG not to fear the government's move. "It was an isolated one-off acquisition," he said. Acquiring full ownership of the mine has given the government full responsibility to ensure that there is aggressive exploration and additional resources to extend the mine life

by exploring other strategic opportunities. Minister Mori said the government has now aligned PNG's mining activities, for example, supporting the Frieda River Porphyry Copper-Gold Project.

"I would encourage the State to seriously consider supporting the advancement of the Frieda River Project into productions by using the facilities already existing at Ok Tedi," said Mori. He said this would save costs of setting up new major infrastructure which may lead to major socio-environmental issues. The minister touched on the Purari Hydro Power project. The production of power from this project will allow PNG to downstream raw materials onshore instead of exporting them overseas. Minister Mori, a geologist by profession, said PNG has adequate resources to develop industrial materials such as Lime and Cement. Cement is extensively used in infrastructure developments. PNG has enough limestone resources in the country to produce its own. Plans to get government approval to increase tariff on lime will mean PNG must process its own raw products. He said the government has aligned itself where a domino effect will see the development of other extractive industries.

### **Rex Dagi saw it coming, BHP and Morauta mortgaged PNGSDP to Insigna Trust in Singapore**

Rex Dagi, PNG Blogs via PNG Mine Watch 4.10.2013



The OK Tedi mine belongs to the "Environmentally" affected landowners of the OK Tedi and Fly rivers. It was their court proceedings against BHP headed by their "TRUE" leader Mr. Rex Dagi who boldly stood up against all odds since the 5th of May 1994, when he filed the Supreme Court Proceedings in the Victorian Supreme Court of Australia. Then in 1995 during Julius Chan regime, PNG government passed a legislation called "Foreign Court Proceedings Act" which is current law as it is. In the event that any land owners in PNG taking legal actions in any foreign courts is a criminal act. He never gave in until an out of court settlement agreement with BHP under certain terms in that agreement between the parties were reached in 1996 governed by the Victorian Supreme Court. In the year 2000, Mr Dagi filed the proceedings against BHP again for breaching certain clauses and terms agreed by both parties in the out of court settlement agreement 1996. BHP then conspired with the Sir Mekere government and BHP lawyers drafted the former CMCA and the 9th Supplemental Agreement as they did previously in the 8th and the re-stated 8th Supplemental Agreements.

Remember, that BHP and the Independent State of PNG were partners in the OK Tedi mine. What Mr. O'Neill's government did has only forfeited all benefits under the former regime to the "Affected LANDOWNERS of OK Tedi & Fly River and not the Fly Provincial Government of Western Province nor the so-called CMCA communities of Western Province. It belongs to the Private Property owners called: Affected OK Tedi & Fly River Land owners (FULL STOP), headed by their leader Mr. Dagi who withdrew and shelved the case away, and further refused to indemnify BHP and their partners in Ok Ted mine who began operations since 1985. The Independent State of PNG never had or does not have any claim against BHP therefore the 63.4% in OK Tedi Mining Ltd and the future generations fund belongs to Mr. Dagi and his affected landowners of OK Tedi & Fly River people. After withdrawing the proceedings in the Victorian Supreme court, he went back to Kiunga gathered his supporters and clan leaders starting from Sisimakam village in Tabubil down to the mouth of Fly river and he declared it very clearly to some 2,500 plus people that he only withdrew the case and shelved it away for at least 10years.

Purposely to allow the CMCA leaders who supported BHP in signing the CMCA. In a new dish, he washed his hands with a new bath soap and wiped his hands with a new towel. This is exactly what he said in 2002 and he disappeared since then; "My people, I have seen the table prepared with plates, cups, spoons, etc but no food. Then he said, we are made refugees on our very own land by foreigners. Lastly, he said, In 10years from now, I will prove BHP and it's cronies wrong, including our very own CMCA leaders when National leaders have woken up from their slumber and I will be very well prepared to destroy all our enemies and take our property back and then, we will have food on the table." Then he walked away emotionally. If you have been following Mr Dagi's case, you would understand that he was the hero that forced BHP to withdraw from OK Tedi mine. BHP never had any intention to withdraw their interest in OK Tedi mine and the rest of PNG and they are still around in the country through their subsidiary companies or agents. When the Affected land owners took the matter to court, BHP lied to the Victorian Supreme Court, The affected land owners of OK Tedi & Fly River, the CMCA leaders and the Independent State of PNG that there was no Environmental damage. The then 52% in PNGSDP belongs to BHP. On record, the memorandum of the Articles of PNGSDP shows that it is mortgaged to Insinga trust in Singapore which is then belongs to BHP.

Sir Mekere is telling lies to the people of Western Province. He is a BHP man. BHP has mortgaged PNGSDP and its assets, all the gold and other minerals current and into the future in OK Tedi Mine plus the three licences BHP holds within the star mountain area to Insinga Trust. Therefore, what the O'Neil government has done is good, but the Government has shifted the environmental liabilities over when BHP has taken away the cream of the cake. Yes it is in support of Mr Dagi who was fighting all those years but Mr Dagi says the case is not over. He gave 10 years to the fools of Western Province called the CMCA leaders who betrayed the principal landowners of OK Tedi & Fly River, in the former 9th Supplemental Agreement. BHP purposely designed it to under mind the the Independent State of PNG. The Prime Minister needs to open up dialog with Mr. Dagi and his consultants if he wants OK Tedi issue to be solved once and for all. Mr. Dagi is the billion dollar man, published on the front page in the Nation news paper on the 5th of May 1994 when he filed the writ of summons.

## **PNGSDP delivered projects worth K1billion**

Post-Courier 4.10.2013

By *MELISSA MARTIN*

MORE than 662 projects have been delivered in PNG over a 10-year-period by the PNG Sustainable Development Program which amounts to K1.18 billion, according to its 2012 annual report. The PNGSDP former chief executive officer David Sode in a statement said that within the 10 year period of operations, the company has delivered so much in Western Province and the country.

“Our company has delivered a remarkable 662 projects at a total cost of K1.18 billion,” he stated in the report. He stated that PNGSDP’s mandate was to promote development that met the needs of present generations and established the foundation for continuing progress for the future generations of Papua New Guineans. “I believe we have fulfilled our mandate over the past 10 years,” he said. Mr Sode stated that the PNGSDP structure was an independent, non-profit trustee company designed to safeguard the funds entrusted to its care, and to enable them to use those funds wisely, transparently and fairly for the benefit of the people of Western Province and PNG.

The report stated that within the last 10 years PNGSDP has received a net of \$US1.8 billion in dividends from Ok Tedi and has put aside a net of \$US1.16 billion (two thirds of the dividends) in the long term fund for use in Western Province after the mine closes. It further stated that PNGSDP has put a net of \$US 578 million where two-thirds has been committed to national projects that is \$US 385 million and one-third (\$US 193 million) to Western Province projects. “We have a best track of record on project planning and implementation either as direct project funding or through our subsidiaries. “PNGSDP projects and programs have had a beneficial impact on social and economic development of the nation, especially Western Province. We have made a significant contribution to improving the quality of life of individuals and communities, mostly in severely disadvantaged areas of the country,” the former CEO stated in the report.

The 2012 report also stated that since 2002, PNGSDP has committed K737 million to 414 national projects (including those in Western Province) and K446 million to 248 Western Province only projects. It showed that most of the commitments –a total of K555 million across both National and Western Province projects were for essential infrastructure aimed directly at improving community life such as classrooms, aid posts, roads and bridges, wharves and jetties. The report further stated that the most significant transformational infrastructure project to date has been the construction of a network of telecommunications towers in Western Province and adjacent areas of Sandaun and Gulf with a total of K77 million. PNGSDP’s focus on future generations resulted in health and education being the next major priority areas where K73 million has been committed to health (124 projects) and K105 million to education (100 projects). The company also maintains a constant flow of small but invaluable community based projects in PNG.

### **Nautilus gets the green light to mine under water, will receive \$118 million in compensation**

Cecilia Jamasmie, Mining.com, October 3, 2013

After almost two years of locking horns with the Papua New Guinea government over a project's ownership, Canada-based Nautilus Minerals is finally free to move forward with its pioneering plan to mine the seafloor. The company, the first yet not the only one exploring the ocean floor for polymetallic massive sulphide deposits, said in a statement that the arbitrator has ruled that Papua New Guinea breached the contract signed in March 2011 under which the country optioned to acquire 30% of the Solwara 1 project, located in its territorial waters in the Bismarck Sea. As part of the deal, PNG agreed to pay its share of development costs for the mine, a clause it decided to disregard later, sending Nautilus shares downhill and jeopardizing the future of the first commercial underwater mine in the world.

Today’s decision, however, clears up the way for Nautilus to go ahead with the project, as it requires the State to comply with its agreement obligations and so complete the purchase of the 30% interest in the Solwara 1. PNG will also have to pay Nautilus 30% of all project expenditure incurred to date, within a reasonable time after the award, the company said. The Toronto-based firm added it has set Oct. 23 as the deadline for the Oceanic state to do what it has been ordered, which implies Nautilus should receive about US\$118 million (including interest) before the end of the month. The Solwara 1 project, located in the minerals-rich Manus basin, was originally slated to begin produc-

tion in the fourth quarter this year. Nautilus shares were up almost 32% at 10:45 am ET in the Toronto Stock Exchange after the announcement.

### **Ok Tedi saga has taken a new twist**

EMTV via PNG Mine Watch 3.10.2013



The Western Provincial leaders announced that the Ok Tedi Development Foundation will be dismantled and replaced by the Ok Tedi Mining Impact Areas. The leaders announced a three hundred thousand kina sponsorship to carry out consultation forums throughout the province to educate the people about the government takeover of Ok Tedi. Member for North and South Fly were flanked by representatives from UPNG's Western Province Student Association in a conference on Tuesday and made the grand announcement that the Ok Tedi Development Foundation (OTDF) will be replaced by Ok Tedi Mine Impact Areas or OTMIA. North Fly MP Boka Kondra called on all concerned leaders in the province to stand with the government and change the lives of their people for the better. "There is so much ecological catastrophe. The people of Western Province have been sacrificed for making economy or revenue for the country and for investors. We ourselves received almost nothing," said Kondra.

South Fly MP Aide Ganasi urged both the national government and PNGSDP to work together and address this issue for the good of the people of Western Province. "Too much have been spent on consultants and feasibility studies. In the affected area, we are village people and we want to see real things. Why are we still living in the bush material house? At least we should have semi-permanent houses," said frustrated South Fly MP. One hundred thousand each was committed by the North, South and Middle Fly MPs to host consultation forums throughout the province on the Ok Tedi takeover issue. The forums have been scheduled to take place sometime next month. "We've got an extract from IPA and found out that the 50 per cent of the 63 point 4 percent is owned by Tim Carlton which is in trust for BHP, and the other 50 per cent is owned by Don Manua," revealed Rody Ukin, UPNG Western Province Student Association. Meantime, ousted OTML chairman Sir Mekere Morauta in a conference on Monday said PNGSDP will not back off in its legal pursuit. Sir Mekere said this is a just cause and he will fight it as the chairman and a director.

## **PNGSDP Spent Millions On National Projects: Sir Mekere**

*Former chairman also says BHP Billiton never influenced program*

PORT MORESBY, Papua New Guinea (The National, Oct. 3, 2013) – Western Province remains the biggest beneficiary of the Papua New Guinea Sustainable Development Program's (PNGSDP) spending of K646.7 million [US\$241.7 million], compared to K538 million [US\$201.1 million] spent elsewhere, Sir Mekere Morauta said. He was responding to questions sent to him by The National on Tuesday on the recent developments in the Government takeover of the Ok Tedi mine. He said more than K6 million [US\$2.2 million] was spent on more than 200 social and economic development projects in Western. They included national impact projects like telecommunications towers, health, transport, power and water. "PNGSDP has spent K738.7 million [US\$276.1 million] on national projects. Of that, more than K200 million has actually been spent in Western province," Sir Mekere said. In a newspaper article yesterday, Resource Owners Federation of PNG chairman Jonathan Paraia claimed the figures produced by PNGSDP, quoting 66% pumped into an investment fund and 34% spent on projects in the country were unrealistic and would not help drive development in Western and other least developed parts of PNG. "Western still remains one of PNG's most underdeveloped," Paraia had said.

Sir Mekere agreed that Western remained one the least developed provinces in PNG. "(This is) because it has been abandoned by the national and provincial governments for many, many years," he said. "PNGSDP, in partnership with non-government organisations, aid organisations and the private sector, carries out almost all development work in the province." Commenting on claims that BHP Billiton never left PNG, Sir Mekere said the mine developer fully exited from PNG and the Ok Tedi copper mine in 2001. "BHP has never had any control over PNGSDP," he said. "When PNGSDP was set up, there were three BHP-appointed directors, three PNG-appointed directors and one Singaporean director. This is a requirement under Singapore law where PNGSDP Ltd is registered. BHP, therefore, has never had a majority on the PNGSDP board. "In fact, the BHP Billiton-appointed directors had no influence over PNGSDP at all, and BHP Billiton had no influence over them. They were appointed as independent directors."

## **PNG to expand minerals base**

Post-Courier 3.10.2013

PAPUA New Guinea's efforts to diversify its mineral base into other mineral resources, was further highlighted when a delegation from the Mineral Resources Authority (MRA) attended a mining and exploration convention in Bangalore, India, last week. Participants and visitors to the PNG stand were told that PNG was traditionally a gold, copper and silver producer however, in recent years, the country has been making efforts to diversify its base into other minerals resources like cobalt, nickel, chromite, molybdenum, coal and rare earth. The convention was told that the reason is to fully optimise PNG's mineral endowment, as well as sustain and maintain economic sustainability. This is given the fact that mineral commodities are cyclical and it was not prudent to base the country's economic aspirations on only one or two mineral commodities.

PNG's fiscal policy and regime were promoted as being competitive by world standards. The country's current institutional reforms and the fiscal regime for mining exploration and development were also highlighted. Discussions were held with the India Geological Survey with the aim of entering into a joint corporation in training and exchange of geological data for the purpose of promoting mineral investment in both countries. The conference covered a broad spectrum of issues, including India's overseas investments in mining, demand outlooks, challenges and opportunities for India in doing business in overseas jurisdictions. Given India's on-going economic expansion, the importance of entering into strategic partnerships with foreign counterparts remains of the essence.



MRA was given the opportunity to promote its corporate image and the opportunities offered by PNG's minerals industry.

### **Lihir: Unite to plot better future**

The National, October 4th, 2013

LHIR Mining Area Landowners' Association (LMALA) chairman Peter Suar has asked Nimamar rural local level government president Ambrose Silur to work with him and the association executives to plot a fruitful destiny for the Lihir people. While congratulating Silur on his election victory, Suar said for the people of Lihir to see development taking place in the next five years, it was important that Silur and his councillors worked with the association. "The Nimamar rural LLG is one of the richest local level governments in the country, receiving a 30% royalty from the landowners of the Lihir gold project," Suar said. He called on Silur to stay clear of LMALA politics and concentrate on cleaning up the rot that had brought disrepute into the local level government. "Silur still has a lot of challenges to overcome." Suar said the new LLG president must learn from the mistakes of his predecessor and the former LLG administrator, who was jailed for misusing public money. "I believe the first task for Silur is to institute a complete audit of the 30% royalty funding that goes to the LLG for development projects and as special support grants, infrastructure development grant and LLG grants. "How the funds are used must be complemented with actual work on the ground. "The people of Lihir must know where all these funds have been expended," Suar said.

### **Ok Tedi: Move on, Marape says**

The National, October 3rd, 2013

FINANCE and Education Minister James Marape has urged Sir Mekere Morauta to move on from Ok Tedi mine. He said when Sir Mekere was Prime Minister in 2001, he created the PNG Sustainable Development Program (PNGSDP). "However good his motive may have been at that time, history shows that he created a structure that he now, in retirement, sits as its head," he said. "(He) allowed BHP to be indemnified of lawsuits by genuine landowners over environment damage under the cover of BHP giving billion kina ownership and continual operation of OK Tedi to the PNG government, Western and landowners," he said. He urged Sir Mekere not to run the arguments of Western rights. "This cover cannot shield you forever from the damage you have done so far when allowing BHP to run away from environmental damage they have caused to the Fly River system," he said. "Government led by Prime Minister O'Neill today is only correcting a mistake you made as Prime Minister then in 2001. "Today, the Government has given back to Western and the people greater benefits, including the right to sue for environmental damage." He urged Sir Mekere to save whatever good he had done for the nation and not fight the Government's and Parliament's decisions. "We, as the government, are now restructuring PNGSDP in a more transparent manner, including putting a representative of Western province on the board of PNGSDP," Marape said.

### **Morobe govt has no right to stop review, says local**

The National, October 3rd, 2013

By JUNIOR UKAHA

THE Morobe provincial government does not have the right to stop the province's mining review process, Nakuwi Landowners' Association chairman Rex Mauri said yesterday. Mauri said this in response to comments by Morobe Governor Kelly Naru that he would terminate the mine review team and nullify its report. Nakuwi landowners are custodians of the land in Bulolo on which Hidden Valley mine is situated. Naru, speaking two weeks ago at the Bulolo Show, said he would ter-

minate the team and scrap its report because it was done on a piece-meal basis and did not include the provincial, district and local governments and their heads. Naru's move was supported by deputy Opposition leader and Bulolo MP Sam Basil, who wanted the team disbanded. "The (provincial) government does not have the right to stop the review process," Mauri said. He said if Naru was talking about terminating his own officers who were part of the review process then it was an in-house matter and had nothing to do with the other stakeholders.

"The governor has no power to interfere with the other stakeholders," Mauri said. Stakeholders who are signatories to the agreement include the national government, landowners, provincial government and the developer. "We will not be threatened by any politician," Mauri said. "Politics must not drag the review process." He said according to the MoA, a review should be held every five years to discuss issues affecting the mine. He said this process could be dragged on because of political and administrative blunders. Mauri said he would not back down from any political pressure to stop or delay the review. According to the Hidden Valley mine MoA, the Morobe provincial government receives a 36% share from the mine's proceeds. The provincial government is a signatory to the agreement. Several attempts to get comments from Naru yesterday were unsuccessful.

## **PNG Court Upholds State Takeover Of Ok Tedi Mine**

*Judge says recent laws mean PNGSDP was not a shareholder*

By Liam Fox

MELBOURNE, Australia (Radio Australia, Oct. 2, 2013) – A court in Papua New Guinea has upheld the government's takeover of the country's biggest mine. Last month, Prime Minister Peter O'Neill rushed through laws allowing his government to take direct control of the Ok Tedi copper and gold mine in Western Province. The charitable trust PNG Sustainable Development Program (PNGSDP) had owned 63 percent of the mine, with the state owning the rest. The laws cancelled the PNGSDP's shares and issued new shares to the state, giving it complete ownership. The government later appointed a new board to Ok Tedi Mining Limited. The trust went to the National Court seeking an injunction, preventing Ok Tedi's board from paying dividends or dealing with the mine's shares or assets. But local reports say Justice Catherine Devani has dismissed the motion, ruling that the recently-passed laws meant the PNGSDP was not a director or shareholder.

## **Porgera landowners say no final agreement made**

The National, October 2nd, 2013

PORGERA landowners have denied finalising the mining review agreement in Kokopo. Porgera Landowners' Association chairman Tony Mark Ekepa, landowners representatives and members of the mining review committee said that no formal agreement had been finalised. The landowners said several issues were still outstanding and needed their concerns to be factored in the memorandum of agreement (MoA) review, while developer Barrick Gold was absent from the review. "The (newspaper) report is misrepresented and misreported. We did not agree and did not finalise any agreement. Our stand is clear and that is for the parties to agree with some of our concerns which are yet to be submitted. We will now sign the MoA review agreement until Barrick (PJV) is involved in the review because they have their obligation to address like the resettlement exercise and the establishment of women in mining," Ekepa said.

He said the State would not bulldoze the review. "Our position is clear and that is why we have not concluded any agreement. They (PJV) cannot be obliged to honour their obligation when they are not a signatory. We must have PJV included and sign, then we shall finalise the agreement. He said certain provisions of the MoA stated that PJV would be obliged to carry out certain responsibilities

like the resettlement of locals from the mining lease area which they could not do if they were not a signatory to the agreement. “We haven’t finished. We have only started. Whoever published the story has misled the stakeholders and the people of PNG, the government, the people at home and the media because it was not correct,” Ekepa said.

### **Federation backs Ok Tedi mine takeover**

The National, October 2nd, 2013

THE Resource Owners’ Federation of PNG is supporting the government’s move to legislate ownership of Western’s Ok Tedi mine. Federation president Jonathan Paraia yesterday said the Singaporean-owned PNG Sustainable Development Program (PNGSDP) Ltd was really a smokescreen for BHP Billiton, which never left Papua New Guinea. “The government of prime minister Sir Mekere Morauta had, in 2002, announced that BHP will no longer be part of the Ok Tedi mining operations,” Paraia said. “The general feeling then was that our people will take full control and ownership of the mine through the state. However, that was not the case as BHP still had control over the mine through PNGSDP Ltd.” He said this controlling factor was evident in the board of PNGSDP, which comprised two categories of directors; the As and the Bs.

He said the PNGSDP’s annual report last year showed three people with links to BHP, including the board chairman, were appointed to its board of A directors. Others in that category included a Singaporean director and the chief executive of PNGSDP. Those in the B category included a director appointed by the minister for treasury, a director appointed by the Bank of Papua New Guinea and a director appointed by the PNG Chamber of Commerce and Industry. “This clearly showed that the board of PNGSDP was fully controlled by people with links to BHP. The state, for the people of PNG, has never had any say since 2002,” Paraia said. “The Western people did not have any say on the board of PNGSDP until recently when the Western provincial administrator was assigned an ex-officio board position. “The question of a tailings dam has been a hot topic of discussion for more than 10 years and now that Prime Minister Peter O’Neill and his government had exerted control over the mine, perhaps something positive will be done.”

### **Ok Tedi: Western MPs support takeover**

Post-Courier 2.10.2013

By *MELISSA MARTIN*

THE three Western Province MPs and the province’s Governor are all in support of the Government’s decision to take over the Ok Tedi mine (OTML). They have urged the Community Mine Continuation Agreement (CMCA) and the leaders of the mine affected communities to cooperate with them and not to be misled by PNG Sustainable Development Program (PNGSDP) and BHP Billiton. The MPs urged the CMCA leaders and all people of Western Province to support the Government during a press conference yesterday in Port Moresby. They said the people of Western Province would take over the 63.4 per cent shares that rightfully belonged to them which they had been denied of for so long. Their call was backed by the Ok Tedi Mine Impacted Areas Association (OTMIA) and the Western Province students from the University of Papua New Guinea.

North Fly MP and Minister for Tourism, Arts and Culture Boka Kondra, who has always been vocal about this issue, said it was time for the people of Western Province and the Government to take over the mine. “There are no tangible benefits on the ground, people are dying silently from the impacts of the mine wastes down the river and so much injustice has been happening for so long,” Mr Kondra said. “We represent the people of Western Province and we’d like to inform PNGSDP and BHP that your time is up and the time has come for the people of Western Province to take over the mine.” Mr Kondra assured them that the shares were not for the State but it was for the people of

Western Province and therefore the people must support the Government. “The PNGSDP was not created for the Western Province people but for BHP’s own purpose and interest,” he said. “In the 2002 indemnity, we had no right to take any legal action on BHP and people were dying, PNGSDP was not delivering what it was intended for.”

Mr Kondra said a commitment of K18 million to each CMCA community was made but that never eventuated. “I appeal to the CMCA communities, the time has come for us to take ownership of our own land and new entities will be established to manage the funds and deliver services to the people,” he said. Mr Kondra thanked all MPs for recognising the voice of the people of Western Province and voted for the bill. Re-instated South Fly MP Aide Ganisi said before any agreements were signed, all 2007 commitments must be completed and delivered to the people of Western Province. “We don’t want paper projects but real tangible projects on the ground for our people such as schools and health facilities,” Mr Ganisi said. “We want everyone to be involved in the new agreement therefore we would like to have a new environmental impact study and new social mapping before signing.” The three MPs pledged K100,000 each for wider consultation forums to be held throughout the province before the signing of the new agreement. There were so much chemical in human bodies and these had resulted in mothers dying, babies deformed and diseases such as tropical ulcers and malaria, Mr Ganisi said in reference to widespread pollution caused to the Fly River by BHP Billiton before it left the mine.

### *Letter to the editor*

#### **A bad experience with landowners in Kutubu**

Post-Courier 2.10.2013

I HAVE just got back from a month in Kutubu SHP trying to work with a local landowner company to provide some basic structure, business principles and processes to ensure the sustainability and growth of the company. I was met with resistance on nearly every level from any person in a position of even minor authority. It would have been so easy (1-2 weeks of co-operative work and learning) to change the lives of everyone from the directors to the employees and their families. The managing director of Moran never returned a phone call and, never paid me and ensured that his company and his employees would eventually return to the jungle without growing and without learning. This in my opinion was due to arrogance born from someone “lucky” enough to have oil on his land. There was a total lack of respect from the money controllers all who had multiple houses in Australia and lifetime casino memberships while their own people were living without clean water, sanitation, basic medical needs or food. My grandfather fought for that country and lived there for many years with my grandmother, father and uncle. It is incredibly sad to see what was and could be such an incredible country implode through petty greed and lack of wanting to learn even the most basic principles of business survival and growth for their businesses and the people that they could support. Policy at governmental level is only part of PNG’s problem. Education and supervision is also essential in my opinion. I would return to PNG to try again. Next time I would be much more cautious as to the true nature of the people that I dealt with. Expat let down

#### **Real landowners of Ok Tedi on sidelines**

A former manager of OTML, The National via PNG Mine Watch 1.10.2013

SINCE Ok Tedi Mining Ltd’s (OTML) inception, it has been operating with full knowledge of the fact that the current beneficiaries are land users only and the company continues to admit that the real landowners are yet to be identified so it has been under the radar for a very long time. That has been the undesirable case since 1978 until less than three years ago when a petition was submitted OTML, the State and PNGSDP following the granting of Incorporated Land Group (ILG) status to

a marginalised group of people from the Mohomal Kweiptan clan. This is the oldest clan of the Min people, which includes the Faiwols, Oksaps, Wopkais and Telefols in the Star Mountains of Telefomin district. Their ILG covers a customary landmass of 72,200 hectares named Kutumabip and the land title is in the process of being acquired subject to declaration by the respective authorities or the appropriate court of law if need be.

But it is believed that even the process for the land title has been fully satisfied and advice has been given to the clan by the Lands Department that the instruments of the title are in place. However, the matter for the declaration of the title was said to have been referred to the land court because there was an objection by the Kimka Ambongam group which is a sub-clan to Kimka Sephyan clan, a land user clan. But they do not even have an ILG or documents to dispute. What is of concern is that the objection was lodged outside of the grace period and it cannot be understood why the Lands Department entertained it. Little is known by the people of this country that the biggest blunder in mining history is about to unfold. Imagine operating the biggest mining company in the country, and the fifth largest copper and gold mine in the world without knowing and accounting for the actual landowner(s) for almost the entire life of the mine – all because of the government's failure to conduct proper land investigation and social mapping more than three decades ago.

The Government may have aggressively pursued the acquisition of OTML but this saga remains to be resolved, and there appears to be no sense of priority by the Government to, first and foremost, invite the lawfully certified sole principal landowner to participate fully in the CMCA review, and also reach agreement on how they can be compensated on the loss of benefits since the inception of the mining operation. If Prime Minister Peter O'Neill truly represents the people and is serious about increasing their participation and benefit from all resources than I recommend that he uses Ok Tedi's own safety motto of "Take 5" to guide him. Stop, think, identify, plan and proceed.

## **Ok Tedi Mining Ordered To Compensate PNG Landowners**

*Kiunga land court finds Kimka Sepiyan neglected for benefits*

By Adrian Mathias

PORT MORESBY, Papua New Guinea (The National, Oct. 1, 2013) –Ok Tedi Mining Ltd. (OTML) has been ordered by a provincial land court in Papua New Guinea to pay compensation to the mine-pit landowners in the Star Mountains. The decision by the Kiunga provincial land court effectively recognises the Kimka Sepiyan sub-tribe Land Group Incorporated (KSSLGI) as the principal landowners of the Special Mining Lease of the Ok Tedi mine. They have been neglected of benefits in terms of services, equity, business developments grants and compensation to amounting "millions of kina." A copy of the Kiunga provincial land court decision by magistrate Frank Manue obtained by The National last Friday during a press conference at Holiday Inn, found that OTML had not filed any explanation for the delay of prosecuting the purported appeals, and so the case authorities made it very clear that where the respondent/applicant gave no explanation for the delay in prosecuting the appeals, this court has no option but to accept wholly the submission by the applicants (Kimka Sepiyan) and dismissed the appeal proceedings for want of prosecution.

Manue, in that decision, reaffirmed the orders of Justice Ellenas Batari made on Aug 17, 2007 in a judicial review court in Waigani, National Capital District and said: "The court order is very clear and that is, OTML was not to be joined as a party in the whole of the land court proceedings." "I take that order to mean that OTML would not be a party even for appeal purposes to a provincial land court because, as I understand, their application to the National Court was for them to be a party in that review." Manue ordered OTML to pay the costs of these proceedings. The magistrate found that OTML did not only delay the prosecution of the purported appeals but it was responsible for the injustice caused to the initial parties in the local land court proceedings in Kiunga, Tabubil

and Waigani, Port Moresby. In relation to compensation, the draft orders of the court and lawyers did not specify the exact amount but lawyers said it would be "millions of Kina".

Apart from OTML's royalty payments, the landowner group is expected to be paid by the Mineral Resources Development Company and Mineral Resources Authority for mine equity payments, business development grants and compensation packages backdated to the start of the mine operations in 1984. Warner Shand Lawyers, represented the landowners. Lawyers Roddy Koaru and William Aiye Windi told reporters last Friday in Port Moresby that they were studying the text of the legislation. They are considering seeking the services of a Queens Counsel to take up the matter in the Victorian Supreme Court and sue BHP for damage to the environment. Koaru said it would depend on the landowners from Western if they wanted to file a lawsuit against BHP. Koaru said the Kiunga provincial land court Magistrate Frank Manue dismissed the appeal by OTML and Biul Kirokim and upheld the local land court orders in 2004 in relation to benefit-sharing arrangements between the disputing landowner parties signed that year. He said Manue ruled that OTML was not an interested party initially in the local land court because it had no locus standi.

### **Old goldfield in Nami receives new lease of life**

Post-Courier 1.10.2013

THE old New Guinea Goldfield at Nami in Wau area received a new lease of life when Morobe Mining Joint Ventures exploration department commenced its drilling program early last month. Community affairs officers for the mining company Willie Gumaim and Pondros Homano and a safety officer Paul Nengu took a tour of the site yesterday to inspect the progress of the drilling program. "We have transported the drilling equipment and set it up here at the old NGG mining lease area and have commenced our first drilling program at Nami. We will drill four holes here at the different drilling sites at the old NGG mining lease at Nami," Mr Gumaim and Mr Homano said. "We will drill our first hole at a depth of 400 metres. We have already drilled 130 metres from the first drilling machine," Mr Nengu said.

"This is an old mining lease area and we should expect good results from the first drill hole of 130 metres and the remaining 270 metres to be completed before we can know the results on the type of soil that we are drilling here at Nami. "We will set up three more drilling sites around the same area and will also start drilling 400m holes or less depending on the area." They said the old mining methods carried out by New Guinea Goldfield in the 1920s and 1950s is now outdated and the new methods of conducting drilling programs will determine the actual amount of deposits found in the area. "We have to check the soil structure to determine the amount of gold veins in the soil and the we will decide on any further drilling programs to be conducted in the area."

### **Sir Mekere will not back down**

Post-Courier 1.10.2013

By *KONOPA KANA*

SACKED chairman of Papua New Guinea Sustainable Development Program (PNGSDP) Sir Mekere Morauta will not back down from his battle against the Government's move to expropriate K8.5 billion belonging to the people of Western Province. Sir Mekere said this after Mr O'Neill's announcement of chief of staff Isaac Lupari's appointment as the new board member of the state takeover bid of the PNGSDP. He also expressed disappointment over the directives by Mr O'Neill for a private accounting firm to audit the books of PNGSDP and to review the BHP involvement on extensive environmental damages and compensation. "This 63.4 per cent shares from the OK Tedi mine dividend belongs to the people of Western Province and the PM so far has failed to justify the motives behind this move when PNGSDP have one of the best governance structures in the world," he said.

Sir Mekere said that the PM had lost his sense of equity and fairness when PNGSDP books are open annually where the public is invited to attend and see for themselves the development projects that the organisation has done and how much time was spent to implement the project. “The PM must check his own backyard before going around trying to destroy PNGSDP. We certainly invite the PM to write to us requesting that he wants our books to be audited rather than making an announcement that will deviate from the real issue,” Sir Mekere said. He said that the state has no right to investigate books of private companies because it is setting a dangerous precedence that all private companies are subject to investigation. About the BHP issue, Sir Mekere said the company gave 52 per cent shares for free to OK Tedi mine and seek protection and PNGSDP was set up to manage this shares after the lifespan of the mine itself. He said that PNGSDP and the directors will fight that issue to the end and will not give in easily.

### **Coal Power Favored For Nickel Plant In New Caledonia**

*French minister says coal ‘most economical, efficient’*

WELLINGTON, New Zealand (Radio New Zealand International, Sept. 30, 2013) – The French overseas territories minister, Victorin Lurel, says the government will back plans by the nickel miner SLN to build a new coal-powered plant in New Caledonia’s capital. Environmentalists had called for other sources of energy to be exploited, but Mr. Lurel says coal is the most economical and most efficient source. The minister says it’s up to the operators to pay compensation for the CO2 emissions. There had earlier been plans to use gas for the nickel plant which is currently running at a loss. To reduce pollution, the mayor of Noumea had been calling for the use of low-sulfur fuel to run the power plant.

### **PNG workers flock overseas creating brain drain at home**

ABC Radio Australia, Jemima Garrett for Pacific Beat, 30 September 2013

There are concerns PNG workers flocking overseas lured by better working conditions is leading to a brain drain home.



Mining equipment at BHP Billiton's Mt Newman iron ore operation. (Credit: ABC)

The slowdown in Australia's mining sector has led to big job losses but Papua New Guineans working locally are defying the trend and holding on to their jobs. The trend has sparked concerns PNG workers flocking overseas, lured by better working conditions, is leading to a brain drain at home.

In the past 12 months 20,000 jobs have been lost in the Australian mining sector. Coal has been hardest hit but gold, mining and the base metals industry including copper and nickel are all affected. There are around 3000 skilled Papua New Guineans working in the mining sector in Australia, with the largest number of workers in Western Australia. University of Western Sydney management lecturer Dr Ben Imbun told Radio Australia's Pacific Beat the senior positions PNG workers hold protect them from being sacked.

"(It is) the case because of the experience, their performance," Dr Imbun said. "Some of the PNG'ers in particular that I've interviewed, they said they were doing a lot of training of Australian young miners, engineers and other technical chemists." Soleiy Didwick, a fly-in fly-out auto-electrician who works at BHP Billiton's Mt Newman mine said PNG workers were heading overseas to escape bad working conditions at home. "When we go back there (to PNG), we will be underpaid like three times, four times less than what we get here," he said. Despite the skill shortage in PNG, workers preferred seeking opportunities overseas leading to a brain drain at home. "They are not looking to go back to PNG. Most of them are talking to go overseas." The strong work ethic of PNG workers also made them attractive to employers, Mr Didwick said. "I think the culture that we come from, we don't seem to jump jobs...this probably builds trust within the employer," he said.

### **Porgera MOA review completed**

Post-Courier 30.9.2013

THE third review on the Memorandum of Agreement for the Porgera project that was signed 24 years ago was completed in Kokopo, East New Britain last week with a revised version by the end of the week. In 1989, under a tripartite arrangement, the Porgera MoA was signed between the national and provincial governments, and landowners. Contained in the agreement were benefit sharing arrangements and projects to be undertaken by various parties mineral royalty payments, special support grant, tax credit scheme, equity, Porgera Long Term Sustainable Development Plan, law and order, environment protection, preference in supply and procurement, local business development, training and employment, and Porgera township development among other issues.

Following the outcome of this review, some new clauses were added into the MoA to include issues like resettlement, review timeframe, law and order, and women in mining. These were not in the existing MoA and will be included in the revised version. During the review, Barrick was invited to be a party to the MoA but declined saying it was happy to participate in development arrangements with the MOA parties as the project developer. It also made a commitment to honor projects and developments that would require its input during the meeting. According to Dr Ila Temu, the company has many other agreements in place in for many of the issues similar to the ones contained in the MoA that are current and are yet to be fulfilled. "Any commitment in the MoA for Barrick to come in, we will take in. "We don't need an MoA to fulfill our commitments," he said. The review was concluded last Saturday, with all parties agreeing for the revised MOA draft to be finalised and submitted to cabinet for approval.

### **Newcrest urged to work with LLG**

Post-Courier 30.9.2013

*By Tony Sapan*

Manager and operator of the Lihir gold project, Newcrest Mining Limited and other institutions operating on Lihir Island have been called on to submit to the newly elected government of the people of Lihir, the Nimamar Local Level Government. Organisations that used to question or undermine the work of the government have been warned that the time of playing around has ended and all institutions big or small must submit to the government of the day. Minamar LLG president Ambrose Silul made the call when addressing people who packed the Londolovit waterfront to hear



him speak about how the new government would entertain the interests of the landowners. He told them that his government will clean out the wrongs that have denied the people of Lihir a transparent, accountable and responsible government by ensuring that only people and institutions that can guarantee providing such service will be entertained by his government. Mr Silul told them that his government wanted to see a complete change in the leadership of the controversial Lihir Mining Area Landowners Association for the benefit of everyone. Mr Silul thanked the people in the 15 wards on the island including outsiders who voted for him and called on everyone including his critics to work with him and his government for the good of everyone on the island.

### *Letter to the editor*

#### **Who will benefit from OTML?**

Post-Courier 30.9.2013

THE tussle for the control of the mine between the leaders I feel is not to control the money for the people but the benefits that will flow into the coffers for people that would be in control of the mine. PNGSDP has been around for the last 10 or so years but there is little or nothing to show for the millions that have been spent on the so-called impact projects in Western Province. When taking a closer look at the lives of the affected people of Western Province, there is near to nothing to show for the people. There is no major highway connecting the people from the highlands of Western to the lowlands of Western Province. Olsobib, Nomad and other mountain districts of Western Province are still in the least developed status compared to other places in PNG. When travelling further down Fly River, it is the same. People are dying of curable diseases and the illiterate rate is very high as there are schools with buildings overgrown with vegetation because of no teachers in many of the remote schools in the province. With no clean water for the people to drink, waterborne diseases are also very high in the region despite PNGSDP's presence. PNGSDP should have looked at making available such basic needs of the people instead of pursuing imaginative projects that do not sustain the people's lives. Basic things such as:

- \* Water should be made available at all locations of the province through bore water or piping water from the highlands of the province to the lower lands of the province;
- \* Teachers and other public servants should be encouraged by subsidising their travels or making available funds to pay hardship allowances and so on so they are stationed in districts throughout the province and helping the people.
- \* Clinics should at all times have available trained people with medications stacked for the people to access;
- \* Travel for the local people to and from their point of origin at all locations of the province should be subsidised so people can easily access basic needs by air or river if not provided at their door steps; etc.

What PNGSDP has achieved in the last ten (10) or so years is something that cannot be measured in terms of real development for the people of Western Province. Nothing done by PNGSDP can be felt by the people and who really benefited from the so-called impact projects still needs to be known to this day. Even after government takeover, things will never improve but will worsen for the people of Western Province. The mine will only be a milking cow for the government.

Adam Goremaita, Sore Kona, Kiunga

#### **Resolve ownership issue, Basil says**

The National, September 30th, 2013

DEPUTY Opposition leader Sam Basil has called on Prime Minister Peter O'Neill and Cabinet to resolve the ownership issue of Ok Tedi Mine Ltd (OTML). In a statement, Basil said the State had

its shareholding that included the Fly River provincial government and people as per the options under the Mining Act and policies in place. “Now we have a situation where BHP Billiton came with the Papua New Guinea Sustainable Development Program model incorporating issues of environmental damage as a Future Trust Fund,” he said. “In between, we had Inmet Ltd of Canada disposing its shares that brings the State equity up to its current level,” he said. Basil said when the Bill was brought to Parliament, the Opposition debated the issue of distribution of shares in the new ownership scheme.

The Opposition MPs raised concern that the management of the OTML mine and other leases be left to independent management, he said. Basil said Petromin went into the Tolukuma mine but its performance was an issue that remained to be seen. Other issues, including employee concerns, were unattended to, he said. “We ask the Prime Minister to detail the breakup of the 63% equity for the people of Western,” Basil said. “How much would go to the Fly River provincial government, the North Fly district, affected LLGs, immediate landowners, other affected landowners of access roads, township and unmined leases, affected riverine communities and the future generations? “This would allow the people of Western to decide their own destiny, develop their communities and address environmental and health risks from their dividends.” The takeover of OTML resulted in Sir Mekere Morauta being dismissed as chairman by the Government and the appointment of four new board members.

## **PNGSDP faces probe**

Post-Courier 30.9.2013

TWO major investigations will be carried out by the National Government relating to the exit of BHP and the establishment of PNG Sustainable Development Program Limited. The Taskforce Sweep will also be asked to investigate huge spending by the management and board of PNGSDPL, including hiring of consultants, where it is alleged that millions of kina have been used for projects which have failed to materialise. Prime Minister Peter O’Neill announced yesterday that the first investigation will review the manner in which BHP was given an unconditional indemnity as part of its exiting Ok Tedi Mining Limited, and the second into major spending by the PNG Sustainable Development Program since its establishment. Mr O’Neill said the review into the circumstances surrounding the granting of the unconditional indemnity to BHP for environmental and social damage by the then Government, in which Sir Mekere Morauta was Prime Minister. “The Government needs to ascertain whether any breaches of the Constitution, or the laws of Papua New Guinea was involved in the agreement, which was personally negotiated by the then Prime Minister,” he said.

“We will make the report public, and then take advice from the government’s lawyers on whether further action is justified. The fact that Sir Mekere was appointed chairman of PNGSDP, and then OTML, within a short period of his departure from the national Parliament raises serious questions in the minds of many people, given the influence BHP continued to exercise after it allegedly ended its involvement in OTML. “We need to know exactly how the process was developed and implemented by the Morauta Government.” Mr O’Neill said many MPs and concerned citizens and business people from the Western Province and elsewhere had raised with him serious concerns about the spending by the PNGSDP on major projects that had either lost money or never eventuated. The national Government will appoint an independent, highly regarded accountancy firm to conduct an audit of spending on major projects by the PNGSDP since its establishment. “Two projects that clearly must be independently assessed are the millions of kina lost on the Cloudy Bay timber project, and the expenditure of perhaps more than K100 million on feasibility studies on the Daru port project. “There are claims that money has just been wasted, and the project is as far away from being developed as ever,” he said.

Mr O'Neill said the national Government would make public the report of the independent audit, and implement any recommendations it made. "I am sure the independent auditors will look into the approval processes for the spending, and why so much money belonging to the people of the Western Province has been wasted," he said. Mr O'Neill said he hoped the chairman, board and management of the PNGSDP would co-operate fully with the independent auditor. "This is about transparency and accountability-and it must also be about not making the same serious errors in spending on major projects again," Mr O'Neill said. In the meantime, the Government will ask the Taskforce Sweep team to investigate huge spending by the management and board of PNGSDPL, including hiring of consultants, where millions of kina have been used for projects which have failed to materialise. "These are monies belonging to the people of Western Province. They have the right to know their funds have been managed, by those trusted to do so. Those responsible must face the law like everyone?" PM O'Neill said.

### **Mining (Ok Tedi Tenth Supplemental Agreement) Bill 2013, 12<sup>th</sup> September 2013**

<http://ramumine.files.wordpress.com/2013/09/ok-tedi-legislation-2013.pdf>

### **Row over PNG's Ok Tedi nationalisation heats up**

ROWAN CALLICK, The Australian, September 27, 2013

THE row over the Papua New Guinea government's nationalisation of the country's biggest single taxpayer, the Ok Tedi copper and goldmine, is heating up, but ratings agency Standard and Poor's believes the impact may be quarantined if the move is "an isolated case". The government named the first four members of its new board without any independent directors, although further appointments are expected. No details have been given about whether, or how much, compensation will be paid for the cancellation -- through legislation -- of the 63 per cent of Ok Tedi Mining shares that had been owned by the PNG Sustainable Development Program trust. The new board members are the acting heads of the PNG Treasury and of the Western provincial government where the mine is based, and Ok Tedi's managing director Nigel Parker.

The fourth and most controversial member is Jacob Weiss -- an Israeli economist, long-time PNG central bank adviser, and the representative of Prime Minister Peter O'Neill in failed negotiations with SDP. Dr Weiss was formerly a board member of the trust, until suddenly switching sides. The new board is expected to answer directly to Mr O'Neill. Craig Michaels, Melbourne-based associate director of sovereign ratings at Standard and Poor's, yesterday told The Australian that the business community would be watching the impact of the Ok Tedi move closely. He said "the legislated removal of immunity of BHP-Billiton" -- which handed control of Ok Tedi to SDP as it quit, 10 years ago, from compensation claims -- "will have been particularly surprising". The government was highly reliant on the resources sector, he said, so any damage to the sector "would have a big impact on the economy and on government revenues".

The establishment by ExxonMobil of a liquefied natural gas project there, he said, "suggests if the returns are high enough, foreign investors are willing to work and invest there". Stephen Howes, director of the Development Policy Centre at the Australian National University, said of the nationalisation that "while the government has achieved a stunning victory, it is quite possibly a temporary one" -- with legal challenges expected in Port Moresby and in Singapore, where SDP is domiciled, although all its management and staff are in PNG. The Catholic Bishops of PNG have issued a statement that SDP "has supported hundreds of projects nationwide with integrity". "In contrast, government, by itself, often struggles to successfully carry out community-based . . . or even larger development projects. Politics plays a large part in this, and corruption is a truly serious problem."

## **Consultation way forward for Ok Tedi, says former administrator**

By *MELISSA MARTIN*

Post-Courier 27.9.2013

The National Government and the Fly River Provincial Government have been urged to handle the OK Tedi Mine takeover by the National Government with due care and diligence. William Goinau, the Former provincial administrator of Western Province, said this yesterday. He said the Government's decision to take over Ok Tedi mine is now becoming a very sensitive and contentious issue. Mr Goinau said on the one hand, the OK Tedi mine, resource owners, the community, mine continuation agreement (CMCA), PNG Sustainable Development Program (PNGSDP), the region and the people have to be thanked for objecting to the takeover. "On the other hand, we have the national Government, the Governor for Western Province, the two MPs for North Fly and Middle Fly and the Ok Tedi Mine Impact Area Association (OTMIAA) endorsing the takeover bid," he said. Mr Goinau said they have done that through the recent passing of the 10th Supplementary Community Mine Continuation Agreement by Parliament. "We also have to understand that the OK Tedi mine resource owners, the CMCA region people and the people representing OTMIAA are one and the same people," he said.

"Therefore the contention on this issue is between and among people within a same community, village, clan and family. "This in itself is not good for community social relationship among our people, who are already adversely affected by the mine's pollution." He said it would have been more appropriate if the Governor of Western Province and the Fly River Provincial Government took a neutral stand on the issue. "This is to bring the disagreeing parties to a round table discussion to resolve their disagreements and reach a consensus on the way forward," he said. "They must not take sides with one group of people and reject another group of people as it is not a wise stand and decision because all are from the Western Province." Mr Goinau said in recent media statements by the people of the OK Tedi Mine Resource Area, Community Mine Continuation Agreement (CMCA) regions, and PNGSDP, most have strongly objected to the takeover bid of OK Tedi mine by the national Government.

"This public outcry of the people must be taken heed of rather than ignore it," he said. "In my view, the recently passed 10th CMCA by Parliament addresses and involves the OK Tedi mine resource owners, the current CMCA region leaders and people." He also questioned how the 10th Supplementary Agreement (TSA) directly or indirectly involves OTMIAA leaders. "If this has not been addressed, we truly have a dilemma at hand especially when the very people that the TSA is addressing are objecting to the takeover bid of the OK Tedi mine," he said. Mr Goinau said it is an urgent need to bring all parties together to resolve the issue between and among the people concerned and this must be done before any further actions are taken to have the mine taken over. He said that it is not about conducting awareness among the people but rather, it is about bringing all parties together and resolving the issue.

## **Landowners denies claims**

By *MELISSA MARTIN*

Post-Courier 27.9.2013

MT KARE landowners have denied claims made by Porgera Mt Kare Young Generations Associations (PMYGA Inc) directed at Prime Minister Peter O'Neill and the Mineral Resources Authority stating they are not part of it. They have asked the PMYGA to identify the clan they were representing in Mt Kare. Mt Kare Management Company chairman Albert Aliabe said they were not aware of these claims or petitions. "We the landowners from Mt Kare are different from those in Porgera and we are not involved in these actions," Aliabe said. Mr Aliabe said the Mt Kare legitimate landowner companies are the Mt Kare Management Company, Kare Puga Development Company, Apa Yuhope Mining Company and Hetapula Association. "These companies represent Mt Kare landow-

ners and we have nothing to do with PMYGA, we are not involved in these petitions and claims,” he added.

Land investigation studies are currently underway by Summit Development Corporation to identify old and new landowner companies or groups. PMYGA have issued a 21 day petition on August 15, 2013, to the Ministry of Mining to negotiate with Mineral Resource Authority (MRA) and Department Of Mineral Policy and Geohazards Management to approve the impact project funds of K6.17 million. They have petitioned the government and demanded consideration to their grievances and resolve the outstanding issues before reviewing the Memorandum of Understanding (MOU) that was signed in 1989. They have threatened to shut the mine if that is not done. The four page petition containing six points, which has been presented to the Prime Minister and the MRA, is now before the NEC.

### **Bougainville: Mine talks still on**

The National, September 26th, 2013

By MALUM NALU

TALKS are continuing on the reopening of the Panguna mine in Bougainville, Autonomous Bougainville Government President John Momis says. He, however, cautioned leaders such as Central Bougainville MP Jimmy Miringtoro and Lawrence Daveona not to jump the gun and bring in foreign investors through the “back door”. “There are meetings going on now between the landowners and (Bougainville) administration as per the mine,” Momis told reporters on Tuesday. “When I go back, I will meet with the landowners. “We have reached about 98% agreement. “We’re doing very well. “We are the most democratic government in Papua New Guinea. “We believe in consultation and consensual decision-making. “We have conducted so many forums with landowners, resource owners, ex-combatants, civil society. “I think we’ve come a long way.” Momis warned that all efforts could be derailed if Miringtoro and Daveona did things their own way. “We must remember that we are dealing with a highly tense situation,” he said.

### **Knight: Nautilus Minerals banned**

The National, September 26th, 2013

By MALUM NALU

MANUS MP Ronnie Knight says Canadian miner, Nautilus Minerals, is banned from the province. He made this comment on Tuesday on FM100 Talkback Show after country manager Mel Togolo tried to sell the idea at the Pacific Regional Tuna Forum in Honiara, Solomon Islands, last week, that seabed mining would not affect tuna. Knight, a deep-sea diver, said Nautilus should go and mine its own seas in Canada before even thinking about venturing into PNG. He said because PNG did not have tough environmental laws such as Canada and other countries, Nautilus thought it could do anything. “Not matter what you say, no matter what you do, no matter if you tell us how good it’s going to be – as long as I’m head of Manus Nautilus will never enter our waters,” Knight said. “Go and do it in Canada first, where we can first see the benefits, before you come to us.” Knight said legislation would be moved in Parliament to stop Nautilus from entering PNG waters. “I believe the Minister for Environment and Conservation is already addressing this issue,” he said. “I believe in the next few sittings (of Parliament), we will have legislation to stop this sort of thing happening. “It (deep-sea mining) will never happen in Manus.”

**White men decide the future of Panguna in ritzy Singapore club**  
 SINGAPORE SUMMIT: European Shareholders of Bougainville Copper  
 PNG Mine Watch, September 26, 2013



Singapore's former German Club, the prestigious Goodwood Park Hotel on Scotts Road  
 Peter R. Taylor, Chairman of Bougainville Copper Limited (BCL) met ESBC President Axel G. Sturm on Tuesday in Singapore's former German Club, the prestigious Goodwood Park Hotel on Scotts Road. Taylor flew in from Sydney on invitation of Mr. Sturm to exchange in-depth information and new ideas on re-opening the Panguna mine.



Axel G. Sturm and Peter R. Taylor having lunch in Singapore.

Taylor confirmed that "we (BCL) are on track with our plans": Newly installed General Manager Project Development, Brad Stone will assist our Managing Director Paul Coleman who actually undergoes health treatment in Australia. Taylor describes Stone as well experienced: He started amongst others in Panguna and he is a specialist in Papua New Guinea business. He is supposed to maintain and improve BCL's good and promising contact to the ABG and PNG governmental insti-

tutions. Axel G. Sturm thanked Peter Taylor for his commitment to come to Singapore and to improve relations with the European Shareholders.

### **Mt Kare group claim deliberate exclusion**

Post-Courier 26.9.2013

By *KOLOPU WAIMA*

POGERA Mt Kare Young Generations Associations Inc (PMYGA Inc) have thanked Prime Minister Peter O'Neill for accepting their petition. PMYGA Inc chairman Jonah Puli Kipu said the Prime Minister, in a radio talkback show on Monday, said he received the petition containing issues affecting the landowners. They delivered the petition a week ago. Mr Kipu and association treasurer Danny Lucas, in a media conference yesterday, thanked Mr O'Neill and said they were hoping that their issues would be resolved, believing that the prime minister would respond favourably. Both men said PMKYGA Inc is a mandated landowner association and lashed out a media report in The National newspaper by Pogera land owners association chairman Mark Tony Ekepa claiming that they were "paper landowners".

"We are not paper landowners. We were mandated by 23 negotiating agents of Pogera in April 27, 2002," both leaders said. However, they said they were deliberately overlooked during the recent Kokopo memorandum of agreement (MOA) review. They claimed that their exclusion was simply to avoid exposing all devious or corrupt practices administered within the organisations that administered the landowners' money for the past 25 years. "We have been taken for a ride since April 27, 2002 when recognition was given to PMKYGA Inc by the 23 negotiating agents of Porgera. "We have sought funding to conduct community based special research projects, of which data obtained will be collated to properly address all landowner issues during the review of the Porgera MOA. "We have sought funding for the awareness campaign program for the review as none was done in Porgera to educate the SML landowners since May 12, 1989," they said.

### **Wobiro accused of 'selling out'**

The National, September 26th, 2013

WESTERN Governor Ati Wobiro has been accused by leaders of mine villages and Community Mine Continuation Agreement communities denying his people's birthrights. Leaders of mine villages and Community Mine Continuation Agreement (CMCA) communities in Western ostracised Wobiro in a heated press conference yesterday. The leaders, representing 162 villages in the mine area, North Fly, Middle Fly and South Fly impacted areas, accused their Governor of selling off Western. Spokesman Joel Dangkim, flanked by other leaders, said during the mine life extension consultation from 2009 to 2012, they had never consented to the takeover of 63.4% of shareholding in Ok Tedi Mining Ltd – held in trust for them by PNG Sustainable Development Program (PNGSDP) Ltd – by the Government. "We demand our governor and three local MPs, people of Western, and every other citizen of PNG to support our course," he said. "We also demand an apology from all elected leaders who have voted for the bill in Parliament.

"To us, the decision to vote for is against our conscience, and morally, will cause damage to our already devastated environment that is affecting livelihood of our people. "The decision of the takeover also means our present livelihood and future of our generation will be reversed and lost forever. "We fear for the future of the mine, we fear for the future of our income from the mine, we fear for our environment, and we fear for the future of our children. "Sadly, this also sets a precedence where it would affect and threaten future investments, and destroy investor confidence to the already-booming resource development industries in PNG. "We want to inform the state, OTML, PNGSDP and the general public that all matters relating to issues raised must be addressed with the consent of

the leaders of CMCA communities and the principal landowners of the Ok Tedi mine. “Any other group or persons who claim to represent the two groups must not be entertained.”

*Letter to the editor*

**Ok Tedi: Sode and Mekere doing a fine job for Western**

The National, September 26th, 2013

The PNGSDP is doing fine so far under the leadership of David Sode and Sir Mekere Morauta. Under their leadership, the country and Western have benefited a lot in terms of infrastructural development. Many Papua New Guineans see Sode as a visionary and a determined leader who has the heart for this country's development and contributes tirelessly under various capacities as former IRC commissioner and CEO of PNGSDP. However, it is surprising to read about the government's intention to take ownership of PNGSDP. What are the government's motives for the move? The government must clearly state its new strategies on how it would help the people of Western if it thinks that the current PNGSDP management is not doing enough. As far as the country and particularly the people of Western are concerned, the current management should be acknowledged and allowed to continue the good work they are doing. If PNGSDP is politicised, the kind of services provided by the current management will drop significantly. Meanwhile, the K2 billion to the people of Western, plus their annual K450 million share of the OK Tedi dividends as stated by the chairman will not transparently benefit the people judging from past experiences of the government's handling of landowners' fund. All political leaders from Western and others must oppose this move as it is not in the best interests of the ordinary and affected people of Western. I hope the prime minister will reconsider his decision. DK, Via email

*Letter to the editor*

**Government needs to leave Ok Tedi Mine alone**

The National, September 26th, 2013

I STILL cannot believe the blatant ignorance and arrogance of our leaders even after 38 years of independence. It is either we the citizens have rocks for brains, or our leaders suffer from amnesia. Prime Minister Peter O'Neill's rebuttal to the growing opposition against the national government's push to take hold of Ok Tedi Mine Ltd (OTML) is very shallow indeed. O'Neill said that after 10 years of PNGSDP, there was nothing to show for it in Western province. Can I ask what the national and provincial governments have to show for in terms of development in Western after 38 years of independence? In 10 years, PNGSDP, through its shareholding in OTML, has achieved for Western what both the national and provincial governments have not in 38 years. It is evident that the national government is trying to use the OTML funds as another of its cash cows. When BHP was awarded the mining contract, the national government, through its line agencies and the department of environment and conservation, failed miserably to stop the poisoning of its own citizens who depend on the Fly River for their livelihoods. There is a perception the Government is grabbing Ok Tedi from the people. Can O'Neill come out and say otherwise? Countryman, Via email

**OTML uproar**

The National, Thursday September 26th, 2013

By MALUM NALU

LEADERS of mine villages and Community Mine Continuation Agreement communities in Wes-



tern have rejected the Government's takeover of Ok Tedi Mining Ltd. At a press conference in Port Moresby yesterday, the leaders warned they will take legal action against the State for the takeover, as well as for the massive environmental damage, given that it now has full ownership of the mine. But last night, a spokesman for Prime Minister Peter O'Neill urged the "selected" CMCA leaders not to allow themselves to be misled by PNG Sustainable Development Program (PNGSDP) or its agents. Parliament last week approved the Government's takeover of the mine. The leaders, representing 162 villages in the mining area in North Fly, Middle Fly and South Fly, told journalists that the Government was only asking for trouble by expropriating the 63.4% shareholding in Ok Tedi held on their behalf by the PNGSDP.

"All 63.4% shares in OTML held by PNGSDP must be transferred immediately to the CMCA communities and mine villages so we become the major owner of the Ok Tedi mine," spokesman Joel Dangkim said. "The shares were gifted by BHP in compensation for environmental damage and are therefore part and parcel of the environmental compensation due to the CMCA communities and mine villages. "We demand that all dividends from our 63.4% share must be paid only to CMCA and mine villages. "No dividends are to be paid outside of Western as of today. "Ownership of OTML and the distribution of dividends are part of the environmental compensation to CMCA people and mine villages. "We demand that OTML should remain as an independent private company without the State's influence as one of its state-owned entities, as this poses a high level of risk to the employees' continued employment, contractors, and spin-off landowner businesses currently contracted to OTML.

"CMCA communities demand an immediate apology from the prime minister, representing the State as regulator, for allowing OTML a license to operate the mine without a tailings dam for the last 24 years." Dangkim said contrary to what was being propagated by O'Neill and Western Governor Ati Wobiro, they had never given their consent for the Government takeover, "CMCA leaders and mine village leaders declare publicly that we have never consented for Government's takeover of PNGSDP shares held in trust on our behalf in OTML, during mine life extension (MLE) community consultation and negotiations. "Therefore, we have been deprived of our rights to shareholding and dividends, and MLE-negotiated package payments due to us," Dangkim said. The PM's spokesman said last night the PNGSDP "is yours, but it has never worked for you. "They have poured millions of kina into the failed Daru port project, the Purari Hydro project, and Cloudy Bay Timber project, and others that have no direct bearing on improving your health and livelihood. "Now they are telling you they work for you? Their time is up." "It is time for the CMCA leaders to work with their newly-elected LLG leaders, the provincial government, and national leaders to ensure the new OTML and PNGSDP works for them."

## **Stakeholders Demand PNG Mine Shares Taken By State**

*Ok Tedi communities want complete control of dividends*

By Melissa Martin

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Sept. 26, 2013) – Ok Tedi mine landowners and representatives of the mine affected communities are demanding Papua New Guinea's national government transfer the 63.4 percent shares in the mine it recently expropriated back to them and the people of Western Province. The landowners and the Community Mine Continuation Agreement (CMCA) leaders, who represent over 150,000 people of Western Province, want the Government to set up a separate entity to take custody of their shares with Ok Tedi Mining Limited (OTML) or let the PNG Sustainable Development Program (PNGSDP) remain as a caretaker but under a different structure. The shares were part and parcel of the environmental compensation by BHP Billiton for environmental damage to the CMCA communities and mine-affected villages in Western Province. CMCA spokesman and a mine village leader Joel Dangkim told a press confer-

ence in Port Moresby yesterday that no mine dividends are to be spent outside of the Western Province.

"The 63.4 percent share must be paid to CMCA and mine villages and no one else. Ownership of OTML and the distribution of dividends are part of the environmental compensation to CMCA people and mine villages," he said. However, a spokesman for Prime Minister Peter O'Neill urged CMCA leaders not to allow themselves to be "misled" by PNGSDP or its agents. "PNGSDP is yours but it has never worked for you," the spokesman said. "They have poured millions of kina into the failed Daru port project, the Purari hydro project, and Cloudy Bay timber project and others that have no direct bearing on improving your health and livelihood. Now they are telling you that they work for you? Their time is up. Do not be misled by them anymore. "It is time for the CMCA leaders to work with their newly elected LLG leaders, their provincial government, and national leaders to ensure the new OTML and the new PNGSDP delivers the programs and projects that will go a long way in improving their lives and sustaining that for some time," the spokesman added.

Nonetheless the landowners and CMCA Leaders charged that they did not give their consent for the Government's takeover of PNGSDP Shares, which were held in trust during the mine life extension (MLE) community consultation and negotiations. "There was no proper consultation to address issues raised in petitions from the Mine Villagers and CMCA leaders on 2nd August 2013. To date, there has been no response to our written letters to both Prime Minister and the Managing Director of OTML on 11th September 2013. Following the discussion of these outstanding issues; we are now left with the only option to seek legal means to address the issues," said Mr. Dangkim. The politicians who voted in the National Parliament for the Government to expropriate the mine also came under scrutiny with Mr. Dangkim demanding an apology from them. "We the people of Western Province also demand an apology from all elected leaders who have voted for the bill on the floor of the National Parliament. "The decision of takeover also means our present livelihood and future of our generation will be at stake and lost forever," added Mr. Dangkim.

### **Newcrest stays in Fiji despite massive loss**

Tevita Vuibau, The Fiji Times, September 25, 2013

NEWCREST Mining Limited says it remains committed to the Namosi Joint Venture despite posting a massive \$A5.778billion (\$F9.9b) net loss in the 2013 financial year. The loss was driven largely by a drop in the global market price of gold and the expected asset impairments and write downs that were projected by the company. The record loss comes after the company posted a net profit of \$A1.117b (\$F1.944b) for the 2012 financial year. Newcrest spending in Fiji was also down 29 per cent, falling from \$A7million (\$F12.18m) in the 2012 financial year to \$A5m (\$F8.70m) this year. NJV country manager Greg Morris said there would be no change in the current operations in Namosi. "The Namosi Joint Venture (NJV) has been undertaking exploration drilling in the Waivaka area and is now preparing for further environmental and social study work as part of the environmental impact assessment (EIA) process for the Waisoi project," Mr Morris said. He also said the NJV was undertaking exploration drilling in the Waivaka area.

Speaking on the decreased spending at the NJV exploration site, Mr Morris said this was representative of the normal mining cycle. "Increases and decreases in drilling and study activities are part of the normal exploration cycle. Namosi is an exploration project. "Increases and decreases in drilling activity have happened before and will happen again as exploration levels vary during the project cycle." Newcrest, which owns a 69.94 per cent stake in NJV, says additional study work had to be conducted at the Namosi project. "Once that is completed, it will enable further informed consultation and engagement with the community, government and other stakeholders about the Waisoi project in accordance with the EIA process under Fiji laws. "The Waisoi EIA will inform the com-

munity and other stakeholders about the proposed project, and help the Fiji Government decide if a mine at Waisoi can be built in an environmentally acceptable manner.”

### **Deep Sea Mining: Coming soon to an ocean near you**

Source: The Conversation, By Carlos Duarte, SBS Blog September 25, 2013



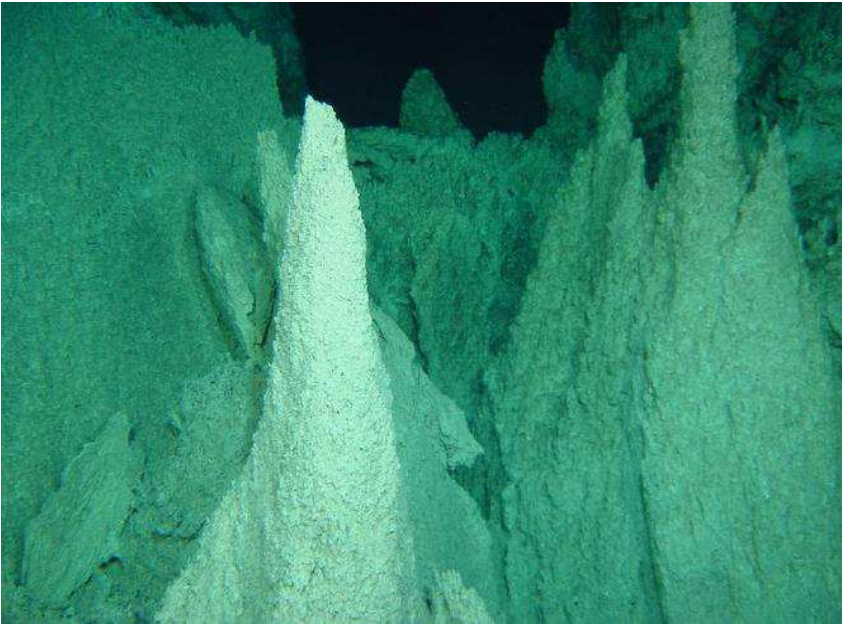
Canadian giant, Nautilus Minerals, is leading the world in deep-water mining exploration, and has plans to harvest the riches of 11 hectares of copper and gold-rich sea bed. (Source: AAP/Nautilus Minerals)

The depletion of resources on land together with the increase in resource demand and the parallel development in technologies for deep sea exploration have brought the issue of deep-sea mining to the forefront of political, industrial and scientific debate, writes Carlos Duarte.

Shallow submarine mining is already a reality in coastal areas, such as the De Beers Marine diamond mining operation in Namibia, in depths up to 150 metres. The current challenge is to move these operations to the deep sea, which contains vast resources of minerals, including manganese, iron, nickel, copper, cobalt, rare earths and gold, often associated with areas of volcanic activity. Whereas nations are sovereign to regulate seabed mining within their economic exclusive zones, the access to resources in the seabed and ocean floor beyond these national jurisdiction waters, referred in United Nation Convention on the Law of the Sea (UNCLOS) as “the Area”. is organized and controlled by the autonomous international organization called “[International Seabed Authority](#)” initially established under UNCLOS. To date, the International Seabed Authority has entered into seventeen 15-year contracts for exploration for polymetallic nodules and polymetallic sulphides in the deep seabed with thirteen contractors. Eleven of these contracts are for exploration for polymetallic nodules in the Clarion Clipperton Fracture Zone in the Pacific, with two contracts for exploration for polymetallic sulphides in the South West Indian Ridge and the Mid Atlantic Ridge.

These contracts allow the contractors to explore specified parts of the deep oceans outside national jurisdiction, giving each contractor the exclusive right to explore an initial area of up to 150,000 km<sup>2</sup>. Russia, China, Korea, Germany and France are the nations involved in most of these contracts, which include contracts for small nations, such as Nauru, Kiribati and Tonga, whom would likely open them up to tender by international companies. Indeed, at a summit on Deep-Sea Mining in London two months ago Mark Brown, Minister of Minerals and Natural Resources of the Cook Islands, announced that the Cook Islands is embracing deep-sea mining as a pathway to multiply the country’s gross domestic product by up to 100 fold, as they assessed that the Cook Islands’ 2 million Km<sup>2</sup> exclusive economic zone contains 10 billion tons of manganese nodules, which con-

tain manganese, nickel, copper, cobalt and rare earth minerals used in electronics. Negotiations are under way between the Cook Islands and companies in the UK, China, Korea, Japan and Norway, towards granting the first tenders within a year.



Carbonate chimneys at inactive hydrothermal vent sites of Lost City, Mid Atlantic Ridge. (c ) Ifremer, Exomar cruise 2005.



nodules Ifremer Nodinaut

These facts suggest that we may soon face an underwater gold rush, but in most citizens' minds deep-sea mining is still something for sci-fi movies. Much to the contrary, the technology for deep-sea mining is not something of the future but it is largely existing. A deep-sea mining operation consists of a mining support platform or vessel; a launch and recovery system; a crawler with a mining head, centrifugal pump and vertical transport system; and electrical, control, instrumentation and visualization systems. Companies such as Lockheed Martin, Soil Machine Dynamics, IHC Mining and Bauer or Nautilus Minerals are developing vehicles for deep-sea mining, pledging they are in the position to readily develop techniques to operate down to 5,000 metre depth. Indeed, the submarine vehicles required are already in existence and their operations are described in compelling animations. Besides direct removal of parts of the sea floor during mineral collection, in-

creased toxicity and turbidity is expected in the water column due to sediment resuspension during the extraction (ie near bottom) and tailings rejection after minerals are sorted on the floating platform (ie near the surface) resulting in clouds of particles forming plumes. . Waste will represent most, 90%, of the volume of materials pumped to surface and, thus, seabed operations will deposit massive amounts of waste at the sea floor. This waste can, in turn, release massive amounts of metals and other elements to the surrounding water, impacting on the ecosystems that thrive near these deep sea mining sites. While near bottom resuspended sediment may cause a major threat to local communities, surface plumes generated by tailing may have a wider impact by affecting larger areas.

Here is, however, where the main problem lies. Deep sea communities are very poorly characterized and mapped, and even where a reasonable taxonomic knowledge could be claimed and communities mapped over accurate scales, their sensitivity to these impacts is unknown. Despite these uncertainties, there is little doubt that losses of fragile deep-sea communities during the operations will be unavoidable, and the focus of industry and scientists is placed in the ecological restoration of the deep sea from impacts of mining. The International Marine Minerals Society has developed a voluntary [Code for Environmental Management of Marine Mining](#) that recommends that plans for deep sea mining include at the outset procedures that “aid in the recruitment, re-establishment and migration of biota...”. The first impact assessment for a deep-sea mining project has now been produced. This was commissioned by Nautilus Minerals Inc., incorporated in Canada but also present in Australia (Queensland). Nautilus was granted the first mining lease for polymetallic seafloor massive sulphide deposits at the prospect known as Solwara 1, in the territorial waters of Papua New Guinea, where it is aiming to extract copper, gold and silver. The company, which is likely to be the first one to implement deep-sea mining is also looking at operating in the exclusive economic zones and territorial waters of Fiji, Tonga, the Solomon Islands, Vanuatu and New Zealand.

A workshop, promoted by Nautilus Minerals Inc., was held in Sète (France) in November 2012, including one of us (S.A.-H.) to consider the feasibility of ecological restoration of the deep sea following mining operations. The outcomes of the workshop are reported in a paper, including co-authors from Nautilus Minerals Inc, published in the journal *Marine Policy* (Van Dover et al. 2013). This exercise indicated that most of the direct costs (80%) for a deep-sea mining restoration programs would be associated with ship use, including use of remotely operated and autonomous underwater vehicles. The experts attending this workshop concluded that deep-sea restoration will be expensive, but that cost alone should not be a reason for inaction and that restoration should be included in project budgets. They concluded that where restoration costs are prohibitive, offsetting options can be explored but that neither restoration nor rehabilitation objectives or commitments should be taken as a ‘license to trash’.

A record of disasters in the offshore oil and gas industry, as well as deep sea fisheries, shows that there is a high price to pay in allowing industry to move offshore faster than scientific research does, yet only a handful of nations – which do not include Australia – are sufficiently equipped for deep sea scientific exploration as to keep pace with industry. The basic knowledge (taxonomic inventories, habitat mapping, characterization of faunal assemblages and dynamics of deep species interactions, ...) of deep sea ecosystems and the evaluation of their vulnerability, recovery time scales and processes is a matter of urgency, but this goals cannot be met without significant investments in capabilities for deep-sea research. Providing the immediacy of deep-sea mining, the investment in scientific infrastructure and research to provide the scientific underpinnings for the safe and sustainable mining operations in the deep-sea is an imperative.

*This piece has been co-autored with Sophie Arnaud-Haond, IFREMER, France.*

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*Carlos Duarte does not work for, consult to, own shares in or receive funding from any company or organisation that would benefit from this article, and has no relevant affiliations.*

### **Deep sea mining impact: Awareness sparks talks**

The National, September 25th, 2013

THE deep sea tailings environment pollution awareness is creating debate in Madang, with academics becoming involved. Divine Word University academics have conducted awareness at the institution and neighbouring communities. Academics aired views at consultative forums held at the university last week by the Constitutional and Law Reform Commission. The commission is engaged in a wide range of consultative forums in mining impact areas, gauging views from the public in a lead-up to the review of environmental and mining laws relating to the management and disposal of mine wastes or tailings. Fr Luke Apa, a lecturer in social and religious studies, said something had to be done quickly to stop further destruction of the environment. He said Papua New Guinea had many bad experiences from major developments simply because the government failed to set proper guidelines for developers. He said PNG should be setting the conditions for foreign developers and not vice versa. He said the Government was not protecting the people and instead, had to clean up the mess left behind by developers.

### **Offshore sector's wages up but productivity stays the same**

Matthew Stevens, Financial Review, 25 Sep 2013



Deloitte found that, on average, workers in the offshore oil and gas marine support sector have seen wages grow by some 11 per cent per year since 2007-08. Over the same period, the average worker in Australia has seen their wages grow by about 4 per cent a year.

The Maritime Union just does not get it. In an attempt to redirect and undermine criticism of the union's unwelcome contribution to the cost and productivity pressures that threaten the competitiveness of our offshore oil and gas industry, the MUA has paid for its own independent review of a

similarly independent report that illuminated its corrosive role in the equation of viability. The MUA called in BIS Shrapnel to peer review work done for the Australian Mines and Metals Association by Deloitte Access Economics. Not surprisingly, Team BIS has come up with some starkly different conclusions on the state of wage inflation in the offshore marine industry and on the risk that might pose to current and future competitiveness. To refresh, the report AMMA both paid for and generated data to, found that wages and total expenses of the marine operators have doubled over the five years to 2012 while revenues have increased by 50 per cent. As a result, despite boom-time demand conditions, the operator's profits through the past financial year were 26 per cent lower than they were when Kevin Rudd took government.

Deloitte found that, on average, workers in the offshore oil and gas marine support sector have seen wages grow by some 11 per cent per year since 2007-08. Over the same period, the average worker in Australia has seen their wages grow by about 4 per cent a year. What's more, over five years, the profit generated by each vessel working under MUA oversight had fallen by 14 per cent a year as expenses on each boat had risen 40 per cent. And the net result of that is that the profit generated by each boat has fallen by half. Well, BIS says we should ignore all of that because Deloitte's work was the product of a survey of but five of the 19 vessel operators, and because each of them are members of AMMA and thus they "may be subject to bias". So, rather than rely on survey materials, BIS Shrapnel has gone to the public record to produce numbers that suggest industry revenues have grown by 200 per cent over the past five years while wages growth has been limited to 50 per cent. The BIS work suggests earnings had grown by 13.2 per cent annually over the same period. And while that 50 per cent wages growth might look high against national averages, it is not when you compare it to more relevant industry sectors and boom-time geographies.

So the BIS reference points are contained to the mining and construction sectors where wages have grown at an even more unsustainable rate. BIS reckons this a more appropriate test given the competition for workers in places such as WA and Queensland. But the fact is that competition, at least on the waterfront and the seas, is controlled by the union not the marketplace. Only last week, for example, the Federal Court ruled that the MUA had run an "unlawful" closed shop in offshore services space in WA. The competitive credibility of the BIS work is further undermined by the simple fact it seems to be drawn from an even smaller base of the industry than was the Deloitte work. The BIS numbers reflect the published data of just three companies and some of its other conclusions (on profitability for example) are extrapolated from an unspecified number of companies that do not report locally and do break-out Australian numbers. So let's leave our duelling experts and their customers to their own devices and consider the essential point of accord here.

The MUA's hardy sea folk who man vessels servicing the offshore oil and gas industry are paid at least 50 per cent more than they were five years ago and there is no one jot of evidence offered anywhere that says they have justified those increases with similar levels of productivity offsets. This all matters right now because the union and its industry are working through Fair Work Commission conciliation over a claim for four more years of 6 per cent pay rises. Needless to say, there is little in the name of productivity being offered by the union to secure those increases. And there's the rub. When guys like Chevron's local boss, Roy Krzywosinski, tell us Australia has two years to tackle productivity and industrial relations reform or risk missing the next \$150 billion round of investment in of LNG, he is talking to an audience far broader than the MUA. Because, as much as the union and BIS might prefer it to be otherwise, a 50 per cent increase over five years in just one of the costs of servicing Australia's offshore petroleum sector cannot be received in isolation. It is part of a compounding rollout of cost growth that, left untrammelled, will push the Australian resources sector to a tipping point in competitiveness that will see other nations enjoy the spoils of our excesses.

### **PNG mining breaches appalling**

The most surprising and damning thing about the decision of PNG Prime Minister Peter O'Neill to expropriate the controversy-tarnished Ok Tedi copper and gold mine, is that the move has generated so little international attention outside of Papua New Guinea. I mean, the plan confirmed last week by O'Neill involves expropriation on a scale probably not seen since the 1970s. He has decided to assume ownership of the 64 per cent of Ok Tedi owned by a trust set up in 2001, in the name of the people of the Western Province of PNG, by the mine's founding force and former owner, BHP Billiton. The expropriation O'Neill has announced amplifies the sovereign risk of investment in PNG on three distinct fronts. Each breach of past government guarantees is appalling in its own right. And collectively they must have other major investors in PNG deeply concerned over the standing of any and all of the agreements they have with government. O'Neill is first moving to repossess an asset that was delivered to a Singapore registered trust with the full endorsement of a previous PNG government, a trust that is currently chaired by a former PM in the form of Sir Mekere Morauta and that is recognised throughout PNG for the quality of its achievements and its resistance of corruption.

O'Neill is also attempting to overturn the constitution of the PNG Sustainable Development Program and to seize control of the \$1.5 billion at sites within its command. Those funds are the retained earnings from Ok Tedi since 2001 and are supposed to be held for short and long-term benefit of the people most affected by mining in the Star Mountains of the Western Highlands. The trust has two functions: the management of short-term community based programs and investment in regional development once the mine closes. And a veto over that long-term deployment is one of the few rights BHP Billiton retains in the wake of its formal retreat from board of trust last year. O'Neill's third and final breach of commitments past is to say he will remove the indemnity from liability guaranteed to BHP in the wake of the transfer of ownership of Ok Tedi. The significance of these indemnities requires no explanation. But an understanding of why they were offered is informative. You see, BHP's preference back in 2000 was that Ok Tedi should close.

But the mine then represented about 25 per cent of PNG's GDP. The government begged for alternatives. BHP acquiesced, placing the mine into a trust structure on the basis that it would not be liable for any future environmental damage and that profits could be directed to the benefit of local communities. And guess what? The whole program has proven a paradigm of community engagement and corporate philanthropy. Until now. For proof of that, we need look no further than the Catholic Bishops of PNG who on Monday expressed "profound disappointment with what our leaders in government have done by appropriating OTML (Ok Tedi), which could result in the cancellation of PNG Sustainable Development Program". "PNGSDP is one of the premier development organizations in PNG," the bishops wrote. "It has done so much good. It would be foolish to terminate it. The people at PNG Sustainable Development Program should fight to continue their good work and we should support them."

### **PNGSDP giving more to PNG than Western**

The National, September 25th, 2013

By MALUM NALU

MORE money is being poured by the PNG Sustainable Development Program Ltd into the rest of the country than Western according to a newspaper advertisement yesterday. And this has irked Western Governor Ati Wobiro. The advertisement says PNGSDP committed K737.8 million to more than 400 projects around the country, while only K446.7 million was committed to more than 200 projects in Western. Wobiro, a former PNGSDP employee, accused his former employer of hiring highly-priced consultants without any tangible benefits for the province. "The people of Western province continue to unilaterally carry the pollution and destructions of the mine, while others



decide on their future,” Wobiro said in a statement. “There is a widely held perception in the province that PNGSDP has been putting lot more effort in development programmes in other parts of the country and not in Western. “This was confirmed in today’s (yesterday’s) paid advertisement by PNGSDP regarding projects they have implemented over the last 10 years.

“Western received only K446.7 million compared to K737.8 million in the rest of the country. “In any case, K446.7m spent in Western was mostly feasibility studies.” Wobiro, caught in the thick of flak exchanged by Prime Minister Peter O’Neill and PNGSDP chairman Sir Mekere Morauta over the takeover of OTML by the State and related issues, said Western people saw PNGSDP as a “consultancy company”. “People of the province see PNGSDP as a consultancy company, engaging hundreds of consultants to produce papers at high costs, but implementing very few tangible projects on the ground,” he said. ‘Many schools and facilities including roads, hospitals, secondary and high schools, agriculture and fisheries, tourism and others continue to remain unaddressed in the province. “Situations on the ground speak very loudly about their lack of performance.”

### **Ok Tedi Mining Chair Sir Mekere Morauta Ousted In PNG**

*PM O’Neill: new board will provide strong leadership, experience*

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Sept. 25, 2013) – Papua New Guinea's National Government has moved swiftly to implement last week’s legislation transferring shareholding in Ok Tedi Mining Limited (OTML) to the State by terminating the appointment of Sir Mekere Morauta as the chairman of the OTML board. Prime Minister Peter O’Neill revealed this yesterday when announcing the appointment of four members to the board including a new acting chairman. Acting Secretary of Treasury Diari Vele will act as chairman (ex officio) while Dr. Modowa Gumoi, acting administrator of the Western Provincial Government (ex officio), Nigel Parker, managing director of OTML (ex officio) and Dr. Jacob Weiss, banking and finance executive, make up the board. Mr. O’Neill said the new board members would provide OTML with strong and accountable leadership, and ensure the best interests of the people of Western Province, including landowners in the mine area, were given the highest priority. "The appointments follow the passage by the national parliament last week of legislation transferring the shareholding in OTML held by the PNG Sustainable Development Program to the State," Mr. O'Neill said.

Mr. O’Neill said the new board members would provide strong and experienced leadership for Ok Tedi Mining Limited and they offered the right blend of experience the Company needed in a period of change. Mr. O’Neill said the appointment of Sir Mekere Morauta as chairman of OTML and a board member has ceased following the National Executive Council’s approval of the new board members, including an acting chairman. "Ok Tedi Mining Limited will function in a transparent and accountable way under the new board, and State ownership on behalf of the people of the Western Province," he said. Mr. O’Neill said the mine’s operations would continue as normal during the transition period which he was confident would be smooth and harmonious. "I will be instructing the new Board, and the Company’s Management, to engage closely with landowners, the people of the province, the provincial government, and the MPs representing the province," he said.

"The shareholding will be held by the State on behalf of the people of the Western Province. "The Government will ensure, as the responsible Government, that the people have the maximum possible engagement and involvement in the future of the Mine, and its impact on the environment and the community," Mr. O’Neill said. Meanwhile, a copper concentrate pipeline was sabotaged by vandals at the site, raising concerns that it may be related to the ongoing tussle between PNGSDP and the Government. But Ok Tedi Mine in a short statement said "Tampering is an on-going issue and occurs at locations where the copper concentrate pipeline is currently exposed." "Despite the awareness by OTML community relations department advising the communities of the dangers of

cutting high pressure lines the company has recorded three incidents over the last 12 months where attempts have been made to cut into the pipeline," the statement said last night. "OTML is currently investigating options to prevent further tampering of the pipeline. "The recent tampering of the Ok Tedi copper line at Km146 is not related to the recent takeover of OTML by the Government."

## **STATEMENT IN RESPONSE TO ABC 'FOUR CORNERS'**

BHP Billiton, Sept. 2013 via ABC Australia

BHP Billiton does not own Ok Tedi Mining. We transferred our shares in Ok Tedi to a charitable entity, PNGSDP, in 2002 so that the revenues from them could be used for the benefit for the people of the Western Province and PNG. The sale or expropriation of PNG Sustainable Development Program's equity in the Ok Tedi mine is a matter for the Directors of PNGSDP. In relation to the protections that the PNG Government has said it would remove from BHP Billiton, we remain confident that we have other indemnities in place and that our shareholders are not exposed to potential claims. The removal of protections that were legislated for BHP Billiton at the time that it gifted its shareholding to PNG raises squarely the question of sovereign risk for PNG.

The arrangements around our exit from Ok Tedi were agreed with the PNG Government in 2001 and unwinding them shows lack of good faith by the PNG Government. BHP's preference at the time we made those arrangements was to close the mine altogether, but the PNG Government required that it remain open. We agreed the protections in that context. BHP Billiton does not believe that consenting to changes to the governance arrangements relating the long term fund would be consistent with the purposes for which the fund was established. PNGSDP has a good record in managing the funds to advance worthwhile projects in the region. The fund is situated in Singapore and is not linked to potential changes in the ownership of PNGSDP's equity in the Ok Tedi Mine.

## **Mt Kare landowners thank government**

The National, September 24th, 2013

LANDOWNERS of the Mt Kare gold mine in Enga have thanked the Government for renewing the exploration licence for Summit Development Ltd to develop the mine. The landowners are from the Kewai-Malip clan. Chairman of the Kewai Malip Association Inc Stanley Kundal described it as a breakthrough for the people of Mt Kare. He thanked Prime Minister Peter O'Neill, Mining Minister Bryon Chan and Laigap-Porgera MP Nixon Mangape for renewing the licence to Summit Development Ltd. He said many developers and explorers had been there in the past 30 years but no real work had been done. "That resulted in Mt Kare's money being taken out through exploration licences, leaving us in a limbo," he said. Kundal, a chief of the Kewai-Malip-Terrewana clan, said there were 69 sub-clans and 17 major clans claiming to be the landowners. He said the Kewai-Malip clan was among the 17 clans and owned the portion of land where the service and underground mine would be located. "Summit Development Ltd has nearly completed the feasibility study and the landscape mapping."

## **Naru announces use of fund allocation**

The National, September 24th, 2013

MOROBE Governor Kelly Naru spelt out publicly to the people how the K11 million special support grant (SSG) from the Hidden Valley project was being used to benefit the people of Bulolo district. Naru announced during the opening of the Bulolo cultural show in Wau on Saturday that the SSG annual allocation of K11 million from Morobe Mining Joint Venture was made available to-

wards the end of last year and was managed by the Morobe provincial management unit board. Under the new management, which started in March, engineers, surveyors and consultants were engaged to carry out surveys and feasibility studies were carried out. Various projects were implemented by the MPMU in the past six months. From the K11 million, a total of K3,719,945 was spent on completed projects which are:

- K266,750 for Wau and Bulolo police vehicle;
- K500,000 for MPMU secretariat;
- K500,000 for Winima access road
- K500,000 for Kwembu access road;
- K1.5m for Winima power supply paid to PNG Power; and
- K453,195 for Wau town road sealing survey.

A total of K5,133,250 was allocated for six other infrastructure projects before the provincial supplies and tenders board, which are:

- K500,000 for Nauti access road;
- K200,000 for Nauti power supply;
- K1.5m for Winima power supply;
- K533,250 for Bulolo police houses;
- K1.5m for Bulolo hospital maintenance; and,
- K900,000 for new access road to Bulolo hospital.

He said two other projects, which would be delayed until December, were the Wau town road sealing costing K1,546,805 and the building of the new Bulolo hospital at a cost of K900,000. “It is important that there is harmony and cooperation by the leaders of the district and the province to see these important development projects come to fruition,” Naru said. “The money is not just being used but is being put to good use for the benefit of the people.”

### **Hidden Valley: Review team axed**

The National, September 24th, 2013

By PISAI GUMAR

MOROBE Governor Kelly Naru has terminated the team appointed to review the Hidden Valley mine memorandum of agreement and nullified their report. Naru described the team as “fish-meal”. He made the announcement at the Bulolo district show in Wau on Saturday after handing out K3.7 million worth of projects to councils in the district. The money was from the government’s special support grant to help in improving infrastructure in the mining district and LLGs. Naru said the reason for terminating team was because of the non-involvement of provincial, district and local level government heads in it. He said any impact projects, including mining, palm oil and petroleum initiated in the province, should involve political heads from the province, district and LLGs. “Even the MoA review must involve these leaders because we are mandated by the people to represent their wishes, hopes, aspirations, faces, mouths and noses,” he said. “The MoA review must and should have the full endorsement and support of the provincial Tutumang (assembly) and Sam Sewe (cabinet).”

He said after the formal investiture of 32 presidents on Friday, and as the chairman of the Tutumang, he would lead the protest over the MoA review team and report. “As the head of the province, I now declare that MoA review team made up of bureaucrats and technocrats as a fish-meal team be terminated forthwith and a new review team be constituted immediately,” Naru said. Deputy Opposition leader Sam Basil backed Naru’s decision to disband the review team. “What acting

provincial administrator Geoving Belong and the deputies Patilias Gamato and Sheila Haro are doing in the administration without our consent will never be entertained. “There is bureaucratic red tape in the provincial administration that is dragging this province behind and we need young, vibrant administrators to lead, run and manage the province. “Our 18% royalty from Morobe Mining (MMJV) project must remain. Whatever is imposed and inserted into the MoA is nullified and whatever being cooked can be disposed in the bin. The Mineral Resource Authority (MRA) must respect that because they are too stagnant,” Basil said. MMJV community affairs general manager Stanley Komunt said he respected the decision by Naru and Basil. “MMJV is prepared to work with everyone and whichever team the governor announces,” he said.

### **Seabed mining won't affect tuna**

Post-Courier 24.9.2013

By *KONOPA KANA*

NAUTILUS Minerals country manager Mel Togolo believes there is a bright prospect in cooperation with the tuna fishery sector. Mr Togolo said this at the fourth Pacific regional tuna industry forum held last week in Honiara, the capital of Solomon Islands. Mr Togolo told the PNG media during an interview that the operations of the controversial seabed mining by Nautilus would be a safe one with consultation with stakeholders to design a safe production method that would have minimum impact on marine life. He based his comments on the information Nautilus provided, saying the company has developed and designed an enclosed pipe production system where all the ore mined will be piped up through to the vessel. Mr Togolo said before developing the mining equipment, information sharing was paramount in getting the right design. He said that there was wide consultation to make sure the machinery built were of world class standard so that operations would not affect tuna and other marine life.

Mr Togolo said that there were extensive discussions to come up with an enclosed system where ore mined will not come into contact with the marine life, piping everything straight to vessels. “Most of the tuna and majority of the marine life live in the sea within the first 400 meters of the ocean where photosynthesis, light and oxygen is available,” Mr Togolo said. “But deep sea mining operations will be conducted at a depth of 1,600 meters below the surface, where there is minimal marine life and things that humans don't consume live there”. He said in terms of developing this production system, there will be zero use of chemicals and blasting, which would have minimum impact on tuna and other marine life. “We continue to build our machinery overseas in England and the US and setting up the stage to bring them up to the vessels will be a major task,” Mr Togolo said. “We will co-operate in terms of research and on-board safety with local maritime agencies like the National Maritime Safety Authority, to provide information on up-to-date shipping charges and telecommunication.”

### **Bishops oppose Ok Tedi takeover**

The National, September 24th, 2013

THE Catholic Bishops of Papua New Guinea have opposed the Government's takeover of the PNG Sustainable Development Program (PNGSDP). A statement yesterday said the bishops had benefited from the company's projects and were not happy with the Government's action. “The Catholic Bishops of Papua New Guinea, in solidarity with thousands of ordinary people throughout PNG, want to express profound disappointment with what our leaders in Government have done by expropriating OTML, which could result in the cancellation of the PNGSDP. “What the late Ebia Olewale felt about this programme, we too have experienced it as we have worked to promote human development that fosters community participation, self-reliance and partnership. “Papua New Guinea will lose one of its most important and effective development agencies if PNGSDP is shut

down and its funds diverted to government programmes,” the bishops’ statement said.

It said PNGSDP had supported hundreds of projects nationwide, partnering with organisations and communities to bring assistance where it was most needed, particularly in disadvantaged remote areas largely overlooked by the government. “It has done this with integrity, avoiding the stain of incompetence and corruption. “Local organisations and communities know that if they are honest, willing to work hard and do their part in a spirit of self-reliance, they are likely to attract the attention of PNGSDP and receive assistance. Now it seems this will end. “In contrast, government, by itself, often struggles to successfully carry out community-based and even larger development projects. “Why is this so? People who read the daily newspapers are able to form their own opinions. Politics plays a large role in this and corruption is a truly serious problem. “Development and NGOs, charitable foundations and churches, even big-hearted individuals, who have as part of their mission a fervour for promoting development, integral human and economic development, are extremely important for the progress of a nation. “PNGSDP is one of the premier development organisations in PNG. “It would be foolish to terminate it. The people at PNGSDP should fight to continue their good work.”

### **No jobs will be lost in restructure, O’Neill says**

The National, September 24th, 2013

PRIME Minister Peter O’Neill has assured staff of the Ok Tedi mine that no jobs will be lost in the restructure of its ownership. “The management will not change,” he said on the FM100 talkback programme yesterday. “No job will be lost in the restructure.” He said only the ownership was changing, with the PNG Sustainable Development Program’s (PNGSDP) focus now directed at the people’s development and social needs that had been neglected for too long. He gave his assurance that the Ok Tedi Development Foundation and its good work would continue. “Our focus will now be the people of Western, especially those in the affected areas,” he said. “We must all now work with the provincial and local level governments. “They know the priorities of their people. “There will no longer be any competing interests. “We cannot have two or three organisations running parallel projects. “We must now align all the resources with the priorities of the people.

“PNGSDP or Ok Tedi is not about Sir Mekere or Peter O’Neill. This is about the people and what is rightfully theirs. “We must make it work for them, not protect our ivory towers,” he said. All the callers who raised questions with O’Neill on the radio spoke in support of the Government’s move. A caller from Kiunga said the hospital there was in a very bad state. He claimed PNGSDP had done nothing about it. Another caller, John Vaki, said the immunity granted to BHP was wrong and BHP deserved to be sued for the destruction caused to the environment and the livelihood of the people there. O’Neill said no new mining venture would be approved unless stringent environmental conditions were met. He said this included the Nautilus project, which was proposing a deep sea mine using advanced technology.

### **O’Neill commended for Ok Tedi mine decision**

By *ANCILLA WRAKUALE*

Post-Courier 24.9.2013

PRIME Minister Peter O’Neill said the move by the Government to take full ownership of the Ok Tedi mine in Western Province will set the benchmark in the industry for future mining projects to take environmental issues seriously. The Prime Minister was speaking on the FM100 Talkback Show yesterday. He said there was so much environmental damage done to the Ok Tedi River system and the government couldn’t continue to let this happen. “What we are doing now will set the benchmark for others in the industry. There is no money that can correct the river system,” he said.

Many callers, who called in to the radio program, commended the Prime Minister for taking the bold move in taking over the mine and the largest shareholder, PNG Sustainable Development Program (PNGSDP). Callers from the Western Province also commended the prime minister for the government's decision on taking full control of the Ok Tedi mine. They said they have suffered enough in terms of real infrastructure and service development in their own province and the government's move was in the best interest of the people there. One caller said PNGSDP was supposed to give priority to Western Province, but there has been very little to show for on the ground. He said the province is still in dire need of decent hospitals and schools. The caller said much of the money of the Western Province through the mine's revenue was spent elsewhere in PNG and not in the province.

Mr O'Neill said PNGSDP had spent millions of kina outside of Western Province and on studies and consultants. He said the Daru Port Project had cost millions of kina just on studies and consultant work alone. He said they have made the right decision and the people are generally happy and "we are comforted by that". Mr O'Neill said the mine was already nationalised and it was just the government taking full ownership of it. He said the government would include the Western Province people and ensure they get all the benefits they deserved. He also gave assurance that the US1.4 billion (K3.53b) in the long term fund held by PNGSDP will not be spent elsewhere in PNG but in Western Province alone as this was the money saved for the Western Province people after the mine closes. Meanwhile, the prime minister also made the commitment that the government won't approve any new mining projects to minimise environmental damages. "We do not want similar destruction in Ok Tedi done to other parts of the country. "We will do it in an accountable manner that safeguards our people's livelihood that depended on the environment and river systems. O'Neill challenged his critics to go see for themselves the real story in Western Province to support their critics.

### **Sir Mekere tells Wobiro to explain**

Post-Courier 24.9.2013

Former prime minister and chairman of PNG Sustainable Development Ltd, Sir Mekere Morauta, has called on the Western Province Governor to explain to his people why he had chosen to conduct secret dealings with the Prime Minister to help him expropriate, without compensation, the Ok Tedi mine and PNGSDP. In a statement Sir Mekere said, "The governor by his own admission has said that the Expropriation Bills were the outcome of months of discussion between himself and Mr O'Neill." But Prime Minister Peter O'Neill also in a statement responded and said Governor Ati Wobiro is the leader mandated to represent and speak for his people, not Sir Mekere Morauta. The Prime Minister said: "Governor Wabiro represents the people of Western Province. Sir Mekere represents no-one but BHP." "PNGSDP and all its money are worthless if they are not applied for the benefit of the people in the province," Mr O'Neill said. "What Mr Wobiro and I have been discussing together with other MPs from the province for some time now is how PNGSDP can support the work of the government in the province, because service delivery was poor and the people's health was deteriorating."

Mr O'Neill said: "We have been discussing how PNGSDP and its funds can be used, together with funds the national government is allocating to the provincial government and the districts, to improve the lives of people there." The Prime Minister said PNGSDP had not been doing that as they have been funding big capital projects like the Purari Hydro, the Daru port, and the Cloudy Bay Timber, where millions of kina are spent bringing no benefit to the people of Western Province." Sir Mekere had challenged Mr Wobiro saying, "PNGSDP and the people on whose behalf we hold a majority share in the mine want to know why he did not at take any time discuss this with us." "I think it is extraordinary that he went behind the backs of the CMCA and helped do a deal that deprives them of K8.5 billion in assets and income," Sir Mekere said. "The Ok Tedi mine is owned by

the people of Western Province, and we hold it in trust for them, and we protect and manage the \$US1.4 billion in the Long Term Fund for spending on development in the province for 40 years after mine closure.” Mr Wobiro has jeopardised the future of the mine, future dividends from the money, and the future use of the Long Term Fund. Sir Mekere said Mr Wobiro should have consulted the CMCA communities about this momentous change.

### **The Faustian Contract between BHP and PNG Why does the PM say he wants BHP out of Ok Tedi?**

Nancy Sullivan, Nineteen Years and Counting, PNG Mine Watch September 23, 2013

Is BHP still in control of PNGSDP? It seems to be. Follow out logic here. For those of us familiar with running the paper trails and company searches for RH subsidiaries, this is a pretty transparent chain of command, and it leads right to BHP Billiton’s Board room. Remember the BHP settlement in 2001, following those long Ok Tedi cases against the company? BHP gave USD \$500 million worth of shares in the mine to the PNG Government, when Sir Mekere Morauta was Prime Minister. That was all the shares it had in Ok Tedi, and it was their compensation for the gross and unprecedented level of damage they had caused the Western Province people. That was their bail-out, and the means by which they would step away from the mine. Or so we thought. The idea at the time was that the PNG Sustainable Development Program, would own and control all of the PNG Government’s shares in Ok Tedi for the purpose of implementing development in the deeply scarred Western Province, and the country at large. Papua New Guinea was unclaimed by any European powers in 1876 when a speck of gold was found at the highest point of D’Albertis’ exploration on the Ok Tedi River.

By 1884, at the express recommendation of Australian miners, Britain had established a protectorate over Papua. One hundred years later, in 1984, the Australian mining company BHP had secured the mining lease for Ok Tedi mine. Twenty years later it acknowledged responsibility for the single largest environmental disaster in the global history of mining. In compensation, they promised establish a trust for the impacted communities, and to leave this trust in the hands of Papua New Guinea. Ten years since, we find it has not. So why did Peter O’Neill say on Radio Australia that BHP Billiton needs to give back control of PNGSDP to PNG? How does the PNG Government NOT control PNGSDP and OK Tedi? BHP’s continued control is the largest con in PNG history. After killing one of the world’s most important rivers and subjecting hundreds of thousands of Western Province peoples to continuing environmental impacts, the company pledged to give back its shares in a form of penance. But with the cynicism of an older, colonial age, they never did this, and instead kept control of those ‘development’ funds for its own ends. They never left Ok Tedi. The biggest con in PNG history has been effected by BHP. In 2001, BHP Billiton did gift all its shares to the PNG Government. It also “suggested” to the PNG Government through then-PM, Sir Mekere Morauta, that the PNG Sustainable Development Program Ltd be set up, so that it:

- As a corporate entity, could hold and control all the shares in OK Tedi
- Would receive 75% of the dividends from OK Tedi
- Would be registered in Singapore and the dividends invested in Singapore, allowing the PNGSDP would bring back the interest for development programs for Western Province and PNG.
- And PNG would thereby right the wrongs left by BHP Billiton.

So BHP and its lawyers went about setting up the structures and drafting the relevant agreements. BHP then told the PNG Government that to start up the fund in Singapore – so that interest is readily available and PNGSDP can sustain itself from the beginning– there would be no need for

any start-up capital from PNG itself. BHP LOANED PNGSDP USD\$120 Million for the fund in Singapore. And when someone gives a loan – they give terms to secure that loan. The terms BHP gave were that UNTIL the loan was 100% paid back, BHP would nominate 4 of the 7 directors on the PNGSDP Board. BHP would retain a majority on the PNGSDP Board. Since its inception 12 years ago, PNGSDP has been controlled by BHP through its Board, with Ross Garnaut at the helm. And as PNGSDP is in control of the OK Tedi shares – the OK Tedi Board is made up of 4 Australians and 1 Papua New Guinean, BHP also controls OK Tedi. BHP has never left PNG. There is now USD\$1 Billion in the fund in Singapore BUT still the loan hasn't been paid back – and won't be for many years yet DESPITE the fact PNGSDP could repay the loan tomorrow in full and not even blink.

Why doesn't PNGSDP pay it back ? Because the BHP controlled Board wants BHP to remain in control for as long as OK Tedi operates, and as long as the other mines near Ok Tedi operate. Highlands Pacific, for example, has new gold and copper mine 25km away from OK Tedi: at Frieda River. Ross Garnaut has been appointed to the Board of Highlands Pacific? Why? Because PNGSDP has bought a huge chunk of shares in Highlands Pacific which entitles them to a Board seat. Consider the obvious advantages to Frieda if Highlands Pacific could strike a deal with OTML to send all its tailings down the Fly River rather than the Frieda and Sepik Rivers? They could sell them to OTML whereby acquiring the legal indemnity OTML now enjoys from the 2001 agreement: the freedom from any possible litigation by OTML CMCA signatories. So...instead of paying BHP back the loan and allowing 100% control back to PNG and its people – PNGSDP under Ross Garnaut has bought Highlands Pacific shares. The Faustian contract PNG was forced to sign back in 2001, by continuing the mine destruction for the economic well-being of the country, is not just a tragedy. It is an expanding tragedy.

What does investing in Highlands Pacific have to do with providing sustainable development programs for the Western Province and the rest of PNG? That US 1\$ Billion still sits in Singapore, and Western Province has recently been declared to have the worst human development indices in PNG. It's 'compensation' for loss of a birthright and a stable, healthy future has been expanded investment in more mines. IN 2010 PNGSDP brought \$40 million of the Singapore fund back to PNG to fulfil its program mandate. But they spent \$10 million on their own administration, and a further \$1.5 million on Board fees. Where do these monies wind up? Back in Australia, with BHP Billiton-appointed Board Members, their colleagues and families. Instead of working toward real development goals for Western province people by building schools, hospitals, roads, water supplies, better sanitation and small business opportunities, PNGSDP has now committed USD\$400 Million from the fund to a project in Daru. They are building a deep sea port and copper smelter in Daru. According to affidavit material filed by PNGSDP recently, US \$40 million has ALREADY been spent on the FEASIBILITY STUDY for this project. A feasibility study costing US\$40 million. How many aid posts, college degrees, roads, small business loans could have resulted from \$40 million dollars? How many PNG consultants would have liked to have conducted the study? We can only imagine. The rest of the money will be spent on \$178 Million worth of DREDGING for the port – as it needs to be much deeper to permit access to large ships for transporting the copper from the smelter.

But why build a copper smelter in Daru? Is this a sound investment for the PNG people? If you had an investment advisor managing your multi-million dollar investment portfolio—would this be the best possible investment? Copper smelters are both financially and environmentally expensive. As a Daru villager, and one of the most negatively impacted groups by OTML's devastation of the Fly River, would you choose to build a copper smelter? Daru is desperately in need of basic infrastructure, basic sanitation and water supply; it needs locally owned fisheries projects, schools, and most of all state of the art health care for children and adults still presenting illnesses from the polluted river. But BHP knows the cost of copper smelters all too well. They own the Olympic Dam Copper Smelter in Roxby Downs, South Australia. It has been so expensive and environmentally de-



structure that business reports say BHP needs to build another one, elsewhere. The Olympic Dam mine uses 35 million litres of Great Artesian Basin water each day, making it the largest industrial user of underground water in the southern hemisphere. Contaminated water is passed through a series of sealed ponds where it evaporates.

Reports tell us, however, that this is having a major negative effect on rare and endangered flora and fauna of nearby mound springs, which are drying out as a result of the water draw-down rate. The mound springs are the only permanent source of water in the arid interior of South Australia and a delicate yet intricate ecological balance has been established. They are a refuge for rare and endemic species including plants, fish, hydrobiids, isopods, amphipods and ostracods, many of which are now threatened by mining operations. But more importantly, poor market returns for the refined copper, uranium oxide and gold and silver co-products of Olympic Dam have now forced BHP to shut it down. In August of last year it was reported that BHP had to sack up to 140 staff from its Olympic Dam expansion team. BHP Chief Executive Marius Kloppers said this was due to the slowdown in China and the fall in mineral prices. The decision was announced on the same day the company announced a full-year net profit of \$14.7 billion, a 34.8 per cent drop on last year. To justify expenditures for the Dam expansion of around \$30 billion, Olympic Dam can't be just left to the whims of the market. The giant Anglo Group has already shied away from investment in the Mine because of fears that uranium would remain in the copper concentrates, and the acid leaching of these would be too hard to manage if the concentrate were transported.

Others say that BHP needs to erect another smelter, as the Olympic Dam is too expensive. BHP must devise a solution. If Olympic Dam is deferred then it is likely BHP has not found a solution somewhere. Like Daru. For whom is the Copper Smelter and Deep Sea Port being constructed in Daru? BHP Billiton. Now that Ok Tedi plans to continue mining for another 7 years, and now that it has invested in the new Highlands Pacific mine at Frieda; now that Ross Garnaut has left the Chair of PNGSDP for the Chair of Highlands Pacific; now that BHP has installed Sir Mekere Morauta in Garnaut's place, as a golden retirement package in exchange for Morauta's support in passing the Bill that allowed BHP to 'step back' from PNG—the control BHP has over these monies is even more entrenched. At this point, there has been only one Papua New Guinean on the PNGSDP Board, Rex Paki. His power if nullified by the On the Board of PNGSDP, there is one Papua New Guinean, Rex Paki, who cannot do anything in the face of BHP's 4 appointed Directors, including Morauta now. "Naturally, with such an accumulation of wealth in a poor country, it's very tempting for political figures to think of better ways of using it right now rather than putting it into long-term development."

Professor Garnaut said recently. We assume 'political figures' refers to the democratically elected representatives of PNG. We assume he is saying no government of PNG (a "poor country") will ever know how to invest these funds in its own behalf. During grievance time in Parliament 2 November 2012, PM Peter O'Neill read the above quote aloud to great alarm from the MPs present. Some called out for Garnaut to be deported. We have to ask again: What has PNGSDP done in 12 years? Has the river been cleaned? Have Western Province people been 'developed'? Garnaut tells us now, with no irony whatsoever, "I think Ok Tedi is the main single reason why PNG has in the last five years had some fiscal freedom." This is either the most cynical of statements or the most oblique admission of Garnaut's own fiscal freedom in the last five years. Perpetuating the myth that all Papua New Guineans are corrupt and all Australians are ethical, sneering at critics by asserting disastrous professional experience over genuine concerns, BHP is hiding in clear sight. Shape shifting Board Members, installing expensive mechanisms and six-figure salaries, and lavishly publicizing the Program's comparatively meagre investments in the people of Western Province. BHP has constructed in PNGSDP the biggest pyramid scheme PNG has ever seen. Forget the small scams run by church and cult leaders around PNG; forget the dubious investment schemes thrown

up every day in towns across PNG. We have a winner of the biggest scam in PNG history: the illusion created by BHP that PNG benefits directly from and will forever need PNGSDP.

### **MRA: Landowners' claims fabricated**

Post-Courier 23.9.2013

By *ANCILLA WRAKUALE*

THE Mineral Resources Authority has clarified a 14-day ultimatum to the government for claimed funds and other concerns raised by a landowner group regarding the Porgera mining memorandum of agreement. The group, called the Mt Kare Young Generation Association Incorporation, last week took out paid advertisements in the media stating their claims and demands through a petition to Prime Minister Peter O'Neill. The group claimed they were denied participation at the on-going Porgera mine MoA reviews, among other concerns raised. Acting managing director of Mineral Resource Authority (MRA) Philip Samar said all these claims were fabricated and were not correct. He said the landowners themselves nominated their representatives to participate at the MoA reviews and it was not MRA. Mr Samar said the recommencement of the first Porgera MoA review was held in Kokopo in June this year and the parties to the review included the State, Porgera Landowner's Association and Enga Provincial Government.

He said the parties signed off on a set of commitment that they agreed for the review going forward. Mr Samar said the second review would be held in Kokopo, East New Britain Province from September 26-28 and the group is welcome to attend. But he said the Porgera Landowners Association, as the legitimate entity for the landowners, decides on who attends the mine MoA review. The group also claimed that they were entitled to K10 million which was budgeted for the Porgera mine MoA review and parked in the MRA trust facility. Mr Samar said there was no commitment from the state to the group as claimed in their petition. "There was nothing for them," Mr Samar said. "All these are fabricated. There was no commitment by the state to the Mt Kare Young Generation Association.

"I can't write a K10 million cheque, it will be illegal. "If the government has made the commitment, than I will be obliged to pay that but there was nothing like that." Mr Samar said he also acknowledged the fact that the group also were rightful landowners of the mining area but there were proper processes and procedures to follow. The legitimate entity representing the landowners there, Porgera Landowners Association through their chairman Mark Ekepa, had also written to the Prime Minister asking him to address all these through the current Porgera mine MoA review currently underway. He said the Mt Kare Young Generation Association's demands stemmed from a ministerial blunder and the money claimed for couldn't be paid to them because they were not the legitimate landowners.

### **Western Governor urges Sir Mekere to back down**

Post-Courier 23.9.2013

Western Province Governor Ati Waburo has urged PNG Sustainable Development Fund chairman Sir Mekere Morauta not to fight Parliament's decision to vest 100 per cent ownership of the Ok Tedi mine in the State. "We must not destroy the goose that lay the golden eggs," Mr Waburo said during grievance debate in Parliament on Friday. "I support the Prime Minister. I support the Bills that were passed yesterday (Thursday)," the Governor, who was a former PNGSDP employee, said. "This bill is an outcome of months of discussions between me and the Prime Minister. "The people of Western Province have long been hoping for this, that one day they will charter and realise their own destiny, there is overwhelming support for change, and I'm glad that it has come. "The challenge now is for us to show the world that we are capable, that we can manage own affairs and develop our own resource. "We know what we want. We are taking control of what is ours. The

PNGSDP does not represent anyone.”

Transport Minister Ano Pala also joined the debate, arguing the passage of the Ok Tedi bills was “one of the best decisions we have made on the floor of Parliament”. “I’ve been here in Parliament a long time, seven years as MP, before that as Clerk of Parliament. “In that time I’ve heard people talk about this, especially members from the Western Province. “The Prime Minister has taken on the challenge for the small people of Western province and PNG. “We must remember that we are taking on a powerful system, and those behind it. It is a system controlled by money. We are taking on a giant that controls the system. We must win this fight because that is how our people will advance. They otherwise have no hope. We all know how our people have no hope in the financial world today. “They feel hopeless. They live outside the financial system. We must bring them in. This is what we have begun, and we must now make it work for us.”

### **Morauta: New laws give too far much power to Prime Minister**

The National, September 23rd, 2013

NEW laws expropriating Ok Tedi Mining Ltd and the PNG Sustainable Development Program Ltd give far too much power to the Prime Minister, Sir Mekere Morauta says. Sir Mekere, chairman of the PNG Sustainable Development Program Ltd, said: “I am especially concerned about the sections relating to the payment of compensation for the expropriation. “They permit the Prime Minister, acting on the advice of National Executive Council, to declare whether compensation is to be paid for the expropriated shares, to whom, if any, the compensation is to be paid, and the amount. “In the first place it is wrong to leave it to politicians to decide if compensation is to be paid. “The Constitution is clear: Just compensation must be paid for unjust deprivation of property. “A decision on whether compensation should be paid, and the amount, belongs in the courts or according to agreed arbitration. “In the second place, leaving one politician to have the ultimate say on who gets the money is extraordinarily dangerous,” he said.

### **PNG Plans To Negotiate Future Downstream Processing Of LNG**

*ExxonMobile agreement does not allow domestic processing: Duma*

PORT MORESBY, Papua New Guinea (The National, Sept. 23, 2013) – The Government will negotiate for downstream processing of petroleum and gas products in the country, Petroleum and Energy Minister William Duma says. He told Parliament last Friday that unfortunately the Government did not negotiate for any downstream processing plant in the country as a pioneer project because they wanted a project that would sell the country as a major player in the international market and to improve the economy of the country. He said to attract investors, they had to give away concessions and there were no clauses in the agreement to cater for the establishment of a downstream processing plant. He was responding to Daulo MP Ron Ganarafo who asked if there was any clause in the PNG LNG agreement to setup a downstream processing plant.

Duma said there was no agreement for a refinery in the country for the nine trillion cubic feet of gas from Hides 1 and 4 in Hela. It is expected to go on for the next 30 years and further estimated to go up to even 50 years. He said there was a clause in the agreement for a review when Esso Highlands found more gas and through the review, the Government could negotiate for the inclusion of downstream processing plant. However, he said the Government had received a few proposals for the establishment of a US\$1 billion (K2.3 billion) ethanol DME plant in the country by a leading chemical plant from Japan. He said another leading chemical plant company in Japan submitted another firm proposal to setup another plant in the country, which would cater for the domestic market as well.

## **ABC Analysis: PNG's Ok Tedi takeover**

ABC Radio Australia via PNG Mine Watch 20.9.2013

In giving itself ownership of the Ok Tedi mine and repealing former operator BHP Billiton's immunity from prosecution, has the PNG Government left itself open for prosecution? Long time commentator on PNG politics and issues, Martyn Namorong, believes it has.

**Presenter:** Campbell Cooney

**Speaker:** Martyn Namorong, PNG political commentator – worked for Ok Tedi, doing community research in 2012

**NAMORONG:** At that time last year the government was moving to take Ok Tedi and there was pretty much a feeling amongst many employees and those of us who are contracted to Ok Tedi that the government had the power to do a lot of things in the land, and essentially everyone sort of expected this to happen, although many would have tried to avoid it.

**COONEY:** It happened very quickly, it happened very suddenly, it was raced through parliament last night, and I'm curious if you've heard from others around the country and from the province and from everywhere about the way that this was done and the feeling about it?

**NAMORONG:** General within Western Province there's a mixed response. There have been those who in the province who have not been satisfied with the way PNGSDP has operated, and in fact there are some in quarters who supported the government on this issue. Not everyone agrees with that, for some people there's the concern that monies that have been kept in the long-term funds for the benefit of the future generation of Western Province, and now they're exposed to political manipulation. But the governance is concerned about the long-term fund which was intended to benefit future generations of the people of Western Province. I mean if you think about the Fly River environmental disaster, it's something that's going to take several centuries to be resolved, and so one has to think long-term post-9 closure when talking about how benefits of Ok Tedi are delivered to the people of Western Province.

**COONEY:** The PNGSDP had been previewed by the Prime Minister in the days ahead of it, but I don't think many people expected the removal of indemnity for BHP. How has that gone over and you mentioned as well that it's probably in many ways also leaves the government open to prosecution?

**NAMORONG:** Essentially yes because PNGSDP was setup to indemnify both BHP and the state on matters regarding Ok Tedi. Now obviously the polluting party in the case of the Fly River is the Ok Tedi Mining Ltd, the company, the company's shareholder now is the independent state of Papua New Guinea. And so since the state has removed the indemnity clause which indemnified Ok Tedi Mining Ltd and its shareholders, its shareholder which is the Papua New Guinea state is now exposed to litigation. Now I suppose there was a clever lawyer with regards to this matter, because if in the case of the removal of the clause allows people to take litigation, so if say for example BHP continues to claim Ok Tedi it exposes them to litigation, and one would like to generally speaking want to cut losses in relation to the matter. And so it also would devalue Ok Tedi, which is a tribula(?) kina company, it would devalue the value of that company by exposing it to litigation. And so in the event that anyone wants to acquire the company they would acquire it for essentially very little. So that's the broader implication of the removal of the indemnity clause, basically to devalue Ok Tedi, so it can be acquired for less.

**COONEY:** You mentioned that you've heard from a few landowners who were pretty pleased to hear about this. Are you expecting to see a slew of cases, a slew of compensation cases?

**NAMORONG:** I think yes people who have been excluded from what is referred to as the community mine continuation agreement, they're people around the periphery of the Fly River who feel that the broader impact of the environmental damage goes beyond what is currently referred as the ?? region, and would like to claim compensation. They had no legal avenues to do so, and now they're presented with the opportunity to take the major shareholder or the sole shareholder of Ok Tedi Mining to court for claims of compensation.

COONEY: Just on the politics of this Martyn Namorong, in previous times you've had certainly coalition governments in power in PNG, there's been a lot of negotiation to get through. Peter O'Neill seems to have been able to get this through with little trouble. The politics of it would indicate that for the first time he's been able to garner support for this, is it because it's the right policy or is it just another sign of just how much support he's got there?

NAMORONG: Broadly speaking the O'Neill government has made very populist policies, they have free education, universal primary healthcare, these are key social issues that the government has been very positive in the country, so there's been if you like support for the government on those matters. There is a very nationalistic tone within the government on not just the resource sector, but the impacts of business, business ownership, small and medium enterprises. So there is this if you like greater nationalistic approach or tone within Cabinet and the broader O'Neill government. So there is if you like an alignment of interest amongst various parties and the nationalisation of Ok Tedi is part of that emergence of nationalistic fervour amongst Papua New Guinea politicians.

### **PNG National Fisheries Authority concerned with seabed mining**

EMTV/PACNEWS, 20/09/2013

The National Fisheries Authority in Papua New Guinea has again expressed its concerns over seabed mining in the country. And its concerns is based on the unavailability of proper legislation in the country, said Managing Director of NFA Sylvester Pokajam. Rather more awareness should be carried out to educate the people on the impacts of the project, Pokajam told EMTV News. The controversial seabed mining Solwara one project to be carried out by Nautilus Minerals has been approved by the government. But it has generated a lot of debate from concerned Papua New Guineans and organizations. Many of the concerns are based on the fact, that Papua New Guinea will be the first country in the world to experiment with this project, without any proper laws governing its operation. The potential impacts on marine life are said to be minimal, but that has not stopped the National Fisheries authority to query the project. Pokajam hinted possible risks to the growing fisheries sector with the onset of the project, and wants proper feasibility and environmental assessment carried out to ascertain the benefits of the project. Commercial Manager to Parties to the Nauru Agreement Maurice Brownjohn said it will become a growing problem to regional fisheries if no proper awareness is carried out. He said, environmental aspects may be small but perception will be the biggest problem because of misunderstanding. The issue of sustainable fisheries will one of the key issues discussed in the Pacific Tuna forum, and seabed mining will be highlighted.

### **Simberi MoA finalised**

Post-Courier 20.9.2013

PARTIES to the Simberi mining project memorandum of agreement (MoA) have signed off on a draft revised MoA agreeing to various amendments to the document. The parties which include the State, New Ireland Provincial Government (NIPG), Simberi Mining Area Association (Landowners) (SMAA), Simberi Gold Limited and Sentral Niu Ailand Local Level Government, met last week in Kavieng to review the existing MoA which was initiated in 1996. The draft revised MoA was agreed to by all parties who were present which is a successful outcome for all. The next phase now is for this draft to be submitted to the State Solicitor's Office for legal clearance and drafting. A number of key agreed positions by the parties are as follows: allocation of 20 per cent of the total 60 per cent royalties for the SMAA, to Madar Investment Trust as opposed to 5 per cent allocated in the existing MoA. Simberi Gold committed to support the landowner umbrella company with start-up capital for business development. In the existing MoA there is no provision committing the company to provide such support being a scholarship program to be funded by the company for Ta-bar people and equal employment opportunities to be provided for qualified locals by the company.

Key infrastructure developments include the set up of Simberi Business Center, rehabilitation of coconut plantations and the establishment of the Tabar Development Authority among others. Leaders of all parties including Chairman of the SMAA Vincent Maris, Simberi Gold Limited executive Jeff Waddington, Gabriel Ngat from the State team and Bruce Harris from the NIPG expressed satisfaction with the general outcome of the review meeting saying it was a success. Acting Managing Director of the Mineral Resources Authority (MRA) Philip Samar congratulated all parties concerned, adding that the Simberi MOA was the second MoA document, after Ramu, to be agreed to by all parties and that the MRA was on target to delivering 4 fully revised and executed MoAs before the end of the year. "This year was a challenging year for the MRA as it is reviewing all 8 mining project MoAs at the same time in the one year. Such has never been attempted before but I am confident that we have the capacity to deliver. The various parties to these respective MoAs have shown an excellent spirit of cooperation and understanding and this is what is assisting the MRA in delivering this year," he said.

### **Simberi: Developer helps locals**

Post-Courier 20.9.2013

DEVELOPER of the Simberi Mining Project, Gold Company Limited (SGL), has undertaken to support and worked together with the Simberi Mine Area Association (SMAA - Landowners) in the area of business development. The company made this undertaking during the review of the project's memorandum of agreement (MoA) recently in Kavieng, New Ireland Province. The two-day review resulted in the signing of a draft MoA signifying that all parties to the MOA have principally agreed to the provisions of the reviewed MoA. In the draft MOA the company has undertaken to:

- \* CONSULT with the landowners through the SMAA to develop a business development plan which will incorporate the business opportunities that the SMAA intends to participate in; and
- \* PROVIDE initial funding, management support and continuous capacity building to Simberi Mining Services Limited for the initial year of its operation.

SGL's general manager for environment and community Jeff Weddington said the company was keen to support the SMAA to ensure long-term sustainable business development for the Simberi landowners. Vice Chairman of SMAA Vincent Maris echoed similar sentiments, saying that the undertakings that the company had made which it proposes to include in the business plan were beneficial for his people. Acting managing director of the Mineral Resources Authority (MRA) Philip Samar said this was another plus for the Simberi landowners as that the concept of locals going into business ventures was in line with the Government's recent initiatives through the Small Medium Enterprises (SMEs) effort.

### **OTML takeover debate rages on Facebook**

Post-Courier 20.9.2013

By *ANCILLA WRAKUALE*

THERE has been a lot of debate and mixed reactions exchanged on the eminent Sharp Talk page on the social network Facebook, regarding the government's decision to take full ownership of the Ok Tedi Mine. Most Sharpies argued that it was wrong for the Government to take full ownership of the giant Ok Tedi Mine. Most posted saying the government was trying to get into Ok Tedi to offset its huge budget deficit. The Treasurer Don Polye last month assured the business community at a business breakfast in Port Moresby that the economic outlook for the country remained positive. He said despite the decline in mining revenue due to the downturn in metal prices for gold and copper, there was strong growth in the non-mining sector to offset the budget deficit. He said the fiscal position for 2013 is expected to be a deficit of K2.8 billion, which is an increase of K151 million compared to the initial deficit of K2.5 billion at the time of the 2013 budget.

This was attributed to higher than expected expenditure overrun in the personal emoluments combined with lower expected revenue receipts. However, this did not go down well with at least some people who said it was a cover up and fooling statement for PNG. One Facebook user posted: “The 2014 budget session is coming around in November. Now that O’Neill has OTML under his grip, I believe the Government will start dipping into OTML’s 2012 dividends of about K450 million to prop up the 2014 budget. Or if not applied in the 2014 National Budget, it will be used to offset the over expenditure of K500 million plus incurred in 2013.” Another posted: “Without due consultation within the communities of the impact Fly River corridor on this acquisition, it is a social and moral injustice. This is an environmental compensation derived in a development form (PNGSDP) to address the social obligation as agreed during the out of court settlement by BHP and the leaders of the fly river community then. This is not right.”

Others on the famous social network, however, agreed that it was the right move by Mr O’Neill for the Government to own the mine and remove BHP and PNGSDP. They observed that though the giant Ok Tedi mine is located in Western Province, there was little on the ground to show for and it was time Government takes over the mine. Another user said: “On a rare occasion, I must say I agree with PM on the issue of removing BHP and other partners in the Ok Tedi mine. “The State must takeover this valuable asset. Too much has been dug up already so let’s make the best of the scraps if that will bring PNG a windfall. I hope the takeover by the State is indicative of the future mining and petroleum developments in PNG. We must own and develop our natural resources as a developing nation.”

### **Sir Mekere’s ‘stealing’ slammed**

Post-Courier 20.9.2013

Fisheries and Marine Resources Minister Mao Zeming has called on Sir Mekere Morauta not to use the words “stealing” and “expropriation” when talking about Parliament’s decision to vest full control of the Ok Tedi Mine in the State. “Sir Mekere must respect the decision of the Parliament. After all, he used the same Parliament in 2001 to push through the laws that set up PNG Sustainable Development Program, and deny the people their right to sue for full and proper compensation for damages done to their environment and to their lives. “I was a Cabinet Minister in his government then. I owned up to our mistake and voted to pass the bills yesterday to undo that mistake. For Sir Mekere, it might be personally hurtful for him. But he should be a true nationalist, accept that he was part of a wrong decision, and not use words like stealing and expropriation. “These words are very damaging to the image of our country. No one stole anything from anyone. “The Bills we passed yesterday merely corrected a wrong decision we made in 2001. Also, the Bills require the State to pay a fair value for the shares in Ok Tedi that it is acquiring. “Sir Mekere knows all about determining fair value. At his insistence, the government under his leadership pushed through the sale of PNGBC to BSP at the price he determined to be fair value. “We can assure Sir Mekere that this government will be a little bit more generous with the shares in Ok Tedi it is acquiring.” Mr Zeming said the passage of the Bills should now end all debate on this issue.

### **Is natural resource development a blessing, a 'quick-fix,' or a curse?**

**The "resource curse" is alive and well in the global south, as natural resource development deepens poverty.**

James Anaya\*, Al Jazeera, 19 Sep 2013

Geneva, Switzerland - Economic development is widely assumed to bring the blessings of higher standards of living and to be a quick fix for cash poor countries. However, there are many who look at economic development and instead consider it to be a curse in the "global south" - South Ameri-

ca, Africa, and Asia - and also in parts of the more industrialised world where indigenous peoples live. All too often, development projects consist of a private, multinational enterprise working with a national or local government to obtain access to a natural resource, extract it, and then transport it elsewhere for processing.

Residents of the country have access to the extraction jobs but processing, manufacturing and other higher-paying jobs that require technical skills are cultivated elsewhere. At the same time, profits from the project largely do not reach the people who bear the brunt of its environmental and health impacts. Economists have examined countries relying on natural resource exports for economic growth found that the higher the reliance, the slower the growth. Even worse, this development model often leads to greater corruption and inequality. The typical government-business transactions that provide access to these resources have been referred to collectively as the "[resource curse](#)," an oft-cited yet oft-ignored point that applies to many different sectors of natural resources, from minerals to forest products to raw food staples such as palm oil.

### **A faulty business model**

The reasons for the resource curse frequently boils down to one simple problem: this business model does not recognise the rights of the indigenous peoples and local communities living on the land in question. I am referring to the indigenous inhabitants of the Amazon, for example, or other communities like them throughout the world where the government's claim ownership of the land and the right to give away the resources as they deem best, and too many private enterprises are willing to play along.

However, the land is not empty and the communities that are there were established generations if not hundreds of years ago. In the case of indigenous peoples, their connections to the land invariably have a longer history than the government deciding what to do with the land. According to the Rights and Resources Initiative, ownership of roughly one-half of the global south is contested, directly affecting the lives and livelihoods of over two billion people. This is no surprise, since over sixty percent of the developing world's forests are administered by governments - who all too often give it away for pennies per hectare, for the sake of "quick-fix" development. The tragedy is that resource deals in the developing world often target the very people that rely on the land for their survival. They are often deprived of their property, the crops that feed their families, and the forests and land that support their livelihoods without being fully incorporated into the decision-making process.

Deprived of participation and self-determination these folks see their forests and fields quickly shorn of forests, biodiversity and wildlife, destroying their own hope for meaningful economic development and undermining their distinctive cultures. For an example, consider the push for alternative fuels to help slow climate change, which has led to large-scale biofuel plantations. When a previously forested landscape is cleared to plant jatropha or other biofuel vegetation, emissions result from the industrial clear-cutting methods as well as the decomposition of the plants and woods. It takes decades for the emissions savings from biofuels to compensate for tree-clearing - and if peatland is cleared and drained, it takes centuries. This is not sustainable, and it harms the people whose material welfare and cultural patterns depend upon the land and its resources.

### **Role of the media**

As a United Nations investigator, I have travelled the world and seen first-hand how these issues play out. Time and time again, I find that the attention brought by the spotlight of media coverage keeps all stakeholders honest and helps them act in a more responsible and sustainable manner. Notably, industry, governments, Indigenous Peoples, and civil society are starting to work together.

But what keeps me up at night is when there is no spotlight - where resource transactions run roug-



hshod over the people whose very existence is seen to stand in the way of progress. Protests, whether through legal action or street theatre, have few teeth when they can be disregarded without worry. And the transgressions and human rights violations that take place in the dark are unfathomable; one estimate found that the global rate in which activists were murdered doubled between 2002 and 2011, and now exceeds two deaths a week. We as a global society are at a moment, however, where we can turn the page and write a new story of development, one in which the blessings of the land are shared equitably. The United Nations is leading the negotiations for new Sustainable Development Goals, which will guide economic development and poverty reduction for the next 15 years.

These goals should include targets for the recognition of land rights that include rights based on traditional use and occupancy; this would direct attention and much-needed funding to ensure that economic development works to genuinely benefit Indigenous Peoples and the local communities that are on the front lines of natural resource exploitation. Notably, industry, governments, Indigenous Peoples, and civil society are starting to work together to shape a shared vision in these negotiations. Their coordination - which will be advanced at a strategy conference in Interlaken, Switzerland this week - holds the promise to answer their shared problems of insecure land rights and contested ownership. We have always viewed the natural resources of the Earth to be a blessing, yet the history of "resource development" on the lands of Indigenous Peoples mostly speaks to the paradigm of the resource curse. It is time to embrace the land and its bounty like they do, transforming development so that all can share in its wealth.

*James Anaya is the United Nations Special Rapporteur on the Rights of Indigenous Peoples. He recently completed a report for the UN Human Rights Council on "Extractive Industries and Indigenous Peoples".*

## **BHP Says PNG Removing Ok Tedi Protections Raises Sovereign Risk**

By Elisabeth Behrmann, Bloomberg, Sep 19, 2013

BHP Billiton Ltd., the world's biggest mining company, said Papua New Guinea's decision to legislate to make the company liable for environmental damage caused by the Ok Tedi mine raised the nation's sovereign risk. "The removal of protections that were legislated for BHP Billiton at the time that it gifted its shareholding to PNG raises squarely the question of sovereign risk for PNG," the Melbourne-based company said today in an e-mailed statement. Mining waste, known as tailings, from the Ok Tedi copper-gold mine caused damage to the Fly River in the 1980s and 1990s. In 2002, BHP transferred its majority share in the mine to the PNG Sustainable Development Program Ltd., and in return was granted legal immunity. The mine has continued to operate. Prime Minister Peter O'Neill yesterday said the decision to grant immunity was wrong, according to the Australian Broadcasting Corp. The parliament also passed legislation to take control of the mine from the PNG Sustainable Development Program. "The arrangements around our exit from Ok Tedi were agreed with the PNG government in 2001 and unwinding them shows lack of good faith by the PNG government," BHP said in the statement. The company is confident its shareholders aren't exposed to potential claims, it said.

### **Investor's Eyes**

The mine produces about 170,000 metric tons of copper and 500,000 ounces of gold annually from its Mt. Fubilan open-cut mine, Ok Tedi Mining Ltd. previously said on its website. The government's decision to claim ownership of the PNG SDP and revoke previous agreements made the Pacific nation riskier in the eyes of investors, said Michael Elliott, sector leader for EY LLP's global mining practice. "While the PNG government and those promoting projects may see this as an isolated case, many others who are providing the investment will be factoring it in," Elliott said. "It's hard to see how this doesn't increase mining risk." Companies with mining and energy assets in

PNG include Newcrest Mining Ltd. (NCM), Barrick Gold Corp., Exxon Mobil Corp., Oil Search Ltd. and Santos Ltd. "It does show how keen the PNG government is for income," Peter Rudd, resources and mining manager at Altitude Private Wealth in Melbourne, said by phone. "BHP absolved itself from all the environmental concerns, or at least incorporated them into that trust and not part of BHP itself, so you'd think it would be sufficiently at arm's length."



## PRESS RELEASE



### MINERAL RESOURCES STAR MOUNTAIN SUPPORTS THE GOVERNMENT ON OTML OWNERSHIP ISSUE

Recently, the Chairman of PNG Sustainable Development Program (PNGSDP), Sir Mekere Morauta; his CEO, Mr. David Sode and the Prime Minister, Hon. Peter O'Neil have been arguing on the transfer of shareholding of OTML from PNGSDP to the State. There has been a lot of support for and against each of the parties from around the country and also from the landowners concerned in Western Province and Ok Tedi.

I am issuing this press statement under my capacity as the Board Chairman of Mineral Resources Star Mountain Limited (MRSM). MRSM is a trust company for the 10 mine villages and collects 3.1% dividend by direction from the OTML declared dividends to the State.

As a landowner and Chairman of the landowner company representing the interest of 10 mining villages, I would like to put my support behind the Prime Minister, Hon. Peter O'Neil and his Government. PNGSDP has been in operation for more than 10 years and I am yet to see an impact project in my area. I have heard of several feasibility studies that have been done by several consultants for projects in Western Province but I am yet to see a project that has a *significant* impact on the lives of my people.

Two thirds of the money with PNGSDP is parked away in Singapore, one third of the money which they conveniently call 'Development Fund' is being expended every year but Western Province only gets one third of that; two third goes to the rest of the country. Western Province is still the least developed province in the country and continues to pay the price with the environmental damage and other mine related problems.

I am supporting the Prime Minister. It is about time we take control of our destiny. We need to invest now and develop Western Province today for future generations to benefit. We need better education and health facilities today (among other services) to set the foundation for future generations to prosper. **We have to create the future today.** Take human resources for example, the more educated landowners today will make a huge difference to the community and province in 40 years than a billion dollars will do. To walk the talk, MRSM just recently funded and opened two x 4 double classrooms in Finalbin and Wangbin; two important mine villages and will continue to do more in the coming years.



Wangbin Classroom



Finalbin Community School

I call on the Government to take ownership of the shareholding in OTML from PNGSDP and increase MRSM's, Mineral Resources Ok Tedi #2 Limited's (MROT#2) and Western Province People's Development Trust Fund's (WPPDTF) shareholding in the OTML. We want to control our destiny. We want to do more for our people because we belong there and we know what we need.

I urge all thinking landowners in Ok Tedi and Western province to rally their support behind the Prime Minister and his Government. This is the wind of change we have been waiting for. This is an opportunity for us to put all the cards on the table and design our future with the Government. You will never get this opportunity again if the current status quo is maintained.

**Mr. Bill Menim**  
Chairman

## **PNG landowners unhappy about government grab for Ok Tedi**

ABC Radio Australia, 19 September 2013

Late last night the Papua New Guinea government gave itself total control of the giant Ok Tedi mine in the country's Western Province, racing legislation through parliament which cancelled the shares owned by the mine's majority shareholder the PNG Sustainable Development Program, and issuing shares to itself. That move had been telegraphed by Prime Minister Peter O'Neil who has been a longtime critic of the PNGSDP saying that it has failed to live up to its development mandate and was under the influence of former mine operator BHP Billiton. But parliament has also repealed BHP's legal immunity from prosecution, opening the door for people who may wish to sue the mining company over damage caused to the Fly River. The move has had a mixed response, but the landowners in the affected area aren't happy about what's happened.

**Presenter:** Campbell Cooney

**Speaker:** Richard Zumoi, Ok Tedi affected landowners group

ZUMOI: It's a slap on the face, it suggests that I like stealing from the people of the Western Province, particularly the people who own the Fly River system that is currently impacted by the mine operations of Ok Tedi. We don't want to be party to what someone did, like I said it's stealing from the people. That has took our rights away from the benefits that we thought it would have changed the lives of our people, and guaranteed to the ... it was ... very much to our environment. And that was the leverage for the ... that we are facing today and in the future.

COONEY: What about the decision to remove the indemnity from BHP? Is it likely that some landowners may take advantage of that? Does it have the support of landowners as well?

ZUMOI: That won't be the case as far as we agreed on things that we thought there was the mitigation option that is to minimise the impact. But we're looking forward and it's quite serious when a government takes over, it's taking the rights away from the environment control of monitoring, the monitoring of the standards of environment monitoring.

## **Ok Tedi immunity removed**

The National, September 19th, 2013

OK Tedi mine landowners can now pursue legal actions against BHP in relation to environmental damage caused by the mining operation. It follows Parliament's amendment of the Immunity Act 2001 yesterday. The bill, tabled by Prime Minister Peter O'Neill, received overwhelming support from MPs. They repealed the Ninth Supplemental Agreement on Ok Tedi where all parties undertook to waive any rights or action against BHP Biliton and the State in relation to environmental damage caused by the mining operations at Ok Tedi. O'Neill said the mine caused a lot of environmental damage which the State and the people did not expect. He said BHP, "hell-bent on the profits", ignored it and allowed the disposal of waste into the Fly River, causing extensive environmental damage which affected many lives. "No one can sit in this house and excuse BHP for the destruction it had caused. But that is what the government, under Sir Mekere Morauta, did in 2001," the prime minister said.

"They came up with a deal that would grant total immunity to BHP from prosecution for environmental damage or compensation, in exchange for a programme company (PNGSD) set up outside of PNG in Singapore, and still controlled by BHP. "Of course Sir Mekere now sits at the top of PNGSDP, and Ok Tedi Mining Ltd as chairman, courtesy of his friends at BHP when he retired." He said the Bill would remove this waiver for BHP Biliton meaning that landowners or affected parties could bring any action or enforce any right against it. "The government in 2001 made a very bad decision in granting immunity to a corporate giant, preventing its own people from exercising their right under law to sue for permanent damages done to their environment and their livelihood.

“This doesn’t happen anywhere else. Companies and corporate entities own up to their responsibilities and pay compensation,” he said.

### **PNG government takes control of Ok Tedi mine, repeals laws protecting BHP from legal action over pollution**

ABC Radio Australia, 19 September 2013 by PNG correspondent Liam Fox

The Papua New Guinea government has rammed legislation through parliament giving it complete ownership of the controversial Ok Tedi mine.

Papua New Guinea's government has rammed legislation through parliament giving it complete ownership of the controversial Ok Tedi mine. Standing orders in parliament were suspended late yesterday so prime minister Peter O'Neill could pass a bill for the state to take complete ownership of the Ok Tedi copper and gold mine on the Fly River in Western Province. Tailings from the BHP mine caused widespread damage to the Fly River in the 1980s and 90s. In a deal with the then government in 2001, BHP divested its majority share of the mine to a charitable trust called the PNG Sustainable Development Program, and in return was granted legal immunity. The mine has continued to operate with the profits being used to promote development in communities affected by the pollution. Mr O'Neill says the decision to grant immunity to BHP was a bad one and must be corrected. He has told parliament the deal is unfair and BHP Billiton must own up to its responsibilities resulting from the mine tailings washing down the river. "This parliament has done gross injustice to our people, denying their right to have access to have their say and have their claims against the damage that was done to the environment and themselves," he said. "This proposed bill now removes that waiver for BHP Billiton, meaning that the land owners or any other affected party are free to bring any action or enforce any right."



Photo: OK Tedi mine pipe spewing waste into the Fly river. (ABC TV)

The PNG Sustainable Development Fund had owned 63 per cent of the mine, with the state owning the rest. The bill cancels PNGSDP's shares and issues new shares to the state, giving it complete ownership. Mr O'Neill says the government is not taking the shares and PNGSDP will be provided "some" compensation. In a separate bill, parliament passed legislation making the BHP Billiton now liable for environmental damage caused by the Ok Tedi mine. Mr O'Neill says corporate entities must own up to their responsibilities and pay compensation. Mr O'Neill has run a long campaign against BHP and the PNG Sustainable Development Program or PNGSDP as its known.

He believes PNGSDP has failed to live up to its development mandate and is still operating under the influence of BHP. Former prime minister Sir Michael Somare was the only MP in the house to urge caution.

Interpretation of the outside world will say this is the country that is moving towards nationalisation of major companies in the country. Let us not give that impression please! Sir Michael Somare "Interpretation of the outside world will say this is the country that is moving towards nationalisation of major companies in the country. Let us not give that impression please," he said. The current chairman of the PNGSDP is another former prime minister, Sir Mekere Marauta. He says the government's move to forcibly take ownership of the mine amounts to theft. "This is very important legislation. For the first time expropriating assets without payment from the people of Papua New Guinea, not from foreigners," he said. It is likely the battle for Ok Tedi will go to court, meaning it will probably be some time before the government takes ownership of the mine, if it ever does.

### **Response from landowners**

Parliament's move to repeal BHP's legal immunity from prosecution has received a mixed response. At large, landowners in the affected area still remain unhappy about what's happened. Richard Zumoi, spokesman for the Ok Tedi affected landowners told Pacific beat the legislation was like a slap in the face. "It's just like stealing from the people of Western Province." Mr Zumoi said. "They just took our rights away." Martyn Namorong, PNG Political commentator and former research worker for Ok Tedi, told Pacific beat he believed the government was leaving itself open for prosecution by taking ownership and repealing immunity. "There is the concern that money which has been kept in the long term fund for the benefit of the future generation of Western Province, will now be exposed to political manipulation," Mr Namorong said. There is every sign the fight between the PNGSDP, and the government will end up in court. But BHP Billiton says it is confident it can not be sued by Papua New Guinea for environmental damage caused by a mine it used to own. The big miner says the PNG Government's decision to remove BHP Billiton's legal immunity shows a lack of good faith and makes the country a more risky place to invest.

### **Court action possible after PNG government takes all of Ok Tedi**

Radio New Zealand, 19.8.2013

The Papua New Guinea Sustainable Development Programme has indicated it is considering taking the government to court over its move to take over full ownership of the Ok Tedi mine. The government used its majority in parliament to pass legislation enabling it to cancel the SDP's 63% share in the lucrative Western Province mine. The SDP is responsible for overseeing development programmes across PNG but with a special focus on Western Province for whom it administers a one pointt 4 billion US dollar long term fund from Ok Tedi dividends. The chairman of the PNGSDP, the former prime minister, Sir Mekere Morauta, says it's unconstitutional of the government to expropriate assets from the people of PNG without payment. The Prime Minister Peter O'Neill says he wants to review the way the SDP is managed, particularly with control of the long term fund. But Sir Mekere suggests the government cannot take control of this fund as it is kept in Singapore. A lengthy court battle looms.

### ***Editorial***

#### **Western Province needs Government promise**

Post-Courier 19.9.2013

THE National Parliament yesterday passed amendments to the Ok Tedi Mining Agreement opening the door for the O'Neill Government to take ownership of the mine. The 10th Supplementary Ag-

reement, which the National Parliament vetted via its passing of the amendments, basically resulted in the nullifying of the PNG Sustainable Development Program shareholding in the OTML and the issuing of new shares. According to our report today all ordinary shares held by the PNGSDP in the share capital of OTML will cease to exist and 122,200,000 new shares from OTML will be issued to the State. Prime Minister Peter O'Neill told reporters in a press conference on Tuesday that he did not agree with the use of terminology such as "expropriation", which the OTML and PNGSDP chairman and former PM Sir Mekere Morauta used to describe the Government's move. Defending his Government's decision to take over the mine's shareholding, the PM said they were only trying to correct the mistakes of the past by ensuring that there is transparency and accountability in the way that the mine and PNGSDP is managed.

It is early days yet for the people of Western province and generally Papua New Guineans to know and probably feel the impact of such an abrupt change to legislation, which governed the operations of a mine that contributed close to 30 per cent to the PNG economy and since 1982 ensured the flow of over K20 billion in revenue to the country. Western province and the welfare of its people has been a national embarrassment and failed to become a focus for successive governments (including provincial governments) over the years. Despite hosting a world-class mining project, the province has failed over the years to capitalise on its resources and to divert funding to core areas such as health, education and infrastructure. Sadly the socio-economic status of the ordinary man, woman and child in that part of PNG continues to deteriorate, leading to poverty and disease-stricken lives. The plight of the people somewhat justifies the action of the O'Neill Government, though we do acknowledge the various community-focused programs that were funded and supported by the current management of PNGSDP and OTML (including their subsidiaries such as Ok Tedi Foundation). These include the purchase and commissioning of vessels, the Daru port project, the telecommunications project and the improvement of air services.

Mr O'Neill has assured the people of Western province that they finally will take the lead in managing PNGSDP and OTML. This would happen via the restructuring of key personnel on the two boards that currently run the company. We see the rationale of the PM's decision to let the affected population run their own affairs, however what guarantee is there that the new board personnel will not be politically connected? And will a fit and proper persons test be conducted on all new board members? Is the Government willing to strengthen the appointments process by including the police (for character checks), Ombudsman Commission, churches and civil society in a bipartisan committee to run the recruitment program? The people of Western province and Papua New Guineans need to be assured that \$US1.4 billion Long-Term Fund which the PNGSDP currently manages does not fall into the wrong hands.

### *Letter to the editor*

#### **Prime Minister, spell out takeover gains**

Post-Courier 19.9.2013

THE Prime Minister Peter O'Neill is adamant that the Government takes over the ownership of OTML and PNG Sustainable Development Program. He contends that, firstly, PNGSDP is not adequately providing basic services and development opportunities to the people of Western Province. Secondly, he claims that PNGSDP is parking funds away in Singapore and not using the funds to develop Western Province for the benefit of its people. Arguments point only to the weaknesses of PNGSDP particularly with regard to basic services. The countermeasure is the expropriation of PNGSDP and OK Tedi Mining Company by the government so that Western Province people will receive the purported maximum benefits when the two companies are managed by the government. The grand plan is to locate the two companies under Kumul Mining inside the Haus Kumul which is a very interesting house.

Mr O'Neill is not spelling out clearly and transparently how, once inside the Haus Kumul, the benefits in the form of shares and dividends, basic services and new developments will flow to Western Province. Details of the mechanism, the design of the system and its processes, if any at all, have not been made public for public consumption. The Haus Kumul, the apex of the haus, the Managing Directors of the Kumul entities, and the make-up of the Boards of Directors of these entities is very interesting but opaque for public knowledge and consumption. It is a fact that PNGSDP is not doing enough to develop Western Province but that should not be the basis for the expropriation bill. PNGSDP needs to shift its focus more to Western Province. OK Tedi is already giving millions in dividends annually to the state which is more than what it gives to PNGSDP. What more does the state want? The \$US1.4 billion in Singapore account is specifically for the people of Western Province for the next 40 years after the mine closes.

Mr. O'Neil thinks otherwise to bring the fund into PNG and blow it up, serving whose interest, and leaving nothing for the future of Western Province people. It seems the real motive for the take-over of PNGSDP and Ok Tedi is quite contrary. On record, successive governments and politicians have a very bad account of stealing, rampant corruption, misuse and diversion of funds including those of financial institutions. Western Province is still regarded as a back page and a fat mama cow only fit for being milked. In this context PNGSDP, not the Fly River Provincial Government nor the National Government, is regarded more as a government for the people of Western Province that provides the most basic services that were never existent. Now, how much more morally and legally wrong for the state to rob the people of Western Province again of everything that is theirs to properly compensate them? Does the father steal from the son? Voice of the Sunset

## **Mining Act upsets Opposition**

Post-Courier 19.9.2013

The Opposition has raised concern that the Government is tabling amendments to the Mining Act to give the State "maximum power" to determine the future of the Ok Tedi Mine and the PNGSDP. In a statement the Opposition said, "We are very concerned that the Government is setting a very dangerous precedence here by trying to legislate to take control of private companies." They said the move was a very negative signal to the investment communities and will create a lot of unnecessary anxiety. "We are very concerned that this Government is using its numerical strength and the immunity of the amended Section 145 to slowly become dictatorial." The statement read that this was what the Opposition had been trying to warn the people of this country when it raised issues on the amendments to Section 145 on Motions of vote of no confidence. It said, "This is a very dangerous trend for this country and the people must pressure and encourage their local members of parliament to use their conscience to scrutinise such bills. "The opposition is also concerned that certain pertinent questions remain unanswered with the bill."

The points raised include:

- \* The Prime Minister has not clearly defined what is going to be the new shareholding structure once the Ok Tedi mining is taken over.
- \* Will the current 63 per cent shareholding by the people of Western Province increase or decrease?
- \* How much shareholding is the state planning to take? will it remain at 37 per cent or increase?
- \* What happens to the \$US1.4 billion held in Singapore by PNGSDP for the people of Western Province for future generations? Who takes control of these funds when the take over takes place?
- \* What is the corporate structure that the government will use to take over the operations of the OTML? Will there be political appointment at the board and management?
- \* Have they consulted the people about this move?

The Opposition said that until these pertinent questions were answered, they were very suspicious of the Government's move and would like to request for more clarity from the government. This is

a very important matter especially for the people of Western Province who have suffered from the bad decisions of past governments.

## **Ok Tedi: Sir Mekere: Bill is a grab for money, power**

Post-Courier 19.9.2013

By *TODAGIA KELOLA*

Chairman of PNG Sustainable Development Program Sir Mekere Morauta has described a legislation passed by Parliament as a blatant grab for power and money, and would have serious negative consequences for the nation and for Western Province in particular. And he has vowed on behalf of PNGSDP to examine the law and see what options they have. “We have a duty to the people of Western Province who own the mine and receive the dividends paid to PNGSDP in the form of social and economic development to protect their rights and their assets,” Sir Mekere said. “I guarantee them that we will do all that we can.” Earlier in the day before Parliament passed the legislation, Sir Mekere held a news conference and reiterated his statement that the decision by Prime Minister Peter O’Neill to expropriate Ok Tedi Mining Limited without compensation was “nothing more than stealing an asset” from the people of Western Province. Sir Mekere said PNGSDP would do “everything in its power to prevent expropriation without compensation” and was ready to take legal action if the legislation was brought to Parliament.

“Those shares are owned by the people of Western Province, not PNGSDP,” he said. “PNGSDP is merely the custodians of them. The Prime Minister is legally and morally obliged to pay a full and fair price if he is so determined to get his hands on them.” Sir Mekere said the company would stand with the people of Western Province who had voiced their strong opposition to the government’s plans. “PNGSDP has a duty to protect Western Province people’s assets and will do so with all necessary legal means,” he said. “Stealing an asset worth approximately K2 billion to the people of Western Province plus their annual K450 million share of the Ok Tedi dividends is not acceptable legally or morally. It is unconstitutional as well. I also fear that this is just the first step – I hope he does not want to get his hands on PNGSDP itself and the \$US1.4 billion in the long-term fund.” Sir Mekere was shocked by the PM’s announcement on EMTV and said he had spent the past six months trying to negotiate with the PM for a fair deal on the Western Province’s 63.4 per cent shareholding held by PNGSDP.

Mr O’Neil on Tuesday slammed Sir Mekere, saying the PNGSDP had mixed success in its various programs and its failures were notable for an organisation that was “growing like a bureaucracy” in PNG. “We know he (Sir Mekere) represents BHP on that particular board, he does not represent the people of Papua New Guinea, he does not represent the people of Western Province. He does not represent Western Provincial Government in any shape whatsoever,” Mr O’Neill said. “His interest is very clear, he represents foreign interests, he represents BHP – now our Government is trying to correct the mistakes of the past. “We are trying to ensure that there is transparency and accountability in the way that OK Tedi is managed, in the way that PNGSDP is managed and it must be done for the interest of the people of Western province and the people of Papua New Guinea as a whole. “The assets of OK Tedi and the assets of PNG Development Program is not Sir Mekere’s, it is not BHP’s – it belongs to the people of Western Province and it is the people of PNG who rightfully own those assets. “That is why it is important that we manage them in consultation with our people.”



## **Yama supports Prime Minister's stand**

The National, September 19th, 2013

MADANG businessman Peter Yama supports Prime Minister Peter O'Neill's stand on the Ok Tedi Mine and the PNG Sustainable Development Program in Western. He said O'Neill had done the right thing by tabling a bill in Parliament to transfer shareholding in Ok Tedi and PNGSDP so that there was direct control by the government. "This is a timely call (because) resource owners and the government must have direct control over resource development so maximum financial benefits can reach the people," Yama said in a statement. He described Sir Mekere Morauta and Sam Akoitai as agents of foreign interests and "should not distort the attention of a very legitimate issue before Parliament". "It has nothing to do with the budget deficit of K150 million because the economy's gross domestic product is growing modestly which can offset this deficit with revenues generated from other resources," he said. He said Sir Mekere and Akoitai could be having a conflict of interest on the issue. Yama also said laws in place were legislated during the Australian administration and should be reviewed so that more than 80% of equity ownership and financial benefits went to landowners and government and 20% left for foreign investors or partners. "In Australia, they have more billionaires because most mines are owned by Australian companies and businessman with minimal foreign investors' participation," he said.

## **Kondra thankful for government takeover**

The National, September 19th, 2013

NORTH Fly MP Boka Kondra thanked parliamentarians for wiping away the tears and bearing the burden of the people of Western by passing a bill to protect their interest. Kondra, an Ok Tedi mine landowner, said the people had suffered because of the arrogance of BHP by dumping waste into the Fly River which had been a concern for a long time. "I speak on behalf of the people of Western and the provincial government and say thank you to government for wiping away the tears of our people," he said. "The lady that we got married to (referring to BHP) although exited 10 years ago was still in control and was not good. "The time has come for her to go." Kondra said since 1979, no development had taken place. "We have been crucified for the benefit of economical benefit by creating indemnity." He said many people had died while others were affected by the pollution. "Some students sent to New Zealand went through some tests which found that their blood contained metals." Middle Fly MP Roy Biyama said the people had suffered enough with many experiencing the effect of the pollution of their river system. Others who took part in the debate and supported the bill were Sumkar MP Ken Fairweather, Middle Ramu MP Tommy Tomscoll and Environment and Conservation Minister John Pundari.

## **State to own Ok Tedi**

### **House passes Bill to hold 100 per cent stake in mine**

Post-Courier 19.9.2013

By ISAAC NICHOLAS

PARLIAMENT has passed amendments to the OK Tedi Mining Agreement for the State to have 100 per cent ownership of the OK Tedi mine. The move by Parliament also ended a war of words between Prime Minister Peter O'Neill and OTML chairman Sir Mekere Morauta over the issue. When making the amendments, Parliament passed a new tenth Supplementary Agreement that will result in the cancellation of PNG Sustainable Development Program (PNGSDP) shares in OTML and the issue of new shares to the State. On the commencement date, all ordinary shares held by PNGSDP in the share capital of OTML shall be cancelled and cease to exist. More than 122 million new fully-paid shares in the share capital of OTML will be issued to the State. These shares are free of any encumbrances, charges or equitable interests.

The PNGSDP will undergo a major restructure of its operations to ensure its funds is exclusively for the benefit of the people of Western Province. The new Bill also provided that any person who has any choice in action or right to pursue or enforce legal proceedings against or in relation to BHP in relation in connection with the operation of the OK Tedi mine will now have their full rights restored. The effect of this is that individuals will have all their legal rights restored and are free to pursue any new or former actions against BHP. The Mining (OK Tedi Ninth Supplementary Agreement) (Amendment) Bill 2013 was introduced by Prime Minister Peter O'Neill and was passed 62-0 votes. Several MPs, including Sir Michael Somare, Garry Juffa, Tobias Kulang and Sam Basil abstaining by walking out of the chambers before the vote was taken. Sir Michael during debate warned of the negative image this kind of legislation would have on future investors who were thinking of investing in the country.

Mr Kulang said legacy issues were against the State in the government's failure to manage their own state enterprises. He also called on Mr O'Neill to give a break-down of shareholding between the landowners, provincial government and the State. Mr O'Neill, when presenting the amendment said this was a very important Bill to be introduced to the House. "No one can sit in this House and excuse BHP for the destruction it had caused. But that is what the Government under Sir Mekere did in 2001," Mr O'Neill said. "They came up with a deal that would grant total immunity to BHP from prosecution for environmental damage or compensation, in exchange for a program company set up outside of PNG, and still controlled by BHP." The company was set up in Singapore, called the PNGSDP. "Off course Sir Mekere now sits at the top of PNGSDP and Ok Tedi Mining Ltd, as chairman, courtesy of his friends at BHP when he retired."

### **Parliament passes bill giving PNG Govt 100 percent in Ok Tedi mine**

Radio New Zealand International, 18 September, 2013

The Papua New Guinea National Parliament has passed amendments to the OK Tedi Mining Agreement which will see the State own 100 percent of OK Tedi mine. The bill introduced by the prime minister Peter O'Neill was passed by 62-0 votes despite several members including former prime minister Sir Michael Somare, abstaining by walking out of the chambers before the vote was taken. The chairman of OK Tedi mine limited, Sir Mekere Morauta, also a critic, had accused the state of trying to steal Ok Tedi Mining Limited from the people of Western Province. But Peter O'Neill said the legislation was an important Bill to be introduced to the House, and that no one can sit in the House and excuse the mine's former owner BHP Billiton for the destruction it had caused. The new legislation will repeal the indemnity given to BHP making it liable for environmental damage created by the mine in the Fly River. When making the amendments, parliament also passed a new tenth Supplementary Agreement that will result in the cancellation of PNG Sustainable Development Program shares in the mine and the issue of new shares to the State. The Program is responsible for overseeing aid and income generating programs across PNG and was set up by BHP Billiton in 2002.

### **O'Neill 'stealing' Ok Tedi mine**

ROWAN CALLICK, The Australian, September 18, 2013

PAPUA New Guinea's Prime Minister Peter O'Neill has been accused of "stealing" an \$876 million asset, the Ok Tedi copper-gold mine, by former prime minister and former central bank governor Mekere Morauta. Sir Mekere said that Mr O'Neill had decided to expropriate the mine without paying compensation to the people of Western province, who are the chief owners and beneficiaries of the trust fund PNG Sustainable Development Program (PNGSDP), which owns 63 per cent of Ok Tedi. Mr O'Neill has consistently complained, however, that through its veto power over chan-

ges to PNGSDP's constitution, BHP Billiton retains a degree of ultimate control that is inappropriate. The Ok Tedi ownership structure was established through an arrangement between BHP and the PNG government -- then led by Sir Mekere -- just over a decade ago when the former quit running the mine in the wake of environmental disasters there.



Former Ok Tedi Mining chairman Ross Garnaut with former PNG prime minister Mekere Morauta in Brisbane last year. Picture: Liam Kidston *Source: TheAustralian*

Mr O'Neill said yesterday: "It is time to put the ownership of the mine, and its future, beyond doubt. The behind-the-scenes influence of BHP, and its representatives and appointees, has gone on for too long." It is understood that legislation is being drafted accordingly, which may be presented to parliament during the current sitting. Australians have invested almost \$19 billion in PNG, overwhelmingly in the resources sector, and the outcome of the long-running row over control of Ok Tedi is being watched closely by the industry, which earns about 80 per cent of the country's export revenues. Mining Minister Byron Chan has told parliament "the government is looking at taking over" the \$5.6bn Frieda River copper-gold project, 81.82 per cent owned by GlencoreXstrata. And earlier this month Commerce Minister Richard Maru blocked the partial takeover of New Britain Palm Oil by a Malaysian company, saying that 90 per cent of the economy was controlled by foreigners. The battle for control of Ok Tedi, and of PNGSDP with its massive funds, has escalated since almost a year ago when Mr O'Neill told parliament that leading Australian economist Ross Garnaut -- who was chairman of both, and had chaired PNGSDP since its establishment -- was "no longer welcome" in the country. In 2011, the mine provided \$543m or about 16 per cent of the government's total income.

Mr O'Neill said that PNGSDP, whose corporate structure is domiciled in Singapore, "has collected money and parked it in the bank, and hasn't been investing it in helping everyday issues". But PNGSDP's chief executive David Sode said that the trust in its first decade spent about \$450m on 662 projects, focused on education and health. And two-thirds of the income, from mine royalties, has accumulated \$1.5bn in a long-term fund to be used for the Western province when the mine closes. The association of communities affected by the mine has written to Mr O'Neill saying they have agreed to the mine's continuing operation in order to gain development benefits via PNGSDP, but "we have not consented to the takeover of PNGSDP shares in Ok Tedi by the government". Sir Mekere said that "the risk of turning Ok Tedi Mining into a state-owned enterprise far outweighs the benefits". He said "it would destroy the mine and threaten the flow of dividends", with "reliable sources estimating that at least billions of kina have gone missing from government coffers in the last few years". The multi-billion-dollar scheme to bring hydro power from PNG's Purari River to

Queensland, via a joint venture between Origin Energy and PNGSDP, would appear to be one of the casualties rippling out from this massive row.

### *Editorial*

#### **Ok Tedi: War of words but people suffer**

Post-Courier 18.9.2013

THE entity tucked away deep in the mountains of the Western Province is a paradox for the villagers living within its vicinity and communities along the mighty Fly River. OK Tedi Mining Limited has contributed over K20 billion to the wealth and prosperity of this nation and the Western Province since its first ore in 1982. But behind the clattering and the movement of the heavy machinery digging out minerals for export lays a polluted river system and communities whose lives changed forever. Growing local and international concerns over the pollution levels of the river system eventually forced the exit of the Australian miner BHP Billiton in 2002 and the birth of the Singapore-registered PNG Sustainable Development Program to hold its 52 per cent shareholding. PNGSDP currently has a 63.4 per cent stake in the OTML followed by Mineral Resources OK Tedi Ltd (12.2 per cent) and the State of PNG (24.4 per cent).

However, in a new twist the O'Neill Government last year announced plans to review the current Tedi Mine Continuation Ninth Supplemental Agreement Act 2001 with a view to increasing landowner participation and representation on the PNGSDP board. Fast forward to now and the O'Neill Government will this week introduce legislation in the National Parliament to enable the State's shareholding to be taken over by the Government which would give it control of the OTML and the PNGSDP. Prime Minister Peter O'Neill has defended the proposal saying it will be done in the interests of the people of Western province and Papua New Guinea. But the PNGSDP and OTML chairman Sir Mekere Morauta has refused to buy that and described it as an attempt by the PM to "expropriate" the mine without paying compensation to the owners. Former mining minister and ex-Bougainville politician Sam Akoitai believes the Government's budget deficit problems are the reasons behind the push to take over the mine, a charge which Mr O'Neill has vehemently denied.

So the wars of words have started between a current and a former PM and behind them their faceless advisors and technocrats. It is likely to be a drawn-out battle as the O'Neill Government-led majority National Parliament moves to shut the gates by voting for the proposal and PNGSDP and OTML consider legal action. Sadly the people of the Western Province and its far flung communities do not really care about the shouting, the bickering and the mud-slinging matches in Port Moresby. They have suffered for too long and paid the ultimate price of neglect – not only by an economically significant mine but by successive National Governments in Port Moresby. The province's political leadership has also failed its people over the years, opting to wine and dine in the National Capital District at the expense of their constituencies. The plight of the Western province people is a national shame and is sadly a testimony of all that has gone wrong in this nation. Take a closer look at the province and we see a \$US1.4 billion fund which its manager the PNGSDP appropriately called the Long Term Fund. Let us hope the fight in Waigani is genuinely for the welfare of the people and not controlling interests on how these monies are used.

#### **Government to debate mine takeover**

The National, September 18th, 2013

By MALUM NALU

LEGISLATION for changes to the ownership of Ok Tedi mine in Western will be introduced

during the current parliamentary session, Prime Minister Peter O'Neill says. The PNG Sustainable Development Program (PNGSDP) holds 63.4% of OTML, with the balance held by the Government. Also in the pipeline is the proposed new Kumul Mining structure, through which the national government will hold shares in all mining projects in the country. "Parliament will deliberate on these in the next few days," O'Neill told reporters yesterday. "The legislation is very simple – What we are doing is taking ownership of the shares (in OTML). We are not taking over the management. "We are taking over the ownership of the shares, which is rightfully ours in the first place, anyway. "Secondly, we are restructuring the PNGSDP.

We don't want anybody from Melbourne or BHP, to run PNGSDP. "The people of Western province must run the company. It is their money and it is their asset. "They have the right to say how they want to run and invest their money. This is all we are doing. "We are not taking over PNGSDP. (Sir) Mekere's objection is that the PNGSDP will be vested in him. "I ask, who is he? "He's not from Western province. "He has done enough damage to this country and he has protected his foreign friends enough." Asked about Kumul Mining, O'Neill said: "The legislation is ready. The Attorney-General is making final consultations and final amendments to the changes that Cabinet has proposed. "We will be putting it through parliament in this session We will go through first vote now and start debating. We will deliberate on this for the next three or four months."

### **Akoitai against Ok Tedi move**

The National, September 18th, 2013

FORMER Mining Minister Sam Akoitai has advised Prime Minister Peter O'Neill to reconsider taking over the ownership of Ok Tedi mine. Akoitai said the Government was blaming BHP Billiton for the damage done to Western as a result of mine operations. But he said the Government's approval for operations had equally contributed to the environmental damage done to Western. He said Western provided resource benefits from Ok Tedi mine and had contributed to the development of the country. The people should not be stripped off their benefits. "Ok Tedi mine contributes about 26% in terms of GDP to the nation which is a very significant contribution. "Speaking as a citizen and beneficiary of resources in the country, I'm very concerned that the prime minister has decided to take ownership of Ok Tedi mine. "This puts a question on new and existing mines whether this move is the start of what is to be done in future mining operations," Akoitai said. Akoitai, who was also former Central Bougainville MP, said the Government's decision was criminal in nature and called on O'Neill to leave the current operation as it is. "The government is leading the people with its sugar-coated policies and is trying to fund its deficit budget by using people's money."

### **Ok Tedi: Government's move 'destructive', says Sir Mekere**

The National, September 18th, 2013

PNG Sustainable Development Program Ltd chairman Sir Mekere Morauta says he fears for the future of the Ok Tedi mine and the flow of benefits to Western under Government ownership. "Under the majority ownership of PNGSDP, it had become a very successful mining company, professionally managed, transparent and accountable and highly profitable. "It is unique in the world in the way it uses its money for extensive environmental remediation and community development – schools, clinics, airstrips, housing for health workers and teachers, agriculture projects, roads, bridges, wharves and so on – through PNGSDP and Ok Tedi Development Foundation. "The prime minister's proposal to expropriate without payment the PNGSDP shareholding of 63.4%, which the company holds on behalf of Western, is very destructive to the nation, to Western and to investor confidence," Sir Mekere said. "It would jeopardise the capacity of OTML to continue its environmental and developmental work and its contribution to the state in taxes and dividends. "OTML

would become yet another state-owned enterprise, joining all the others in the ward for the chronically ill, without a cure in sight. “People should be aware that the major reason that PNGSDP has been so successful is that it has a strong governance structure which ensures it remains free from political interference,” he said. “Majority state ownership of OTML, as the prime minister is proposing, would leave it wide open to political interference and all the consequences we know so well.”

## **Ok Tedi war intensifies**

Post-Courier 18.9.2013

*By Alexander Rheeney*

THE O’Neill Government is determined to take over the major shareholder of OK Tedi Mining Limited despite growing criticisms of the move by PNG Sustainable Development Program and industry observers. Former Prime Minister and current PNGSDP and OTML chairman Sir Mekere Morauta, whose government established the PNGSDP in 2002 after striking a deal with BHP Billiton to enable its 52 per cent shareholding in the OTML to be held by the Singapore-registered company, launched a scathing attack against the O’Neill Government, describing the takeover proposal as an attempt by Prime Minister Peter O’Neill to “expropriate” the company’s shareholding in the Western Province mine without payment. However, the PM in a press conference in Port Moresby yesterday slammed the former PM and PNGSDP CEO David Sode, saying the PNGSDP had mixed success in its various programs and its failures were notable for an organisation that was “growing like a bureaucracy” in PNG.

“We know he (Sir Mekere) represents BHP on that particular board, he does not represent the people of Papua New Guinea, he does not represent the people of Western Province. He does not represent Western Provincial Government in any shape whatsoever. His interest is very clear, he represents foreign interests, he represents BHP – now our Government is trying to correct the mistakes of the past. We are trying to ensure that there is transparency and accountability in the way that OK Tedi is managed, in the way that PNG Sustainable Development Program is managed and it must be done for the interest of the people of Western province and the people of Papua New Guinea as a whole,” he told reporters. “The assets of OK Tedi and the assets of PNG Development Program is not Sir Mekere’s, it is not BHP’s – it is the people of Western province and it is the people of Papua New Guinea who rightfully own those assets. “That is why it is important that we manage them in consultation with our people, it is an asset that is rightfully theirs. It is must be invested and managed transparently for their own interests and that is for the interest that we want to pursue.”

A bill to enable the transfer of the PNG Government’s shareholding in the PNGSDP and the OTML to the State will go before the National Parliament for vetting, a process which Mr O’Neill indicated yesterday should be completed by the end of the week. “PNG National Government is a shareholder in PNG Sustainable, is a shareholder in OK Tedi mine. We are now taking over management of those shares directly by ourselves through legislation that we will pass this week. There will be no more debates, there will be no more discussions.” But former mining minister Sam Akoitai yesterday described the O’Neill Government proposal as ill conceived, saying it was an attempt to use the revenue generated by the mine to cover the budget deficit that Treasurer Don Polye revealed in Parliament last week. OK Tedi mine landowners and representatives of the mine-affected communities have also come out criticising the proposal, saying they were not consulted. It is understood PNGSDP and the OTML are currently considering their all their options.

## Big loss for Newcrest

The National, September 18th, 2013

NEWCREST Mining Ltd has reported its largest annual loss ever, with a collapsing gold price pushing total write-downs to A\$5.73 billion (K12.3 billion). Last year's result for the same period showed a profit of A\$1.117 billion. Disruptions at a handful of Newcrest's mines has also decimated earnings for the gold miner over the past 12 months. Annual gold production was down 8% to 2.11 million ounces during the same 12-month period. Citing cost concerns and the production issues, credit rating agency Moody's downgraded Newcrest in July. Key points from Newcrest's 12-month financial results ended June 30, 2013:

- Asset impairment and asset write-down A\$6.23 billion (K13.34 billion) resulting in statutory loss of A\$5.78 billion (K12.38 billion);
- Underlying profit A\$451 million (K966.3 million);
- Operating cash flow A\$707 million (K1.5 billion);
- Major project delivery at Cadia East and Lihir; both operating in line with the Company's expectations;
- A\$958 million (K2 billion) in cash and undrawn, committed bank facilities, and gearing of 29.1%, at 30 June 2013;
- Company expected to be free cash flow positive in FY14 at a gold price of A\$1,450 (K3,106.92) per ounce with all capital expenditure, exploration programs and corporate overheads funded from operating cash flow; and
- Each asset is being managed to be free cash flow neutral or positive in FY14 at gold price of A\$1,450 (K3,106.92)/oz

The following dividends of the company had been paid:

- Final (15% franked) dividend for the year ended 30 June 2012 of A\$0.23 per share, amounting to A\$176 million (K377 million), was paid on Oct 19, 2012; and
- Interim unfranked dividend for the year ended June 30, 2013 of A\$0.12 per share, amounting to A\$92 million (K197 million), was paid on April 16, 2013.

## Minnow digs for fortune in Fiji

Tim Morris, The Australian, September 17, 2013

THE minerals industry has grown significantly over the past decade from about 7.5 per cent of gross domestic product to well over 10 per cent. After hosting over 50 major discoveries during the decade, we now have more than 500 operating coal and metal mines. Local entrepreneurs are now striving to expand the industry in Fiji, our Pacific neighbour. In an economy where one-third of GDP is driven by tourism, Fiji's mining industry contributes less than 2 per cent. Output is dominated by the Emperor Gold Mine, which has produced over seven million ounces during the past 70 years. Further industry development has been hampered by political uncertainty. Fiji has been administered by an interim regime since a 2006 military coup overthrew its government. Elections have been earmarked for next year, and the re-scheduled listing of Dome Gold Mines indicates that stability could be on the horizon.

After postponing its listing ambitions last year, private funding has sustained this Fiji-focused exploration company amid a challenging capital market and local political regime. Dome operates three exploration licences spanning 500sq m. . While it doesn't have defined resources yet, the proximity of neighbouring deposits is providing impetus for investment. Following its initial public offer, Dome Gold's immediate focus is its Nasivi Delta project, which is targeting alluvial gold and iron sands mineralisation. The project lies 50km east of a 220-million-tonne iron sands deposit ope-

rated by Amex Resources (AXZ). After completing a bankable feasibility study and securing an undisclosed offtake partner, Amex Resources commands a market capitalisation of about \$80 million.

While resource delineation at Dome Gold's Nasivi Delta project could drive similar interest, development is much less advanced and needs to overcome metallurgical hurdles. Pre-IPO drilling late last year encountered significant "heavy mineral" grades ranging from 14 per cent to 42 per cent, although individual metal concentrations are uncertain. For new investors with a speculative appetite, the company's existing \$2m cash reserve provides some added security. However, a relatively high level of unallocated free float is an impediment to the stock's near-term performance.

### **Ramu: Locals want to be involved**

The National, September 17th, 2013

By JAYNE SAFIHAO

RAMU River faces a major threat of sedimentation, a public forum on the proposed review of mining and environment laws in Madang was told. At the forum conducted by the Constitutional Law Reform Commission, speakers voiced their concerns about the lack of participation by landowners in the management of their environment. Danny, a local from middle Ramu, said as a result of the wash-down from the Ramu nickel mine site at Kurumbukari, sedimentation had built up in the Ramu River and would affect the river system over time. "The Ramu River is our important food source. "Pollution and sedimentation will affect the people of middle and lower Ramu too. "We are worried that a high level of sedimentation can be seen with huge iron off-cuts from pipes and other material being thrown into the river," he said.

He said while people in the immediate impact areas would benefit from the project, the middle Ramu people and relatives further down the river in Bogia would miss out. Danny urged the government and project developer to include them in compensation packages as they would also be affected by the impact of the mine. Joe Maira, the Arabaka local level government president in middle Ramu, said the situation needed immediate government intervention as people's lives were at risk. "We do not want to be another Angabanga river case study with statistics to prove that pollution is occurring daily," he said. "Our normal lifestyle is being made difficult with what is visible to us."

### **Ok Tedi: It's theft, says Sir Mekere**

The National, September 17th, 2013

THE government of Prime Minister Peter O'Neill has "stolen" an asset belonging to the people of Western, Sir Mekere Morauta says. Sir Mekere's statement, the strongest yet made by the PNG Sustainable Development Programme (PNGSDP) Ltd chairman, indicates the former PM intends to directly oppose the decision by Prime Minister Peter O'Neill to expropriate Ok Tedi Mining Ltd without paying compensation. Sir Mekere said in his statement released yesterday: "Stealing an asset worth approximately K2 billion to the people of Western, plus their annual K450 million share of the Ok Tedi dividends, is not acceptable legally or morally. It is unconstitutional as well. "I also fear that this is just the first step – I hope he does not want to get his hands on PNGSDP itself and the US\$1.4 billion in the Long Term Fund." Sir Mekere said he was shocked by the prime minister's announcement of the expropriation on EMTV. "Those shares are owned by the people of Western, not PNGSDP. "PNGSDP is merely the custodian of the shares. "The prime minister is legally and morally obliged to pay a full and fair price if he is so determined to get his hands on them."



PNGSDP chief executive officer David Sode was no less adamant. Sode said under the Community Mine Continuation Agreement, people were entitled to their expressed views that the Government takeover of a mine without adequate compensation was unacceptable. "Any such takeover strips away the right of the CMCA people to have the final say in whether the mine continues or not. It threatens their involvement in decisions on the appropriate level of compensation for environmental damage," Sode said in a statement. "It also puts at risk the receipt and management of their rightful share of dividends from the mine, and the social and economic development that is provided from those dividends. It also takes away their rightful share of dividend flows from the mine." Sir Mekere said the company would stand with the people of Western, especially the communities affected by mine operations and landowners, who have voiced their strong opposition to the Government's plans.

"PNGSDP has a duty to protect Western people's assets, and will do so with all necessary legal means," Sir Mekere said. He had spent the past six months trying to negotiate a fair deal on Western's 63.4% shareholding held by PNGSDP with O'Neill. He was aware that many MPs were concerned by O'Neill's decision, which had been taken in isolation and against the recommendations of some of his most senior and respected advisors. Sir Mekere said O'Neill's criticism of PNGSDP's record on sustainable social and economic development were nonsense. PNGSDP had spent approximately K1.18 billion on more than 600 sustainable social and economic development projects since it began operations in 2002. "Compare PNGSDP's commitment to development of Western with the achievements of the national government," he said.

## **PNG Government Urged To Retain Control Of Resources**

*AG favors national ownership of petroleum, mining revenues*

PORT MORESBY, Papua New Guinea (The National, Sept. 17, 2013) – The State has been warned not to give petroleum and mining autonomy to Papua New Guinea's provinces. Justice Minister and Attorney-General Kerenga Kua told parliament last week that the government should hold back the powers and ownership of mining and petroleum should it continue to collect revenues for the country. Kua said if the government had already transferred the powers to one or two provinces, it should not do it any more as it would not have any major revenue source. He said it would be unfair on provinces which did not have resources while those who had would be better off. Kua said the government should also come with a legislation to create two separate bodies or authorities for the petroleum and energy and mining departments.

He said the creation of the vehicle would be brought before parliament after the national executive council approved the proposed legislation. Kua said the body would be free from political influence. He used the examples of the superannuation funds which have been allowed to function free of political influence and have been declaring profits while state-owned enterprises had never pay any dividends to the state because they had been politicised. "We have these experiences and we can make the two vehicles successful and allowed to operate freely and give them money and resources," Kua said. He also proposed future reforms for the ownership of the resources. "The property shift and the payment shift should end and allow the state to own 100% of the resources even when development licences are issued to the developers," Kua said.

## **Nautilus and PNG await arbitration decision**

The Northern Miner, 17.9.2013

VANCOUVER – In 2011 it looked like Nautilus Minerals' pioneering plan to mine high-grade seafloor sulphide deposits might actually work. The company had permits, a joint venture with the Pa-

pua New Guinea government, contracts with partners to build and operate the novel underwater mining machinery, and lots of money from excited investors. Then the PNG government failed to pay its share of project costs and Nautilus' momentum ground to a halt. In exchange for a 30% stake in Nautilus' most advanced project, Solwara 1, the PNG government had agreed in early 2011 to pay 30% of project costs up to that point and to fund 30% of the costs going forward. According to Nautilus, those payments just didn't happen. The government says fault sits with Nautilus, which it says failed to meet several contractual obligations (details of that allegation have not been made public). Whatever the case, by late 2012 Nautilus could no longer bear the full costs of advancing Solwara 1 alone. The company halted construction of its seafloor production system, effectively putting Solwara 1 on standby. By the time it suspended construction, Nautilus says the PNG government was in arrears to the tune of \$75 million.

Direct negotiations failed and the Solwara 1 partners entered arbitration. That process, which started in mid-2012, is finally wrapping up. On August 26 the arbitration hearing took place. Now Nautilus has only to wait for the outcome. Investors also seem interested in the outcome: Nautilus' share price has doubled since early July to hover near 40¢. The rally found its footing the previous month, when Nautilus had little trouble selling 200 million shares at 20¢ apiece, for gross proceeds of \$40 million. The company says existing shareholders filled most of the private placement, and indeed Nautilus earned a wide and varied investor base between 2008 and 2011 as its novel proposal to mine massive sulphides on the seafloor took shape. Major shareholders include Mawarid Mining, a subsidiary of Oman's state oil, gas, and mining company, with 28%; Russian iron ore and steel major Metalloinvest with 20.75%; and Anglo American with 5.95%.

Solwara 1 is 30 km from the coastline of PNG, which means it is in Papua New Guinea's territorial waters. Underneath 1,600 metres of Bismarck Sea Nautilus has delineated 1.03 million indicated tonnes grading 7.2% copper, 5 grams gold per tonne, 23 grams silver per tonne, and 0.4% zinc. Inferred resources add 1.54 million tonnes averaging 8.1% copper, 6.4 grams gold, 34 grams silver, and 0.9% zinc. Nautilus' plan to move those mineral-rich tonnes to the surface starts with two large, robotic, continuous cutting excavators that leave cut material sitting on the seafloor. A collecting machine follows, drawing the mixture of sand, gravel, and silt in a slurry and pumping it through a flexible pipe to the riser and lifting system (RALS). The RALS comprises a large pump that pushes the slurry up a rigid pipe to a ship, which is known as the production support vessel (PSV). On-board the PSV the slurry is dewatered and transferred to a barge, while the used seawater is pumped back to the seafloor to avoid mixing cold deep waters into the warm surface waters.

When Nautilus suspended construction, work on the RALS was more than half complete. In the last year some further progress has been made, as Nautilus continued to fund work on three parts of the system. "The company considered it essential to continue with the build of its three key contracts related to the Seafloor Production System to ensure the company is in the best possible position to advance the Solwara 1 project following the resolution of the dispute with the State of PNG, or alternatively to allow for the re-deployment of the equipment to other jurisdictions," Nautilus wrote in its latest quarterly financials. The three key contracts concern the seafloor excavators and collecting machine and the detailed engineering of the RALS. Nautilus has also continued work on plans for the PSV. The \$40-million financing was completed to fund this ongoing work and keep the company afloat until the arbitration decision, which is expected by the end of September. If the arbitration returns a decision that renders Solwara 1 unviable for Nautilus, the company's investments in the project to date will not all have been in vain as the equipment is mobile and Nautilus has other seafloor massive sulphide projects. The company holds 500,000 sq. km of exploration tenements in the territorial waters and exclusive economic zones of Papua New Guinea, Tonga, Solomon Islands, Fiji, Vanuatu, and New Zealand, as well as 75,000 sq. km of tenements in the Clarion Clipperton Zone, in the international waters of the Eastern Pacific between Hawaii and Mexico. Nautilus

closed recently at 42¢. The company has a 52-week trading range of 20¢ to \$1.15 and has 437 million shares outstanding.

### **PNGSDP supports CMCA against expropriation of Ok Tedi**

David Sode, PNG Sustainable Development Program, September 16, 2013

PNG Sustainable Development Program today supported recent statements by Community Mine Continuation Agreement leaders rejecting the Government's proposed expropriation of Ok Tedi Mining Limited. PNGSDP CEO David Sode said the CMCA leaders were right and were entitled to their expressed views: the Government takeover of a mine owned 100 percent by the people of Papua New Guinea, without paying them compensation, is unacceptable, not only in PNG but anywhere in the world. "Any such takeover strips away the right of the CMCA people to have the final say in whether the mine continues or not, and threatens their involvement in decisions on the appropriate level of compensation for environmental damage," he said. "It also puts at risk the receipt and management of their rightful share of dividends from the mine, and the social and economic development that is provided from those dividends. It also takes away their rightful share of dividend flows from the mine."

Mr Sode said it was important that full consultations should take place as they had for every other major decision on the mine, including the Ok Tedi Mine Continuation Ninth Supplemental Agreement Act 2001, the 2006-2007 Review of the CMCA and just last year the Mine Life Extension proposal now before the Government. It is apparent that The CMCA had not been fully consulted in this case until the leaders took matters into their own hands and insisted that the Prime Minister meet them in Tabubil in August. The Prime Minister has not responded to the concerns expressed by the CMCA leaders at the Tabubil meeting. "The Prime Minister has a moral as well as legal obligation to consult the people who own the resource and are the only people in the country affected by any environmental impact from the operation of the mine," Mr Sode said. "Why has the Western Province in general and the CMCA communities in particular not been consulted?"

"The Government's proposals change everything, yet there has not been one bit of consultation. There needs to be full consultation with all Western Province people before any decision can be made." He said PNGSDP, as custodian of the Western Province people's shares in OTML, shares CMCA concerns for the future well-being of the mine-impacted communities, including mine area landowners." PNGSDP supports the continuation of the PNGSDP-CMCA arrangements. PNGSDP has a clear legal and moral duty to protect the interests of the CMCA communities and Western Province and to protect the value of the assets that it holds on their behalf, Mr Sode said. He pointed out the dangerous precedent being set by the Prime Minister and members of Parliament who vote in favor of such expropriation bills in attempting to exercise improper use of the legislative powers to steal the Western Province's inheritance. "Is he going to get away with this and is it going to be repeated elsewhere? "Resource owners throughout PNG should be aware of the precedent being set and stand up for their rights and support the CMCA leaders."

### **Mining: State under fire**

The National, September 13th, 2013

By JEFFREY ELAPA

CONCERN was raised in Parliament yesterday over the haste in approving multi-million kina projects such as the PNG LNG project without careful evaluation of its benefits to the Government and people. The debate was sparked off by a ministerial statement on the petroleum and gas industry from Minister for Petroleum and Energy William Duma. Attorney-General and Justice Minister

Kerenga Kua said the Government would soon amend legislation to ensure that all resources were fully owned by the State. Kua said the State owned resources under the ground but that ownership was transferred to the developer or investor as soon as a development licence was issued. “The state should be owning the resources and not giving them away to investors,” he said. “This is a property shift and payment shift. We get nothing out of it and this is unacceptable and we must constitutionalise ownership because there is no provision confining state ownership. This must take place quickly and must be seen on the benefit we share.”

There was concern by some MPs that the PNG LNG project was rushed and sold cheaply and urged the State to suspend all negotiations on new petroleum and gas projects. Minister for Commerce and Trade Richard Maru said the country would only receive K1.5 billion in revenue from 2015 while the Government had incurred a lot of commitments. He said the Government had given away many fiscal incentives, leaving it with nothing, and should not rush into any more projects of such magnitude. “We should get far better package for our people. Let’s see the lesson learnt and make improvement in other (future) projects,” he said. Koroba Kopiago MP Philip Undialu said the state should not engage foreign consultants as it did in the PNG LNG project because their report would not be in the best interest of the State and the people. Goroka MP Biri Kimisopa said the PNG LNG agreement was presented to parliament so that every member had the opportunity to know its content such as the fiscal incentives in the agreements. “Time will only tell us if we have done the right thing,” he said.

## **LNG is PNG’s huge project**

Post-Courier 13.9.2013

By RAMCY WAMA

THE \$US19 billion PNG LNG Project is expected to produce over nine trillion cubic feet of gas to sell during its 30-year -life. Minister for Petroleum and Energy William Duma informed the parliament and the people yesterday when he presented his Ministerial statement. Mr Duma said PNG LNG Project was the biggest multi-billion dollar investment ever made in PNG with development area stretching from Port Moresby to Gulf Province, Southern Highlands and Hela Province. He said the project covered an area of diverse culture and languages. The project has far reaching impact throughout the country. “The project is progressing in series of development phases with the first LNG deliveries scheduled to begin in 2014,” he said. “Over the 30 years life of the project, it is expected that over nine trillion cubic feet of gas will be produced and sold. “Over the 30 year operational life of the project, gross taxation revenue to the Government is estimated to be K67 billion.

Royalty payments are expected to amount to K5.3 billion and are expected to accrue approximately one-third of provincial governments, and one-tenth to LLGs; with the balance amounting to more than half of the total going to our landowners. “The LNG Plant will produce 6.9 million tonnes of LNG per year during the life of the project. This will provide a long term supply of LNG to customers in Asia region including Chinese Petroleum Corporation of Taiwan, Osaka Gas Company Limited, Tokyo Electric Power Company Inc, China Petroleum and Chemical Corporation (Sinopec),” Mr Duma said. He said the LNG project remained on target for the first shipment of PNG’s own LNG next year. It had achieved numerous construction milestones.

Mr Duma said the construction included the completion of the 407 kilometres offshore pipeline. “The plant site near Port Moresby, the 2.4 kilometre jetty and the outer shells of the two LNG tanks have been completed. The 3.2 kilometre-Komo airfield that will take the largest cargo aircraft in the world, the Antonov, is well advanced. Foundations and steel works is progressing at Hides Gas Conditioning Plant,” he said. Mr Duma said since the construction in 2010, the project had built a unified team of workers, contractors, community members and other stakeholders. “This team is

now enabling the delivery of key projects milestones and commitments that will contribute to a sustainable future for PNG,” he said. “More than 19,600 people are now working together to deliver on the project’s commitments across multiple project sites. Half of the workers are Papua New Guineans with landowner companies continuing to provide more than 70 per cent of the total PNG workforce,” he said.

### **Ok Tedi: Landowners oppose Government’s decision**

Post-Courier 13.9.2013

By *MELISSA MARTIN*

The Landowners of Ok Tedi Mine and representatives of the mine affected communities of Western Province have opposed the government’s move to take-over PNG Sustainable Development Program. They have petitioned the government to visit them (landowners) and negotiate before reaching an agreement. They said the Government has made a decision without their consent keeping them in suspense and confused as to what this decision might bring to the people and the province. They stated this during a press conference yesterday in Port Moresby. Spokesman and representative of the Middle Fly Community Mine Continuation Agreement, Richard Zumoi said the Government’s intention to take over the 63.4 per cent PNGSDP shares in Ok Tedi Mine was a great concern for the people of Western Province. “The province has been without vital government services and we were beginning to see major infrastructure developments and other services from the PNGSDP.

“The government’s move to take over PNGSDP is a direct threat to us and is totally unfair as these funds are a form of compensation for the environmental damages which our communities are expected to bear,” he said. Mr Zumoi said the government must go back and consult the landowners before reaching such decisions and give them an assurance that they will still benefit from the program. “We will not consent to the government’s imminent takeover of the PNGSDP shares in OTML as this will mean reduction in development funds and ceasing of contributions towards the programs long term fund for the future generations of Western Province. “We are currently satisfied with the programs efforts in bringing successful development to the province and the country as a whole,” he added. The landowners argued that the Government must introduce, consult and explain the outcome when they take over the program and what are their plans for their (landowners) future generations.

Mr Zumoi appealed to all Members of Parliament to be considerate before voting for the bill when it is tabled in parliament. “Western Province doesn’t receive any vital services from the government and what will happen to us when the Government takes over PNGSDP, we need to be informed. “We urge the government to physically visit the province and guarantee the people of Western Province what our benefits will be when they take over PNGSDP,” he added. In 2001, the Mine Affected Communities consented to continuation of life of Ok Tedi Mine on the basis that PNGSDP was a shareholder of the mine. It was agreed that 63.4 percent of the dividends would be used by PNGSDP for the purpose of sustainable development in PNG, especially Western Province. Meanwhile, the people of Western Province are still waiting for a feedback from the Prime Minister Peter O’Neill on presentations made by the CMCA Leaders and Mine Landowner leaders on August 2 in Tabubil.

### **Ramu: Take stock of environment, says governor**

The National, Friday September 13th, 2013

By *JAYNE SAFIHAO*

MADANG Governor Jim Kas has urged people in the province to stand and air their views on the

dumping of waste, especially mine tailings in their area. A constitutional law reform commission team was in the province to gauge views from the people on the dumping of tailings into rivers and ocean. Kas, chairman of the provincial executive council, wants the people to take stock of their environment. Kas said people from Raikos, Bogia, Ramu and surrounding areas should think seriously and speak out about the waste disposal system which Ramu Nickel was using. Kas, whose stronghold is in Ramu, is keen to find an alternative solution to the river and sea tailings system. People in Ramu have reportedly seen a sedimentation build-up, dead fresh water fish and the dumping of metal wastes into the river.

Kas said the developer and government departments responsible for allowing work to continue despite the destruction to the environment, were not doing enough to educate the people about the risks they faced. "They are capitalising on the people's ignorance," he said. "The mine wastes are now being carried by ocean currents to as far as Manus, New Ireland, West New Britain and Bougainville." Department of Environment and Conservation project coordinator Goro Arigae said the Scottish Association of Marine Scientists completed their oceanographic survey last year and presented their findings to the department which was yet to make them public. He said it was due to some outstanding payments yet to be made to them.

### **Bougainville: Duty first, mine later**

Post-Courier 13.9.2013

By *ROMULUS MASIU*

ANY mining company wanting to re-open and operate the Panguna Mine will have to honour customary obligations first by settling the 20,000 lives lost and blood shed on the island during the Bougainville Crisis. This was the stand taken by former combatants during the 4th Regional Veterans Association Forum at Kangu Beach, Buin District in South Bougainville. All speakers who spoke on the re-opening of the Panguna Mine agenda echoed the same sentiments, most calling for the re-opening of the mine as a priority. However, before the mine is re-opened settlement for the lives lost and blood shed must be customarily sorted out. Former combatant from Wakunai Glynn Tovirika told the forum that the re-opening of the Panguna Mine is a must as the Autonomous Bougainville Government does not have the funding capacity at the moment to carry out its obligations to provide much-needed services to its population. However, before any mining company including Bougainville Copper Limited (BCL) come in to operate, the customary obligation must be met.

"All the blood shed and lives lost during the conflict must be compensated...must be settled in our Bougainville custom. We have custom and such people who want to come and re-open the Panguna Mine must settle this outstanding issue," Mr Tovirika told hundreds of veterans gathered in Buin last week. Mr Tovirika said Panguna Mine was central to the Bougainville Crisis thus the cultural value of this place must be upheld. "I don't care who comes in to re-open the Panguna Mine, whether BCL or whoever, the story is the same...you have a customary obligation to abide by...and that is to pay for the blood and lives lost before you start digging our mine pit," Mr Tovirika stated. Peter Naguo, another outspoken ex-combatant from Buin told the forum that Panguna Mine and our island is cursed by those thousands of lives lost during the fight. "Before the mine is re-opened we have a mammoth task on hand," he said.

"That is to gather all the remains of those who died and put them at their right places. If we don't do that and open the mine, things will definitely go wrong again because the lives lost are still crying out for a proper burial." Mr Naguo added that all the reconciliations must be completed before the mine is opened. All those present shared the same sentiment that outstanding issues on the mining including lives lost, environmental damage and other customary obligations must be adhered to before the opening of the mine becomes a reality. At the back of their minds, the veterans, like the government and people of Bougainville really want the mine to be operational because the region

does not have any strong base of revenue with only funding from the National Government and donors.

### **Six charged over misuse of Lihir funds and more arrests likely**

The National, September 12th, 2013

By ELIZABETH VUVU

THE anti-fraud police team from Kokopo investigating the misappropriation of the Lihir Sustainable Development Plan (LSDP) fund is currently in the process of compiling briefs for further court proceedings on the six suspects charged so far. The investigation conducted was to determine the management of the K100 million released by Lihir Gold Ltd, now Newcrest Mining Ltd, to implement the revised Lihir integrated benefit package agreement commencing in 2006 for projects under the LSDP. The six suspects are:

- Mark Soipang, former Lihir Mining Area Landowners' Association (LMALA) chairman, 60, from Masahaet, Lihir, charged with 11 counts of misappropriation, 12 counts of false pretence and one count for conspiracy to defraud. He is on K10,000 bail and his case has been adjourned to Nov 25;
- Ben Misren, 54, of Lipoku in Lihir, former LSDP chairman, facing six counts of misappropriation, out on a court bail of K2,000. His case has been adjourned to Nov 25;
- Lawrence Sorbo, 42, of Bulamue, Lihir, facing one count each for false pretence, misappropriation, conspiracy to defraud and impersonating a public servant, on K6,000 bail and case adjourned to Nov 8;
- Joachim Malele, current LSDP manager, 39, of Lisiel, Lihir. He is facing three charges of false assumption of authority, false pretence and impersonating public officers. He is on K3,000 bail and his case has been adjourned to Nov 25;
- Samuel Tabairua, former LLG manager, 45, of Kisela, Namatanai, facing two counts of abuse of office powers and is on K5,000 bail. His case has been adjourned to Nov 1; and
- John Bosco, manager financial independence LMALA, 35, of Matuts, Lihir is facing a misappropriation charge and is on K5,000 bail.

Current LMALA chairman Peter Suar will be interviewed soon. The investigators will be travelling to other parts of the country to interview other suspects implicated in the investigation.

### **Junior miner sacks workers**

Post-Courier 12.9.2013

By GRACE TIDEN

NEW Guinea Gold Limited, developer of the Sinivit gold mine in East New Britain Province has yet to settle former workers' outstanding entitlements following their mass termination in a redundancy exercise in June. According to the former employees, more than 50 of them were made redundant in June and most have yet to get their entitlements. Aquila Lagomo, a former employee, said workers in nearly all divisions at the mine were terminated, leaving only a skeleton staff at the mine. He said his termination was on the grounds of redundancy which was the outcome of a recent review by the company of its Sinivit operations, according to a letter he received from the mine's management. Mr Lagomo, a former stocks clerk at the mine, said he was told in the letter that his position was no longer needed and that his entitlements as well as superannuation will be paid to him. It has now been more than two months and Mr Lagomo and most of his former colleagues were still waiting for a response from the company. He also said their Nasfund superannuation contributions were last updated in December, 2012.

The workers had raised this issue before their jobs were made redundant and were given notices that the management was aware that Nasfund contributions were not up to date and were taking steps to rectify the situation. The notice also stated that the delay in the payment of Nasfund contributions was a direct result of a difficult financial position the company had encountered over the past few months due to lower than expected revenue from gold production. The company made an assurance that it would update the contributions in May this year but to date nothing has been done. The terminated workers had also approached the provincial labour office in Kokopo for assistance, from which a letter was sent to the mine management to further discuss the issue. However, provincial labour officer Samuel Sowenbari said they received communication from the company stating that there were no contracts of employment between the workers and the company.

The former workers were employed at the mine without signing any agreement with the company. Mr Sowenbari said it was now difficult to assist the group of former employees, but that they will have to work on each individual dispute. Attempts to get comments from the New Guinea Gold office in Kokopo were unsuccessful as this paper was told that any media statements should come from the company office in Brisbane. Attempts to get comments from the chief executive officer Greg Heaney in Brisbane were also unsuccessful. He is yet to respond to an email sent to him by this reporter. New Guinea Gold Limited (formerly known as Macmin (PNG) Limited) is subsidiary of New Guinea Gold Corporation, with its head office in Canada.

### **Queensland government gives LNG plant green light**

Post-Courier 11.9.2013

BRISBANE: A \$15 billion liquefied natural gas plant in Central Queensland is a step closer to production, with the state government giving the project the green light. Queensland Coordinator-General Barry Broe has approved the plant after evaluating its potential impact on the environment. The proposed facility at Gladstone owned by Arrow CSG (Australia) will produce up to 18 million tonnes of LNG a year through a staged development. Deputy Premier Jeff Seeney said the project would create thousands of jobs. "Should Arrow proceed, it will be the fourth LNG plant on Curtis Island with a peak workforce of about 3500 construction jobs and about 450 operational jobs for Stage One, increasing to 600 on the completion of Stage Two," he said. Mr Seeney said the Coordinator-General's assessment included the pipeline tunnel from the mainland to Curtis Island and marine logistics facilities on Curtis Island and the mainland. Arrow had undertaken comprehensive marine and land studies which had been thoroughly assessed by state and local government advisories, he said. He said key issues such as hazardous operation, transport, impacts on coastal water quality and marine flora and fauna, had been covered in the Coordinator-General's evaluation. – AAP

### **MRA under the spotlight on Porgera**

The National, September 11th, 2013

PRIME Minister Peter O'Neill yesterday called into question the conduct of the government's own Mineral Resource Authority claiming it was acting against the wishes and directions of the government. O'Neill made the remarks in parliament due to the delay of the Porgera gold mine review. He said there was no reason for the MRA to delay the review when he had directed an immediate start on it. He said so far there were a few mining reviews done in PNG and the failure of the MRA to carry out the review was unacceptable as it was 25 years overdue. Failure to carry out a review into the Bougainville Copper mine in 1981 and 1987 led directly to the Bougainville Crisis. "I do not know why our own people frustrate our people. I will direct chief secretary (Manasupe Zurenuc) and Mining Minister Byron Chan to look into that and direct the MRA to review the Porgera mine agreement immediately," he said. He also said he would ask the Environment and Conser-



vation Minister John Pundari to investigate the environmental damage caused by the mine. He was responding to questions without notice from Laigap-Porgera MP Nixon Mangape who wanted to know when the review would take place as the mining lease for the mine expires in 2019, and if the government would establish a commission of inquiry into the alleged environmental pollution.

### **PNG activist calls for a ban on dumping mining tailings in the sea**

ABC Radio Australia, 10 September 2013

An environmental activist in Papua New Guinea has called for a total ban on dumping mining tailings in the sea, calling the practice a "long term death sentence" for local communities. Theresa Kas, Coordinator of The Nature Conservancy, says while PNG has laws protecting the environment, the government is contradicting itself by allowing mining companies to dump waste into the sea. She says the Ramu nickel project, in particular, is a threat to communities in Madang province because tidal movement in the Bismarck Sea can carry any poisons as far as New Britain or Solomon Islands.

### **Report irks landowners**

The National, September 10th, 2013

WOODLARK landowners in Milne Bay are not happy with an environmental impact statement by Woodlark Mining Ltd for a proposed mining project on the remote island. The landowners said in a statement that they reviewed the document and found that it did not cover all environmental risks the mine operation would have on the people. Woodlark Island is situated 300km east of Alotau with a population of 7,000 people. Areas which needed further study included resettlement of people from Kulumadau, geographical characteristics of drill core and tailings and deep sea tailings placement into Wamunon Bay, among others. "While the gold project is a catalyst for economic activities and employment on the island, we cannot afford to have the project come to our island home," the landowners' statement said.

### **Australia: BHP Billiton pushes ahead in tough coal mining market**

Post-Courier 9.9.2013

MORANBAH: It came as a surprise to many this week that BHP Billiton proudly opened a new coal mine when the business has bled money in the last two years. Coal has become as much of an ugly word for investors as it has for activist opponents that have hated the dirty energy source for years. The Queensland Resources Council says conditions are the worst in more than a decade. BHP and partner Mitsubishi are viewed as being stuck with the unwanted new mines, but coal president Dean Dalla Valle told workers at its new \$US1.4 billion Daunia project this week he saw good long-term demand for metallurgical coal. That would be a relief to the hordes of fly-in fly-out workers and residents of Moranbah — recently named Queensland's most expensive town — which is completely dependent for its existence on coal mining. BHP is the world's largest seaborne coal exporter, employing 10,000 people in the region and 30,000 globally, but coal contributed only 3.5 per cent of \$US21 billion in earnings before interest and tax (EBIT) last year.

BHP shut two mines in the same region as Daunia, contributing to the 7000 Australian coal jobs that have gone plus \$5 billion in cancelled projects. So have things changed for the better for coal in less than a year, which remains Australia's second-largest export earner? In terms of prices: no. Coking coal was down to four-year lows of \$US145 a tonne this week, well down on the record \$US330 of 2011 and prices that were still above \$US200 last year. BHP has cut coal costs signifi-

cantly by \$US800 million to \$US3 billion with unit costs believed to be now under \$US100 a tonne. Demand is down from buyers such as China, India and Japan who use the coking coal to make steel, while supply is strong from China, the US and new kid on the block Mozambique. “I still see a good long-term demand trend for metallurgical coal albeit with the near term challenges,” Mr Dalla Valle told reporters at Daunia’s opening.

BHP invited along Queensland Premier Campbell Newman to open the mine, who it battled with last year when he hiked coal royalties as the price fell but who vowed not to raise them again this week. He took a swipe at Australians opposed to mining, mentioning Greens voters in Melbourne and Sydney in particular. “If you shut down the coal industry it would hurt your standard of living and means we wouldn’t be able to pay for schools and hospitals, your roads and other infrastructure that people expect of government,” he told reporters. UBS mining analyst Glynn Lawcock said BHP had spent too much on the new mines — about \$US5 billion — to cancel them now. He predicted two new BHP coal mines would be written down in value. — AAP

### **Western Province Community rejects Government take-over of Ok Tedi Mine**

Awayang Namorong via PNG Mine Watch 9.9.2013

The Western Province community in Port Moresby has expressed concern over the government’s attempts to take over the Ok Tedi Mine. A meeting organized today by Western Province tertiary students saw a huge turn out by concerned community members. Over a hundred people gathered at the Main Lecture Theatre of the University of Papua New Guinea to denounce the government’s moves to take over the Ok Tedi Mine and the Papua New Guinea Sustainable Development Program. The students and the community are concerned that the Government’s takeover will deprive the people of Western Province of the benefits they now enjoy under the Ok Tedi Community Mine Continuation Agreement and the Ok Tedi Ninth Supplementary Agreement. The people recalled how the PNG Government has betrayed them since the Mine was opened in 1983. Community members expressed concern that the incorporation of Ok Tedi with-in the proposed Kumul Mining structure would deprive them of the benefits they now enjoy through the Community Mine Continuation Agreement.

The CMCA is an agreement between Ok Tedi Mining Limited and 156 communities along the Fly River. PNGSDP and the Government are third parties to the agreement. Since the CMCA Review in 2007, PNGSDP has provided an annual funding of K21 million for the benefit of CMCA Communities through the Ok Tedi Fly River Development Program and has saved two-thirds of the US1.8 billion in Dividends it received from Ok Tedi over the past 10 years. The Government on the other hand has received US \$ 3.8 billion in dividends from Ok Tedi, with very little benefit returning to the people of western province. The people are also concerned that the monies saved by PNGSDP in the Long Term Fund would be swindled by the government. The Western Province community is concerned about the lack of consultation both by the Ok Tedi management and the Government of Papua New Guinea over the ownership issue.

### **Panguna reopening a priority**

The National, September 9th, 2013

By MALUM NALU

THE reopening of the Panguna mine is one of the top priorities of the Autonomous Bougainville Government, Panguna joint negotiations coordination chairman Raymond Masono says. He also said the ABG was having discussions with the Bougainville Copper Ltd (BCL) about reopening the mine. He told the recent “Sustainability of Bougainville” seminar that there was no “higher impact”

project on Bougainville than reopening the Panguna mine. “The ABG has prioritised the reopening of Panguna because of its potential to contribute to Bougainville’s social and economic development,” he said. “However, it also has the potential to contribute to renewed conflict if negotiations are not handled carefully. “The ABG wants to make sure that this time around, affected and impacted landowners play a key role in decision-making about the mine, and all Bougainvilleans know what is going on and have an opportunity to express their views and concerns.”

Regarding BCL, Masono said traditional ‘belkol’ (appeasement) ceremonies would first have to be held for landowners by the company. “During the meetings with BCL, landowner representatives raised a number of issues with BCL, one of which was the need to conduct a ‘belkol’ ceremony according to the traditional customs of the Nasioi people,” he said. “This would be the first step in reestablishing relationships with the people of Bougainville. “The ABG and landowners have planned to perform a ‘belkol’ ceremony with BCL in the form of three feasts in Arawa, Buin and Buka. “I’d like to express here that ‘belkol’ is different from compensation,” he said.

### **Hides landowners protest delay in K8m payments**

The National, September 9th, 2013

By BENNY GETENG

A LANDOWNER group in Hela says it plans to block off a road to the PNG LNG project site this week in protest over the delay in payment of K8 million by the government. Paramount chief of the Taguali Togo clan Koloma Wapiago of Keteranda village, Komo district, said Prime Minister Peter O’Neill had made a commitment last year to pay the money, which was approved before last year’s general elections. Wapiago’s clan owns some of the land that is being developed by ExxonMobil and contractor CCJV Ltd where he is the principal landowner of C1 and PDL 7 sites in Hides. “In August this year, Chief Secretary Sir Manasupe Zunrenoc further approved that the payment be released to my company so I travelled down to Port Moresby to collect the payment,” he said. “But then upon enquiry last week at the Treasury Department in Port Moresby, they had postponed the payment to 2014. “Three times in 2012 we have tampered the operations of the LNG project located on our land. Prime Minister O’Neill acknowledged our concerns and approved the K8 million. “I have decided to conduct a peaceful protest by blocking the access road into the camp and PDL 7 site this Wednesday if the payment is not released soon this year. “We will not destroy any properties that are in operation and owned by CCJV and ExxonMobil. “I am urging the police and Defence Force personnel working in Hela to support us with the protest as it is a genuine concern. “The payments will help us fulfil projects we have in place.”

### **Basil: Landowners’ equity should be increased from two to five per cent**

By *Simon Keslep*

Post-Courier 9.9.2013

Policy making within the mining sector is vital for economical, social and environmental sustainability in Papua New Guinea. This was well-discussed during the Regional Mining Policy Consultation Program for the Momase region held in Lae, Morobe province. According to the Department of Mineral Policy and Geohazards management’s mining policy handbook, its vision and mission statement was to promote the country as an investment destination for mineral exploration and mining. It also highlighted that it would improve the quality of life for all Papua New Guineans through wealth creation as a result of increased mineral exports and local participation, with fair economic returns for investors. The review of the policy was challenged by the member for Bulolo and deputy opposition leader, Sam Basil, who said that the 2 per cent of the net proceeds of sales of minerals should be increased to 5 per cent.

“There should be fairness in terms of mineral royalty payments between the landowners and the government,” said Mr Basil. He said that most of the time mining issues faced at the district level were not fully addressed at the national government level and even during mining policy review forums. The department’s mineral policy and legislation division director, Harry Kore, said that by 2015 the department would have a globally competitive mineral policy and legislative framework and a state of the art geo-hazards management system. Mr Kore said under the Mining Act every mine developer must have a community engagement plan and grievance mechanism so that its operation is fully transparent and accountable towards the livelihood of the landowners.

### **The new Fiji constitution and seabed mining**

Moana Niu, PNG Mine Watch 8. September 2013

This is an addendum to an earlier article: [“SOPAC assists Fiji/Lockheed Martin in new deep seabed mining legislation.”](#) As President Epeli Nailatikau of Fiji prepares to give assent to a new Constitution, we have learned that protestors were arrested for their silent protests. Both [Amnesty International](#) and [Human Rights Watch](#) have posted their concerns over the new Constitution’s failures to protect Human Rights. This new “Bill of Rights” is a paternalistic assault on basic rights like Freedom of Expression, Freedom of Assembly, and Freedom of Association, with “rights” being asserted only upon the condition that laws may limit that freedom, and that lawmakers may authorize the limitation of those freedoms. These limitations include registering trade unions; collective bargaining; providing mechanisms for the resolution of employment disputes and grievances; regulating essential industries (which would include extractive industries like seabed mining).

These new conditions are equivalent to saying that citizens have these rights, however, the government has the authority to take them away. This willy-nilly authority seeks to redefine the concept of constitutional rights in such a way that the Fijian legal system could become a comedy of jurisprudence. Additionally, these amendments that qualify “freedoms” by imposing an authority of limitations seems to be derived from an Orwellian contradiction that expands the power of the government to limit these freedoms in the interests of “national security, public safety, public order, public morality, public health, the orderly conduct of elections” and “the overall interests of the Fijian economy.” In regard to extractive industries (expanding upon the seabed mining article) here are three relevant amendments that would likely give Lockheed Martin the authority they seek to use Fiji’s license and begin exploration in the Clarion-Clipperton region.

#### **Parliamentary authority over international agreements**

48.—(1) An international agreement binds the State only after it has been approved by Parliament, unless it is an agreement referred to in subsection (2).

(2) An international agreement of a technical and administrative nature, entered into by Cabinet, may bind the State without approval by Parliament, but must be tabled in Parliament.

#### **Regulations and similar laws**

47.—(1) No person may make any regulation, or issue any other instrument having the force of law, except as expressly authorized by this Constitution or a written law.

(2) A person making any regulations or issuing any instrument having the force of law must, so far as practicable, provide reasonable opportunity for public participation in the development and review of the law before it is made.

#### **Environmental rights**

37.—(1) Every person has the right to a clean and healthy environment, which includes the right to have the natural world protected for the benefit of present and future generations through legislative and other measures.

(2) A law may limit, or may authorize the limitation of, the rights set out in this section.

Giving assent to this new constitution amounts to the Bainimarama regime proclaiming himself Supreme Ruler, and I imagine that history will not look kindly upon him selling out his country by asserting an illegitimate constitution. Hawaii, too, suffered from a sinister constitutional debacle in 1887, when King Kalakaua was forced into signing what is now called the "Bayonet Constitution" which gave the sugar industry huge concessions to land, water rights and tariff reductions. Five years later when Queen Lili'uokalani tried to introduce a new restorative constitution limiting these concessions, the rich sugar-dominated oligarchy successfully launched a coup against the Kingdom.

## **Exxon Mobil Wants To Expand LNG Project In PNG**

*Managing director says project looking for more gas sources*

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, Sept. 5, 2013) – Exxon Mobil is moving to expand its \$19 billion liquid natural gas plant in Papua New Guinea, even before the project has been completed. The Port Moresby plant is the largest ever commercial development in PNG and is so big that each of its gas storage tanks are large enough to fit a Boeing 747 inside. But even before the plant is fully tested, Peter Graham, Managing Director of project operator, Esso Highlands, told Radio Australia's Pacific Beat a major expansion plan is already being looked at. "We are optimistic and we have a very active program underway to move expansion plans forward as fast as we practically can," he said. The construction already features two processing trains, used as the plant's liquefaction and purification facilities. Mr. Graham says it is looking at a number of new gas sources including petroleum company Inter Oil's Elk-Antelope resource, for which negotiations are in progress.

This could provide sufficient gas for expansion to add an extra train. "It will depend obviously on how much gas there is and that is yet to be defined. I think before any expansion project goes forward based on any resource there is going to need to be a definition of what reserves are available," Mr. Graham said. David Lennox, Resource Analyst with Sydney-based stockbroking firm Fat Prophets, says the PNG-LNG project is well-placed to take advantage of energy demand in the region with prices likely to stay strong. "Demand out of Asia is growing quite significantly and that is a result of the events of Fukushima and the nuclear accident there and of course the debate that the world is having on global warming," he said. Earlier this week, the Exxon subsidiary announced the project is 90 per cent complete and is on track to deliver gas to its customers in the second half of 2014.

## **Mine closure plan paramount**

The National, September 5th, 2013

AS part of considerations and recommendations in the mine closure policy in Papua New Guinea, each mining project must develop and implement an ongoing mine closure plan. This is according to a consultant's findings on research into mine closure policy with consideration for biophysical, financial, economic, socio-cultural and environmental issues in line with contemporary international best practice. David McIlwraith, from GWMDAM Pty Ltd, said during the review of mining policies that with the industrial revolution and improved enrichment techniques such as large scale, open pit mining, it removed not only large capacities of ore but also waste rock. It also produced large quantities of tailings as well, all of which required rehabilitation when the mine closed. He said unfortunately such rehabilitation on closure did not take place until recent years. He said developed nations and developing and emerging economies were faced with the need for closure and rehabilitation of mines and mining waste facilities which represented almost a century of mining activities. To demonstrate responsible governance and leadership in mine closure, appropriate planning

and strategic implementation must be undertaken to ensure that as many benefits as possible from mining were sustained beyond the life of a mine. Appropriate planning was also required to ensure that any negative environmental or social impacts from mining activities were minimised before operations begin, during the mine life and eliminated, where possible, after mining operation ceases, he said.

### **Bougainville: Local miners make millions**

The National, September 5th, 2013

By MALUM NALU

BOUGAINVILLE landowners continue to rake in millions of kina from small-scale gold mining as the Autonomous Bougainville Government (ABG) moves to set in place new mining policies and laws. Constitutional lawyer and Bougainville expert Anthony Regan told the “Sustainability of Bougainville” seminar last Friday that huge amounts of gold were moving out with little or no control. The proposed Bougainville Mining Act will manage, among other things, this uncontrolled small-scale mining by landowners. “We don’t know how much gold is going out of Bougainville,” Regan told the seminar. “Until last year, there was a refinery operating in Buka, under an Italian company. “They were paying quite a good price for gold. “They were smelting between three-10kg of gold a week. “Landowners who brought in their gold were getting K100,000 a kilo. “Some weeks, there was a million kina being paid out by the company, which made it clear that they were only getting a small portion of the gold. “There was a lot going to Solomon Islands, lots going to illegal buyers, some going to refineries. “We don’t know how much gold is produced in Bougainville.” Under the proposed Bougainville Mining Act, ABG would have more control of this small-scale mining. “There are many thousands of Bougainvilleans who are doing small-scale mining,” Regan said. “They’re all doing it illegally unless they’re doing it on their own land, in a riverbed and without using any machinery. “Just about all of them are illegal.”

### **Bougainville creates own mining department**

The National, September 5th, 2013

THE Autonomous Bougainville Government (ABG) is breaking new ground with the establishment of a mining department, constitutional lawyer and Bougainville expert Anthony Regan says. He told the “sustainability of Bougainville” seminar last Friday that ABG’s mining department would be a significant part of the government, especially in the creation of a new Bougainville Mining Act. “Before this, all mining powers were exercised in Port Moresby, at Konedobu,” Regan said. “So what we’re doing now is creating an entirely new thing we don’t have a precedent for. “It’s very clear in Bougainville that when you come to an issue like mining, there are special needs in Bougainville. “There’s a whole set of problems that Bougainville’s got with mining. “There are the historic issues of Panguna. “It was very hard going ahead with the national government’s Mining Act. “Most (Bougainville) people don’t like the idea of a national government Mining Act. “That’s the act that caused the problem with Panguna. “If we’re going to go ahead with any mining on Panguna, it’s going to be under a Bougainville Mining Act.”

### **Panguna mine needs funds for negotiations**

The National, September 5th, 2013

THE national Government and the Autonomous Bougainville Government (ABG) have been urged to secure funding for Panguna mine’s reopening negotiations as a matter of urgency. Shadrach Himata, Secretary for Mineral Policy and Geohazards Management Department, said this when giving

an update of the transfer of mining, oil and gas powers from the national Government to ABG. “There is an imminent demand by the people of Bougainville for mineral exploration on Bougainville,” he said. “There is also a perception that there is no mining law on Bougainville and there is also a genuine call by Bougainvilleans for the Panguna mine to be opened. “As a direct response to these matters, the ABG has developed a draft mining transition bill. “The people of Bougainville are currently being consulted on the draft bill.” In relation to Panguna, Himata suggested:

- Panguna mine negotiation coordination committee should be fully operational;
- National Government and ABG should secure funding for the Panguna mine negotiations; and
- Baseline studies should get underway immediately.

### **Madang NGO lauds govt on mining, environment laws move** Post-Courier 5.9.2013

A MADANG based non-government organisation has commended the national government on its moves to relook the country’s mining and environment laws. Their comments follow the recent visit of the Constitutional Law Reform Commission and their round of consultation meetings in the province regarding the mining and environment laws. They say that while the laws especially those governing mine tailings disposal in rivers and seas maybe late for places like OK Tedi and Bougainville, it is not for Madang and they strongly urge the people’s views be heard and seriously considered. BRG Coordinator John Chittoa in an interview last week said with concerns resurfacing again especially with regards to the Deep Sea Tailings Placement being used by the developers of the multi-million kina Ramu Nickel Project, the move by government in sanctioning the round of consultations by the CLRF was commendable. He said the country did not have to look far as there were past experiences in-country to learn from mines such as the OK Tedi in the Western Province and Bougainville Copper Limited in the Autonomous Region of Bougainville.

He said because of the dumping of mine waste into the Fly River and the Java River had destroyed them and had adversely affected the lives of the locals that depend on these river systems. “For BCL and the Java River, its been ten years since mine closure but the consequences are still being felt even after the mine has ceased operation,” he said. Mr Chittoa said in Madang the legal proceedings against the developer of Ramu Nickel and the State on the Deep Sea Tailing Placement System had been initiated by the landowners of Basamuk. He said BRG had step in to support as one of their main roles is to assist landowners in looking after their environment and resouces and to ensure they get maximum benefit from it. He said it must be put on record that the landowners were never against the development of the Ramu Nickel project but the method of disposal of the mine tailings because of the strong winds and tides and what they could do with the waste being dumped. Mr Chittoa said their fears had been confirmed and documented by a group of French Scientist who had visited the province in December 2012 and conducted studies in six locations near the Basamuk Refinery. “The studies showed there to already be an accumulation of tailings and this is a big concern not only to the landowners at Basamuk but also at Kurumbukar.

The later due to the wash offs from the mines. “This was the locals concerns back then and that is why we supported them. “It may be late for some places but it is not for the people of Basamuk and what the CLRC is doing is commendable to try and stop this practice. “This is because if allowed to still continue will become detrimental not only to the marine life but also to the lives of the people from this area and the rest of the province. “Government has recognised this and is taking action and it must be stopped otherwise it will destroy the lives of the people,” Mr Chittoa said. Another staff Rosa Koian said the DSTP case had been initiated not to stop the project but simply to tell government to sop, listen and to talk about this issue to ensure it did the right thing by the people. Ms Koian said its been months since the project commenced operation in the province and already

it was generating talks on its impact. This she said was concerning and if the Madang Government in particular is serious about its adverse impact then it must push to have this practice stopped now in the province while it still has time and while it still can.

### **Lihir: More arrested over funds abuse**

Post-Courier 5.9.2013

By *GRACE TIDEN*

ANOTHER two men have been arrested by police following investigations into the alleged misuse of K100 million in Lihir Sustainable Development Plan funds, bringing the total number of people arrested so far to six. The 60-year-old former chairman of the Lihir Sustainable Development Plan (LSDP), who was also the former chairman of the Lihir Mining Area Landowners Association (LMALA) and currently a businessman, Marc Soipang was arrested last week for allegedly using his position to influence and direct funds into his personal account. According to acting Divisional Commander Islands' Chief Superintendent Anton Billie, the former chairman was charged with 11 counts of misappropriation, 12 counts of false pretence and one count of conspiracy to defraud, and the funds allegedly misappropriated was in the millions. Police alleged that the funds were drawn from the Integrated Benefit Package (IBP) Trust Account (LSDP funds) which was purposely for projects and programs as per the package agreement and the Public Finance Management Act.

According to a brief summary report, police investigations into the issue was done to establish the whereabouts of the K100m LSDP funds which was disbursed by the Lihir Gold Mine, now New Crest Mining Limited, to fulfill the IBP agreement and to implement the LSDP totaling K100m for five years commencing in 2007. The agreement was signed by all parties concerned for the LSDP funds to be consolidated into one budget and expended through the Lihir Sub-District Treasury Office to implement tangible goods and services and programs and projects to benefit the people of Lihir Island. Mr Billie said the second suspect, 43-year-old Lawrence Sorbo who was formerly employed by LMALA and was appointed Law and Order Coordinator of LSDP, was also arrested and charged with false pretence, misappropriation, conspiracy and impersonating a public servant to claim over K200,000.

He said the suspect was alleged to have manipulated government processes, impersonating authorised government officers, authorising government accountable forms and obtaining money through the government accounting system and payment vouchers made payable to him. And all these payments in large sums for his own use and not for its intended purpose as per the revised IBP agreement. Mr Billie said Marc Soipang appeared for mention at the Lihir District Court on Monday this week and his case was deferred to next month. He was granted bail of K10,000. Lawrence Sorbo also appeared for mention early this week. He was released on a K6000 bail and should appear for his second mention early next month.

### **China enters race with foreign rivals to mine the seabed for valuable minerals**

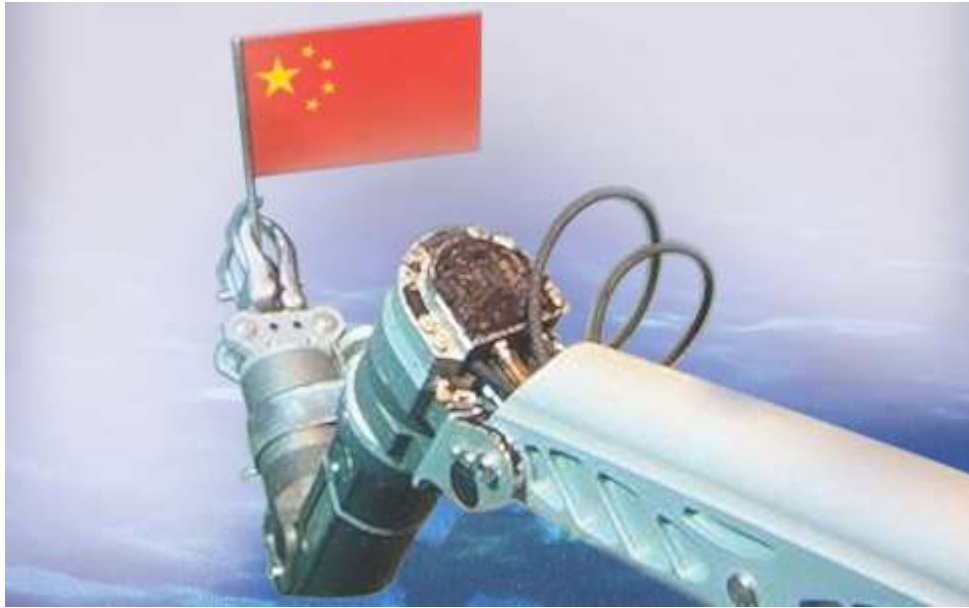
South China Morning Post, 04 September, 2013, by Stephen Chen

China can now explore the seabed for up to three valuable minerals but it faces a major challenge to close the mining technology gap with the West. With China recently achieving its long-held desire to exploit untapped underwater resources, a new method of sustaining its rapid economic development appeared to be secure.

The award of exploration contracts last month for valuable minerals by the 165-member International Seabed Authority, which regulates deep-sea mining activities, approved exploration plans for cobalt-rich ferromanganese crusts by both China and Japan. China can now legally poke around on



a Western Pacific seamount, while Japan can venture beneath international waters off the isolated Japanese coral atoll of Minamitorishima. Both areas measure about 3,000 square kilometres - nearly three times the size of Hong Kong. China is the only nation authorised to explore seabeds for as many as three major types of minerals, as it faces the depletion of natural resources at home and rising mineral prices abroad. But the drive to mine the ocean floors has come up against unforeseen hurdles. China first secured the rights to explore for polymetallic nodules - lumps found on the ocean floor where layers of metals have formed around a rock core - in the northeast Pacific in 2001, and for polymetallic sulphide deposits in the southwest Indian Ocean two years ago. China Ocean Mineral Resources Research and Development Association (Comra) clinched the latest contract, along with the earlier contracts in 2001 and 2011.



The goal is to mine cobalt crusts, which are rich in iron, and hydroxide deposits containing significant concentrations of cobalt, titanium, nickel, platinum, molybdenum, tellurium, cerium and other metals and rare earth elements. China won the contract partly because it had been surveying in the region over the past 15 years, according to Chinese marine authorities. It has built up a large fleet of survey vessels with deep-reaching robotic and manned submersibles, giving state leaders unprecedented confidence in China's ability to harvest the earth's undersea riches. Shortly after winning the cobalt contract, President Xi Jinping vowed to turn the marine industries into a pillar of China's economy. "China's maritime cause has generally entered the best period of development after years of efforts," he was quoted by Xinhua as saying.

"In no way will the country abandon its legitimate rights and interests, nor will it give up its core national interests." But compared to developed countries, China is a latecomer to the game. Germany, the United States and Japan were conducting intensive surveys on cobalt crusts and made many promising findings as early as the 1980s. A deposit near Hawaii alone was estimated to contain 300 million tons of cobalt, enough for thousands of years of consumption in the United States. Also, China is reliant on overseas suppliers for technology and equipment for geophysical exploration. Amid concerns China could use and adapt such technology for its own engineering and military use, most countries restricted the export of advanced products to it. And now, some Chinese researchers doubt whether China can explore and exploit seabed minerals without the very best technology and equipment. Xiao Zhijian, sales manager at China's biggest cobalt supplier, the Jinchuan Group, said cobalt reserves in China were small, and the country would desperately need them in the future.



The research submersible Jiaolong preparing to dive. Photo: Xinhua

The metal is widely used in the aerospace industry, he said, where aircraft engines need cobalt to maintain strength amid high temperatures. But the biggest consumption of cobalt is anticipated to be in industrial batteries. When electric vehicles were still at the infant stage, the demand for cobalt was weak. Land reserves in Congo-Kinshasa alone could meet up to 70 per cent of the international demand, Xiao said. "But we expect explosive growth in cobalt after 2017 as electric cars mature. Perhaps that is why the government was so eager to secure the seabed contract," he said. Cui Yingchun, a researcher with China's First Institute of Oceanography, State Oceanic Administration, told *Science and Technology Daily* that cobalt crusts still puzzled scientists with their mysterious formation. For nearly a century scientists had been debating whether they were formed physically, chemically or even biologically.

But one thing is certain - mining them will be difficult. The technical challenge of mining the crusts will be much greater than that of mining polymetallic nodules, Cui told the newspaper. While the nodules are distributed loosely on soft sediments, the crusts are often tightly glued to very hard bedrock. "While scraping the crusts, you must avoid the bedrock, otherwise the quality of the ore is severely affected," Cui said. But the crusts contain many valuable metals and are widely distributed among relatively shallow seabeds. There is also less controversy about their exploitation in international communities, compared to other minerals, he said. However, Cui explained that during mining "disturbance to the original seabed can be huge, and there is a significant risk of upsetting the

entire ecosystem". He added: "In addition, due to the current limitations of technology, the development of underwater equipment also faces no small challenge."

And that may prove to be China's bigger headache. Wang Xiuming, ultra-sonar expert with the Chinese Academy of Sciences' Institute of Acoustics, said China was still far behind developed countries in the mining technology race. "About 80 to 90 per cent of the geophysical surveying instruments on the international market are not allowed to be sold to China," he said. "They do not sell precise instruments to us. They are afraid we will copy their designs. "They are also afraid we will use the knowledge in the military - highly sensitive geophysical sensors can be used to detect and identify submarines. "These instruments are very expensive, usually costing tens of millions of yuan, but money is not the main problem. The problem is nobody will sell it to us." China is now developing its own equipment, but the gap with overseas products is huge, according to Wang. "When it comes to land surveying, the gap may be narrowing, but on ocean mapping we are still far behind. The government didn't realise the importance of seabed minerals," he said. "When we joined the race, the foreign countries had been ahead of us for decades. This gap can't be eliminated in the short term."

Professor Chen Daizhao, a geophysicist with the CAS Institute of Geology and Geophysics, said China was not only backward when it came to equipment, but also software. Most analytical software used in China was written by other countries. Even scientists who had used it for decades did not have a clue how the programme's core modules worked. "The government is now aware of the problem and wants to achieve independence in both software and hardware," Chen said. "But it is extremely difficult to change the situation, as almost every basic tool we use is a foreign product." The exception is Jiaolong, a deep sea research submersible that can dive to a depth of over 7,000 metres. Arguably the deepest manned submersible that can move freely on the ocean bed, Jiaolong is this month busily exploring China's contracted seabed in the northeast Pacific. Jiaolong last month dived down to explore for polymetallic nodules, reaching a depth of more than 5,200 metres. The trip led to the discovery that more than 50 per cent of the seabed was covered by the nodules, confirming previous estimates.

But Chinese scientists were also astonished to find marine life thriving throughout the deep sea region. Many fish species along with sea cucumbers, starfish, shrimp, jellyfish, corals, sponges, crinoids and a total of 20 kinds of giant benthic creatures - species living in sedimentary seabed environments - were all observed, Xinhua reported. The scientists estimate there is at least one cucumber in every 10 square metres, and in some areas the density of creatures was so high they almost filled the explorer's entire monitoring screen. One important job of the mission was to relocate some creatures from abyssal plains to an undersea mountain chain. If future return visits showed these creatures could live happily in their new home, it would provide evidence the creatures could migrate and live in shallower waters, helping show that mining may not seriously harm biodiversity. However, the Jiaolong experiment failed. A mission to trap sea life was dogged by mechanical or design problems, according to Xinhua, and put on hold. China now has to grapple with the frustration of having a rich new source of natural wealth within its grasp, but with technological limitations and potential environmental damage barring its way.

## **UN To Assist Bougainville With Aftereffects Of Mining**

*UN's environmental arm agrees to help with clean-up plan*

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, Sept. 4, 2013) – The United Nations Environment Program (UNEP) will help Papua New Guinea's island of Bougainville manage on-going environmen-

tal issues associated with the Rio Tinto-owned Panguna copper mine. The mine, which was one of the world's largest, was closed in 1989 after it became the spark which lit the civil war on the island. There was no mine closure process when Bougainville Copper, the Rio Tinto subsidiary which owns the mine, was driven out of Bougainville. Pollution from mine tailings has since been flowing into the environment and Dr. Gavin Mudd, Senior Lecturer in Environmental Engineering at Monash University, says it's a continuing problem. "There's a lot of acid mine drainage that is leaving the site, there is also tailings going down the river. And the acid mine drainage of course has extremely high levels of metals," Dr. Mudd told Pacific Beat. Heavy metals can accumulate in fish and vegetation and affect human health. Inside the mine site itself, many buildings contain asbestos and some abandoned measuring instruments contain radio active material.

### **UNEP assistance**

The United Nation's Environment Program's Geneva-based disaster risk reduction branch has agreed to help Bougainville to draw up terms of reference for the clean-up. It will also assist with environmental studies that will help Bougainvilleans decide if they want to re-open the mine. An international legal expert, Associate Professor Don Anton from the Australian National University, says the involvement of the United Nations Environment Program is a significant development and has a strong track record of similar problems. "It is a very significant development in the sense that we have an independent, a proven independent third party coming in to look at a very contentious situation," Mr. Anton said.

"It has been involved in other rehabilitation programs, like the Mau forest eco-system in Kenya, it has experience in remediation after hostilities, after Iraq and depleted uranium in Bosnia, so it has experience and a well respected track record in dealing with environmental problems." Experts predict remediation of the old mine site will be a large-scale, and very expensive, exercise. "I'd imagine you would be looking at hundreds of millions of dollars, if not billions. It is really hard to know exactly," Dr. Mudd said. "It depends on the logistics involved and there is a whole bunch of complex factors involved in that so the simple message is it is not going to be cheap. Whichever level of remediation is done at Bougainville, it is certainly going to be a very costly exercise," Dr Mudd said. Bougainville Copper Limited is legally responsible for the clean-up.

### **Wariness over re-opening**

Public opinion on Bougainville has been shifting in favour of re-opening the mine, but many people who lived through the civil war remain wary. Associate Professor Don Anton says whichever decision is made environmental standards must be met. "It is clear we should have a rigorous environmental impact assessment with full public participation, full disclosure, full opportunity to comment," he said. "We should have, in terms of approvals, conditions imposed upon the operation of these mines if they were to go forward again, including the requirement for insurance, remediation bonds and other security put up to account for problems that may eventuate down the track." The Bougainville government is yet to set up environment department or pass legislation regarding the remediation. Dr. Anton expects the government will face challenges due to a lack of personnel and expertise. He suggests that if the mine does reopen, strict conditions should be imposed that require financial payments that would allow the Bougainvillean government create an independent environment department whose job would be to inspect and monitor the mine.

### **India eyes PNG LNG**

The National, September 4th, 2013

By MERESEINI MARAU in New Delhi

INDIA, as a major consumer of liquefied natural gas in the world, wants to invest in the gas and petroleum sector in Papua New Guinea. India's Minister for External Affairs Salman Khurshid told

a PNG parliamentary delegation visiting New Delhi led by Speaker Theodore Zurenuoc last week that India's private sector was looking at opportunities for their investment in PNG. India has a huge market and its need for energy security is immense while PNG has a large reserve of natural gas. Khrushid said PNG should look to India to assist in developing its natural resources with expertise and capital. He said the two countries had a lot to do together. Indian Parliament Lok Sabha Speaker Meira Kumar told the delegation that PNG was very rich and all it needed was to how reap the maximum benefit from those natural resources. "India would like very much to be a partner as far as LNG is concerned," she said. Kumar said Energy Minister William Duma had earlier this year visited India to meet stakeholders from the private sector and discuss their plans to invest in PNG and the opportunities they would provide for the people of PNG. Petronet LNG managing director Dr AK Balyan said they were looking forward to investing in PNG.

### **Bougainville Mining Act processes 'complex'**

The National, September 4th, 2013

COMPLEX processes are involved in developing and implementing new mining policies and law for Bougainville, according to constitutional lawyer and Bougainville expert Anthony Regan. He told the "Sustainability of Bougainville" seminar last Friday that there were multiple players, difficulties and opportunities for a new Autonomous Bougainville Government (ABG) that was still developing its capacity to develop policy on such issues. A draft Bougainville Mining Act based on the PNG Mining Act is now in the process of being drawn up, following instructions from ABG president John Momis in July 2012, amid much controversy as overseas players bid to grab the mineral riches. Following months of negotiations, a first draft of the mining act was presented to Bougainville executive council in December 2012, still containing alternative options on ownership of minerals. The draft was debated for many hours and decisions were made on joint ownership of minerals by landowners and the ABG. Revisions of the draft act had continued since the beginning of this year, with controversy emerging as issues and allegations were raised in Bougainville, and in paid advertisements in the daily newspapers. In June of this year, consultations were held with landowner leader Sam Kauona and proposals for further revisions to draft emerged. The Bougainville executive council debated the proposed revisions and approved changes with new drafting instructions on ownership. The draft is still undergoing more discussion, particularly on the future of Panguna, through regional forums and meetings with ex-combatants.

### **Lihir: Landowner chairman charged with funds misuse**

The National, September 4th, 2013

By ELIZABETH VUVU

POLICE have charged the former chairman of the Lihir Mining Area Landowners' Association Mark Soipang with misappropriation of funds belonging to the Lihir Sustainable Development Program. Facing the same charge is Lawrence Sorbo, a law and order coordinator. ACP Anton Billie yesterday said their arrests brought the total number of those charged so far to six. Investigations are continuing. He said Soipang, 60, from Masahaet on Lihir Island, was charged with 11 counts of misappropriation, 12 counts of false pretence and one count of conspiracy to defraud. He is on a K10,000 police bail. Sorbo was charged with one count each of false pretence, misappropriation, conspiracy to defraud and impersonating a public servant. Fraud investigators from Port Moresby and a team from the New Guinea Islands with officers from the auditor-general's office combined to carry out investigations into the missing funds belonging to the Lihir Mining Area Landowners' Association. Billie said it followed complaints from the Nimamar local level government in Lihir. He said more arrests were expected.

## **Former Western deputy governor promises more positive results**

The National, September 4th, 2013

By KESSIE TADAP

FORMER Western deputy governor Borok Pitalok has set his sights on being re-elected to his former post after retaining the president's seat in the Star Mountains local level government (LLG) elections. Pitalok said since taking over from former deputy governor James Ukin, who vacated the position last year, his 11 months in office were not sufficient to accomplish his goals and plans. He said as president of Star Mountains LLG, which hosted the giant Ok Tedi mine, he had worked hard in a short period of time to improve relations between Ok Tedi Mining Ltd and the provincial government headed by Governor Ati Wabiro. Pitalok said that if he retained the deputy governor's post, his main focus would be:

- To review all agreements, since the start of the Ok Tedi operations, to be adopted, amended, abolished and dissolved regarding the mine life extension agreement for the benefit of the province and the country.
- To improve the people's standard of living by giving the same treatment to all districts in the province, while special treatment would be given to those LLGs that have been neglected over the years such as Nomad rural, Olsobip rural, Morehead rural and Bumu rural.
- To continue supporting the governor to enforce the public-private partnership policy to bring development of tangible socio-economic infrastructure development to the province.
- To encourage sustainability of resource development and ensure full participation by local people in spin-off businesses and other development activities.
- To boost funding for human resource development.

Pitalok also urged provincial government members to work together to develop the province, which was considered one of the least developed in the country.

## **Basil no fears to shut down mine**

The National, September 4th, 2013

BULOLO MP Sam Basil is not scared of any threats against him if he shuts down Hidden Valley or the Wafi mine. He is pushing for an 18% mine royalty for the district to be included in the memorandum of agreement. Basil was responding to claims that Nakuwi landowner chairman Rex Mauri had suggested to take off Bulolo district's 18% from Hidden Valley mine royalty. The agreement is currently under review by the Morobe Mining Joint Venture, provincial government, landowners and stakeholders. "As mandated leader, I will pursue socio-economy development issues that affect the lives of the people," he said. "I will never fear any threats posed on me. If it means going to jail, I will do so. "I will never hesitate to mobilise people to block the roads to demand our 18% royalty," Basil said. He said the funds would be used to set up commercial centres in Wau and Mumeng.

## **Artisanal miners an ongoing problem at Solomons gold mine**

Allegations of the use of mercury are among ongoing issues at the Gold Ridge mine in Solomons. Radio New Zealand International, 3 September 2013

It is four years since the country's sole mine was reopened - a decade on from the ethnic tensions that forced its closure. Both the mining company and the government are being urged to attend to a range of problems - from reports of river pollution to what are thought to be growing numbers of illegal miners and traders. Annell Husband reports:

Gold Ridge is thought to contribute about 20% of the country's gross domestic product. St Barbara Limited took ownership of the mine just under a year ago and according to the company's website is the sixth owner since open pit mining began in 1998. The managing director and chief executive says the company is very concerned about illegal miners - not because of the gold they're taking but because of the risks to their safety. Tim Lehany says up to 200 illegal miners - including children - go into the pits every night and the site's terrain and issues of customary land ownership make it difficult to stop them. He says it's not the job of the mining company's security team to get into physical confrontations.

"TIM LEHANY: We believe that is the role of the Royal Solomons Police. These people are all armed with bush knives, we've had threats made, we've had stones thrown and particularly people who're intoxicated can get pretty excited and that just adds another dimension to this whole thing." Tim Lehany says Gold Ridge Mine Mining Limited, is working closely with the police. He says he wants to see more people being arrested and charged.

TIM LEHANY: It's a complex problem. There are lots of aspects to this illegal mining activity and I think it needs to be tackled on a number of fronts. So first of all, I think people need to be arrested and charged with trespass and then of course you can also work on the side where the gold is actually going and where the money changes hands.

Tim Lehany says arrests at the international airport near Honiara of foreign nationals is proof that the government is trying to do something about the trade in illegal gold. He denies the involvement of Solomon Islands politicians in the trade - but Transparency Solomon Island's chairperson Ruth Liloqula says their involvement is a known fact. She says a government minister is a licensed dealer and all sorts of other unlikely people - including nurses and students - are being used as front people for those buying the illegally-mined gold at discounted prices.

RUTH LILOQULA: Unless the government acts there is no way the only mining company we have in the country is going to solve the problem of illegal miners. Because the people that have been licensed to deal in gold are the ones that are encouraging this practice.

But Ruth Liloqula says Transparency Solomon Islands' biggest concern is the possibility of mercury contamination at the mine. She says Transparency understands some of the operators are either using or going to get local miners to use mercury for extraction.

RUTH LILOQULA: The possibility of what is happening in Ghana with the use of mercury and no attention is paid to environmental damage and river system pollution... So we need the government to follow the law - the law is pretty good. But at the moment we are not following it. St Barbara's Tim Lehany says the mining company doesn't use mercury but he's also heard the rumours of its use and says if they're true, that's a very serious issue. Earlier this year Solomon Islands' parliament heard that villagers along the Metapona River could no longer use the water for drinking, bathing, washing their clothes or fishing - nor could they grow crops along the riverbanks. But Mr Lehany says if that is the case it's nothing to do with Gold Ridge.

TIM LEHANY: We're not contributing to any poisoning, in inverted commas, of the river. As I've said, we have an extensive sampling programme, we can demonstrate that we have not contributed to the condition of the river. Greater concern to us are the sanitary conditions in the villages downstream that pollute the river. Tim Lehany accepts that human effluent is unlikely to affect crops but they could stop growing for a variety of reasons. But the MP who represents the communities who live downstream of the mine's tailing dam says they have additional concerns. Martin Sopage says more than five thousand people would be affected by a dam failure and they want the mining company to discharge some of the water.

MARTIN SOPAGE: The dam is continuing to rise and the construction is continuing to build up and the water is continuing to build up so we can't think this is safe for us at the downstream. So there's a very risk for us in the community there.

But Tim Lehany says lifting the tailings dam is no cause for concern.

TIM LEHANY: What I can say is that we put a lot of work into diverting run off away from the dam. So we manage the dam by making sure that as little water as possible from rainfall runs into it.

In periods of extreme rainfall the dam level rises. We pump as much as we can back to the plant and that's the way we manage it.

But Tim Lehany says the company has a licence to discharge water from that treatment plant, which it uses to clear the water of cyanide, arsenic and other toxins used in the mining process. He says the company has done everything that is reasonably required of it and has been in continual discussions with the environment department.

### *Editorial*

#### **Bougainville: Same old litany of corruption**

The National, September 3rd, 2013

REVELATIONS of massive corruption within the bureaucracy of the Autonomous Bougainville Government (ABG) is indeed cause for great concern. Corruption of the sort uncovered in Bougainville is a familiar story across Papua New Guinea. Almost everything complained of in Bougainville is a familiar litany recited about most other provincial governments, departments and government agencies. The “Sustainability of Bougainville” seminar was last week told that “Bougainville public servants are a law unto themselves seemingly answerable to nobody”. We have heard that one before and in many other places. Bougainville’s experience, dare we say, is not unique. A claim was made that millions of kina have disappeared from the Bougainville government coffers with disclaimers issued for audit opinions. Heard that one too in almost all audit opinions presented by the Auditor-General on so many government bodies across PNG.

Deputy Auditor General Peter Siaparau told the seminar that no registers were kept for liquor outlets, motor vehicle registration, driver licence issuance. The same person performed collection and banking. Yes, that too sounds all too familiar. And we could almost recite, from previous experience, that there would be no asset registers, no evidence of stock takes of assets, no records of purchases and disposals. Without being told, we can safely bet that there would be instances where no tenders were called for many projects. If they were, there would be no prequalification. Trust accounts, if they were kept, would be used outside of stipulated guidelines – if at all they existed. These are familiar public accounts scenarios throughout PNG. We have dedicated so much space to decrying this and it continues unabated. On the one hand, governments dedicate so much time to bring in money into the national coffers, often taxing citizens to poverty in the process. On the other hand it is unable to secure the money brought in – it drains out of the coffers as fast as it has come in – often faster. Managing and keeping track of the money pouring into the country is easy. It is far harder to keep track of how it is spent, where it is spent or who is spending it.

It is a free for all roller coaster and a privileged mob is riding it at the expense of the greater majority who wait faithfully for their government to deliver. As sad as it is for the rest of PNG, it is a sadder case for Bougainville. Bougainville is emerging from the ravages of a bloody insurgency that has left the autonomous region devastated, devoid of business, of basic infrastructure, of basic services and a society torn by suspicion and hatred. Bougainville needs all the resources it can lay its hands on to start building from ground zero again. That is the reason there is a big tussle to get the Bougainville Copper mine up and running again. The revenues from the mine and from other business ventures are very much needed in the rebuilding process. But it will never happen because, while the effort to bring in resources is going on, a few people in positions of influence are emptying the till. It is hoped that the seminar just concluded will give the politicians and bureaucrats of the new Bougainville fresh impetus to toil harder and honestly for the wider autonomous region while resisting the selfish temptation to work for self-benefit. There can be no worthy future for Bougainville if it allows itself to be swallowed up by corruption. Everything that has been sacrificed would be in vain then.



## **Banaba Islanders Want To Benefit From Aggregate Mining**

*Landowner: Banaba still owed compensation for phosphate mining*

WELLINGTON, New Zealand (Radio New Zealand International, Sept. 2, 2013) – A landowner from Banaba in Kiribati says the island's large stocks of aggregate are a valuable resource given the threat of sea level rise in the region. Raobeia Ken Sigrah says Banabans want to benefit from the estimated 40-million tonnes of aggregate on their island and not to get ripped off as they were by the countries that mined phosphate on the island. He says his people still believe they are owed significant compensation for the depletion of the island's phosphate and the consequent hardships Banabans have endured. Mr Sigrah says climate change means that low-lying countries like Kiribati are in need of materials to build up sea-walls, roads and other infrastructure. "These rocks could be used for building materials. And we have 40 million tonnes of these rocks on our island. But again, that belongs to the Banaban landowners and this time we won't allow other companies to come in and rip it off our people, unless we get a fair deal."

## **Bougainville: Musingku a 'national problem'**

The National, September 2nd, 2013

THE name of reclusive Bougainville leader Noah Musingku, known as "King David Peii II" of the kingdom of Papaala, came out of obscurity during the "Sustainability of Bougainville" seminar in Port Moresby last Friday. Autonomous Bougainville Government (ABG) president, John Momis described the head honcho of the infamous UV-Stract money scheme, which robbed thousands of Bougainvilleans and Papua New Guineans of millions of kina, as one of the "many problematic people" on the path to a referendum for full autonomy or independence. Former ABG president and Bougainville Revolutionary Army commander James Tanis described Musingku as a "national problem" as he started UV-Stract in Port Moresby. Constitutional lawyer and Bougainville expert Anthony Regan said Musingku appointed himself as monarch of a "triune government" of Bougainville with president Momis and a prime minister under him.

Momis said: "Noah Musingku is just one of the many problematic people that ABG has to deal with. "Let us not allow him to stop us from pursuing our objectives, which are to set up good governance, rule of law, good legislative programmes, investment programmes, and so on and so forth. "I don't think we should be worried about what Noah Musingku is doing, already he's marginalised. "He will only succeed in confusing people, if those who believed in his past actions, allow him to do so. "I don't think that we should be too worried about what he's doing." Tanis said he never signed a financial agreement with Musingku as some people said. "But I did visit Tonu (Musingku's village)," he said. "If you look at his background, he started here in Port Moresby. "I still believe that Noah Musingku is everybody's because almost every Bougainvilean was an investor (in UV-Stract). "It is also a church problem, it is a faith problem, and it is a problem of belief."

## **Gas Is Flowing At ExxonMobil LNG Project In PNG**

*Project leader expects delivery during second half of 2014*

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, Sept. 2, 2013) – Exxon Mobil's US\$19 billion liquid natural gas project in Papua New Guinea is now 90 per cent complete and on track to deliver first gas in the second half of 2014. The LNG project is the largest ever commercial development in PNG. A statement issued by Esso Highlands, the project operator, says that with 19,000 people currently working on the project significant progress is being made. It says gas is now flowing down the 700 kilometre pipeline from the highlands to the LNG plant near Port Moresby. Project execu-

tive Decie Autin says the project costs remain unchanged from last year at \$19 billion dollars, despite difficult conditions in the country. She says first gas is expected on schedule in the second half of next year. Paul Baker, executive director of PNG's Institute of National Affairs, told Radio Australia's Pacific Beat the announcement is significant.

"It's a big watershed for PNG. It's the largest project that the country has developed," Mr Barker said. "There were many doubters who thought it would be a step too far and to bring it off really is a major achievement for the country and for the companies that are participating." Several landowner groups in the Highlands say they have been left out of discussions on sharing the project's benefits. They have also accused the PNG Government of being slow to deal with their concerns. Mr. Barker says the country can expect to start seeing increased revenue from the LNG project in 2017. He says it is important that landowners and politicians see the benefits in terms of investments and capacity building in PNG, and "not in terms of just quick bucks that will be consumed." "The government needs to really concentrate on investing in the roads and the infrastructure, to enable the broader economic activities to occur, to enable opportunities to be going into the other sectors that actually generate the jobs."