

**“Presspiegel: Mining in the South Pacific“
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Common abbreviations:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

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

PNG: Papua New Guinea

FREEPORT MINE PAYS INDONESIA \$899 MILLION IN TAXES

U.S.-based company's Papua mine biggest in world

WELLINGTON, New Zealand (RNZI, Aug. 31, 2010) - PT Freeport Indonesia, the Indonesian unit of U.S.-based mining firm Freeport McMoran, says it has paid the government up to US\$899 million in financial obligations in the first semester of the year. According to the Jakarta Post, the payment is made up of US\$581 million in corporate income tax; \$137 million in employee income tax, regional dues and other taxes, \$105 million in royalties, and \$75 million in the government's share of dividend. For the full year of 2009 Freeport says it paid its financial obligations to the Government to the sum of US\$1.4 billion, comprising of one billion in corporate income tax, employee income tax, regional taxes and other taxes and levies, 128 million in royalties, and 213 million in dividends.

[PIR editor's note: According to Austmine News, "the Grasberg Mine is the largest gold mine and the third largest copper mine in the world. It has some 19,500 employees." Open-pit mining began in 1990 and is expected to continue until 2015.]

Freeport Indonesia operates the Grasberg copper and gold mine in Papua Province, which accounts for nearly 40 percent of the company's total copper reserves.

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Timor Sea: Oil Spill Team Tells Firm Pay Up or Face Court

Dion Bisara, Fidelis E Satriastanti & Eras Poke | JakartaGlobe August 31, 2010

Jakarta. Transportation Minister Freddy Numberi said on Tuesday that the company responsible for last year's Timor Sea oil spill could either pay \$2.44 billion in damages or be taken to an international court of arbitration. PTTEP Australasia, a subsidiary of Thailand's state-controlled PTT Ex-

ploration and Production, has been presented a Rp 22 trillion compensation claim by the Indonesian government. Freddy, who heads the government team handling the spill, said the company was still studying the claim. "It's not unusual for companies to try to dodge such claims, but it has to pay up because we have the facts to prove our waters were polluted and our people's livelihoods threatened," he said. "They've received our report, and they're looking through it, because our compensation claim of Rp 22 trillion is quite significant," Freddy said. "It's their right to verify the data, but those are the facts."

Last Wednesday, a delegation led by officials from the State Ministry for the Environment presented the claim to PTTEP. The company is the operator of the Montara oil rig, which caught fire off Australia's northern coast in August last year, leaking about 400 barrels of crude a day before it was finally capped 74 days later. PTTEP confirmed it had received the claim, but said that it contained no verifiable supporting evidence. Indonesia said the oil spill, one of the largest in Australia's history, had affected about 78,000 square kilometers off East Nusa Tenggara, and that fishermen in the area were reporting significantly lower catches. Freddy said the verification process for the claim was expected to take a month. "If they refuse to pay, then we'll take the matter to an international court," he said. "However, everything is still being discussed. I'm sure that over the course of the verification process, they will confirm that our data is accurate."

However, a nongovernmental group has criticized Indonesia for not providing supporting data in its compensation claim. "The Indonesian team only presented an overview of the claim, without any supporting data, which was why the company had reservations about it," Ferdi Tanoni, from the West Timor Care Foundation (YPTB), said in Kupang on Tuesday. "This was a shameful oversight on the part of the government." Tanoni said that without scientific evidence to back the projected losses, the team's claim would not be taken seriously. Satya Widya Yudha, a Golkar Party lawmaker on House of Representatives Commission VII, which oversees environmental and energy issues, said that while the government had gone through the proper channels in handling the spill, it still should have allowed an independent body to verify its claim. "Such a body should have been set up jointly by the Indonesian and Australian governments, to ensure verification wasn't biased," Satya said.

CHINESE OIL TANKER GROUNDED ON PNG REEF

Precarious situation with full cargo

By John Raga

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Aug. 31, 2010) - A fully loaded 90 meter oil tanker, M.T. Hai Soon, is sitting dangerously on the western reef off Bipi Island in Manus Province. Paul Werei, public relations officer to the Manus Provincial Administrator, has confirmed that the oil tanker is fully loaded and stuck on the reef, awaiting rescue operations from a local salvaging company. Mr. Werei said that the oil tanker ran ashore on August 17 at around 6pm when it was traveling on an international route.

The vessel was discharged in Hawai'i on her way to the Solomon Sea to refuel fishing ships when it ran aground. There was an emergency response team comprising officers from the Department of Environment and Conservation, fisheries and marine experts and the Manus provincial administration visited the vessel in the past few days to take control and monitor the situation. The tanker is registered under a Tarawa oil company from China. "We did an interview with the captain and according to receipts and documents received it showed that the vessel was fully licensed and is used on the high seas to supply foreign fishing vessels with fuel," said Werei.

Authorities have taken full control of the vessel and are organizing a towing and salvaging company from Madang to help with the rescue operation. The investigators said the vessel is in good condition and the captain must have switched the engine to auto pilot when it ran off the international route with no one at the wheel house to control it. "There are 12 crew members from China and 10 men from Myanmar on board the oil tanker with plenty of food and water to last for weeks," Werei said. "Authorities are waiting for a salvaging team to bring a second oil tanker to pump oil into another ship with the aim of keeping it light in order to float her again," he said. "The oil tanker will then be towed in to the Lorengau main wharf for further investigations," Werei said.

Australia: Ban gas drilling: Greens

Post-Courier 31.8.2010

SYDNEY: Greens Senate candidate Lee Rhiannon has called on the federal government to reject an application for exploratory gas drilling off the NSW coast, insisting it will endanger the marine environment. Perth-based Advent Energy has announced to the Australian Stock Exchange that in October it will begin exploratory drilling in waters 55 kilometres east of Newcastle. Advent has begun towing an oil rig from Victoria to help unlock the massive Sydney basin gas reserves, which the company says have the potential to match the Bass Strait fields. The gas explorer has yet to gain federal approval for the exploratory drill - but says it is confident it will get the all clear when it has lodged its final application in coming weeks.

Ms Rhiannon, who is expected to win the final NSW Senate spot when counting is completed, has called on federal Environment Minister Peter Garrett to block any application by Advent. "Protecting tourism and the natural marine environment should be the priority of the Federal Minister for the Environment Peter Garrett, not lining the pockets of mining companies," she said in a statement. "There is plentiful evidence on the table already about the impact of drilling on whale migration, marine life and the potential pollution of our ocean and beaches." The Advent project has provoked widespread opposition in the Hunter and central coast areas, and became a political football locally during the recent federal election campaign.

Cairns comes knocking

Post-Courier 31.8.2010

PAPUA New Guinea's most northern Australian neighbouring city Cairns, is preparing to grab millions of dollars in business opportunities from PNG's lucrative mining and petroleum sectors. The city has just launched The Cairns Prospectus that will serve as a blueprint for securing opportunities in the country. According to the Cairns Post, a trade mission of Cairns business representatives will leave for PNG in November, armed with a document released by Advance Cairns. The Cairns Post reported that a (Queensland) State Government-funded representative has started knocking on the doors of businesses in Cairns and in Port Moresby, attempting to match PNG trade opportunities with Cairns businesses. And a Perth-based mining company with links to PNG is also reportedly close to establishing a site office in Cairns. Advance Cairns chief executive Ross Contarino urged Cairns businesses to "grab the opportunities with both hands", saying various "jigsaws" were now coming together to help their region diversify with new opportunities.

Government rubbishes claims of Somare bulldozing LNG

National 31.8.2010

THE government has refuted the opposition's claims that Public Enterprises Minister Arthur Somare has single-handedly bulldozed the multi-billion-kina liquefied natural gas (LNG) project. An official, speaking on condition of anonymity, said Somare never claimed that he single-handedly was responsible for the project. He said in every step of the way, the decisions were made

by cabinet and the economic ministerial committee comprising William Duma, Somare, Paul Tiensten and Peter O'Neill with close consultation with James Marape and Southern Highlands Governor Anderson Agiru. The official said the fiscal agreement negotiations lasted eight months and every draft was scrutinised by government agencies like the attorney-general. "Somare is not the only person involved and it is wrong for the opposition to make such comments."

He said the agreements could not be made public as the fiscal terms have some aspects of confidentiality, but it went through cabinet and got the approval. He said negotiations with landowners began with the Kokopo umbrella benefits sharing agreement and ended at respective project sites for the licenced-based agreements. The official said the business development grants was one of the arrangements for landowners to get seed funding from government and payments would come under separate ministries. "Unfortunately, there have been some hiccups caused both by government and landowners but the government wants to set up proper structures to ensure money is well spent." He said some landowner groups had registered more than one company and the government was verifying these before making payments to all landowners instead of double payment to one group.

Government fails MoA, says MRA man

National 31.8.2010

By PATRICK TALU

RESOURCE owners continue to be lured by the government into signing memorandum of agreement (MoA) for various projects while previous agreements worth millions of kina were still outstanding, the Mineral Resources Authority revealed last Friday. MRA project coordination manager Ron Gawi said there was an accumulation of MoA grants dating back to 1990 which had not been implemented despite the government promising millions in various other MoAs. Gawi made this known when presenting a paper Mining project development MoU 2010-2030 at the Mining Haus. While making reference to the Ramu nickel project MoA Gawi said "it is ironic that new projects provided large upfront payments while benefits from a mine with MOA commitments were still outstanding." "A good example were the various MoA funds worth million of kina for the New Ireland government, the Lihir local level government and the Lihir Islanders for the Lihir gold mine.

"The Government has failed to honour various grants for infrastructure development, special support grants, royalty and equity among others," Gawi said. He stressed that it was necessary to deal with recourse owners as they had the upper hand in any project negotiation. Gawi highlighted that the Porgera MoA was the best ever made and involved the provincial LLGs and the government through a tripartite where most of the MoAs had been delivered. However, there was still confusion as to whether the government and the project developer could be taken to court for failing to implement the MoA where lawyers advising said the MoA were not legally binding while others say they were. An opinion sought from a legal officer within MRA said the confusion still existed and needed to be put straight. Gawi said the further MoA needs to be improved and strengthened to avoid current problems.

Ramu discharge worry

Post-Courier 31.8.2010

By ROSALYN EVARA

WHILE there are mechanisms in place to monitor the proposed deep sea tailing placement system, there is nothing in place to monitor discharge that is being allowed to flow freely into the Ramu River system. This was one of the many admissions made by the officers from the Department of Environment and Conservation during a day-long awareness meeting on the DSTP which was conducted in Madang last week. The issue of the "free-flow" into the Ramu River was raised during the meeting by former chairman of the Kurumbukari Landowner Association Toby Barre.

Mr Barre said he understood a lot of soil erosion had taken place and what was of concern was the effect, if any, this was going to have on the river system, especially as a lot of this was a result of the blasting exercise which had been conducted using explosives. "The blasting exercise involved the use of explosives which we know contains chemicals. Our concerns are that a lot of these chemicals may now be in the river system. "If so we have a lot of people who depend on the river system for their sustenance and livelihood. Has your office started monitoring this? If it hasn't how does it intend on going about this exercise?" he asked. DEC acting executive director of the environmental protection wing Michael Wau admitted that the department had not done enough to monitor discharge into the river system. He said one of the reasons why this had been allowed was manpower shortage.

Mr Wau said these responsibilities lay with the project developer to monitor these discharges and to report back to them what was happening on the ground. Mr Barre accused the Government of failing in its responsibility again in that it did not have a policy established to address this problem. "You can't allow damage to occur, then fix the problem later. The people's lives depend on the decisions you make today." The meeting heard that several landowners living along the Ramu River were seeking to take out an injunction to prevent damage to the river system. Middle Ramu MP and Fisheries Minister Ben Semri who was at the meeting raised his concerns on the mine impact on the Ramu River. "I am concerned about the impact on the Ramu River and how my people will suffer but this is a government project and I will support it," he said.

Government plans tour of tailings site

Post-Courier 31.8.2010

By ROSALYN EVARA

THE National Government through the Mineral Resources Authority is funding an awareness trip to a country abroad where the deep sea tailing placement system (DSTP) is being used. This was revealed by Madang Governor Sir Arnold Amet last week during the DSTP awareness exercise which was jointly conducted by the Department of Environment and Conservation and MRA. The revelation was made by Sir Arnold while responding to comments which had been raised by his colleague MP from Middle Ramu and Minister Fisheries Ben Semri for such a trip to be organised and undertaken, especially by the locals to set their minds at ease over the issue. Mr Semri had in his remarks during the meeting had admitted that the Government had failed the people in the sense that it had not been able to provide adequate information to them on this concept of mine waste management.

However, he said, he believed one way of resolving this issue would be, as suggested by several locals in the past and also during the meeting, to take them to a country where DSTP was being used, at the expense of the National Government. "...I support calls to take the people overseas so that they can be able to see for themselves this mine waste management system in use," Governor Arnold said. "There has to be a way forward so that we can expedite this project. "Government is a government and it will not in any way endanger people's life. "I would also like to suggest that it (government) also look at outsourcing the monitoring system, which is one of the main concerns which has been raised by the people."

Sir Arnold, who was appointed chairman of the DSTP meeting, in response to these comments told the meeting he had been informed that the Government through MRA would be facilitating the meeting. He said Mining Minister John Pundari had approved the trip and had urged those interested in going along to see the Provincial Mines Director John Bivi who would be helping MRA in the preparation towards this event. While Sir Arnold did not mention when this trip had been scheduled for, he did encourage the non-governmental organisations to be included to undertake this trip with no strings attached.

NON-GOVERNMENTAL GROUPS CITE HARASSMENT IN PNG

Mining minister calls for regulation of NGOs

WELLINGTON, New Zealand (RNZI, Aug. 31, 2010) - A researcher with the newly-formed State Crime Initiative says Papua New Guinea's (PNG) Mining Minister has made a poorly veiled effort to intimidate non-governmental organizations (NGO) battling the Ramu nickel mine's deep sea tailings disposal system. The Minister, John Pundari, has called for a body to be set up to oversee NGOs working in the country. The Minister says PNG has to be protected from selfish and unscrupulous foreign elements using NGOs for their own gain. But Dr. Kristian Lasslett says NGOs are providing an essential service by showing landowners non-violent means to protect their rights. "They are very well-educated nationals who are experienced lawyers, experienced activists, experienced community organizers and they certainly do not need assistance from foreigners to help them assist their own people to prosecute their customary rights."

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Ramu safe: Pundari

Post-Courier 31.8.2010

Deep sea tailings plan least risky

ERIC TAPAKAU

THE development of a deep sea tailings placement system at Basamuk Bay is the least environmentally risky option for the disposal of mine tailings from the Ramu nickel mine, Mining Minister John Pundari said. Mr Pundari said this after outlining numerous studies conducted by internationally reputable organisations into the proposed DSTP for the Ramu mine. "The Government is confident that given this body of evidence, combined with the continuing efforts towards ensuring that the disposal of mine tailings from the Ramu nickel mine is done in an environmentally safe and socially responsible manner, DSTP system is the right approach and therefore refute the statements made in the media," he said.

"The Government further believes that the environmentally responsible development of the Ramu Nickel Mine utilising DSTP technology offers the people of Rai Coast and the people of Madang Province an important opportunity to develop their communities and enjoy the economic benefits that large scale mining projects have brought to other parts of the country." He said it was unfortunate that such a volume of study and information was available even before 2003 when MCC first carried out its due diligence study before taking a decision to invest in PNG and it appeared that these studies (dating back to 1988 and beyond) were not an issue for contention until MCC's involvement in the project. "We must appreciate the financial risk undertaken by the Chinese enterprises to invest in PNG in a project that is technically difficult to develop when no other investor was willing to undertake the challenge," he said.

"The Government wishes to stress to all stakeholders in the mining industry of Papua New Guinea that the National Government exercises a non-prejudicial policy towards all investors and will be fair to any investor as long as it is in accordance with the laws of Papua New Guinea." He said the Government of PNG also commended the outcome of the meeting between all the stakeholders that were present and duly represented at the consultation forum last week in Madang. "The progressive efforts and understanding established so far is highly commendable and reflective of the genuine desire of all stakeholders to find an amicable and favourable solution to this unfortunate impasse over the last few weeks," Mr Pundari said.

Ramu tailings plan less risky

Post-Courier 31.8.2010

THE Ramu-nickel environmental plan was prepared by Natural Systems Research, a widely respected Australian environmental consultancy company with many years experience in the mining and natural resource sectors. This environmental plan was based on a comprehensive range of terrestrial and marine field investigations and environmental studies carried out by Natural Systems Research's consultants. The Department of Environment and Conservation assessed the environmental plan in 1999. As part of this assessment, DEC commissioned several independent peer reviews of the plan in areas in which they did not have the specialist expertise to conduct a diligent, critical and expert assessment of the environmental plan.

One of these areas was the assessment of the proposed deep-sea tailings placement system (DSTP). The DEC commissioned Dames and Moore, an international consultancy company with wide experience in the mining and waste management sectors, to carry out the independent assessment of the proposed DSTP system. The recommendations of the Dames and Moore (1999) independent review were that the environmental risks associated with a marine mine tailings disposal system were acceptable and lower than a land-based tailings retention system.

Newcrest takes control of Lihir mine

Post-Courier 31.8.2010

MELBOURNE: Newcrest Mining Ltd has officially taken control of Lihir Gold Ltd, with the chief executive of the target company being handed a golden parachute worth millions. Lihir chief executive Graeme Hunt, who lost his position as a result of the takeover by Newcrest Mining Ltd, will be paid handsomely for the move. Mr Hunt will be paid \$A2.72 million, made up of a \$A1.7 million severance payment and a further \$A1.02 million payment as his short term incentive. He will also receive 250,399 Lihir shares following the vesting, on a pro rata basis, of the share rights granted to him earlier this year. Newcrest Mining Ltd officially took over the running of Lihir yesterday, and said Australia finally has a world player in the booming sector. "I think you have now got a player that not only can operate in any part of the world, but can also carry forward the projects at a size that are needed to build a truly long term gold company," said Newcrest chief executive Ian Smith.

"Today we have put together a set of assets which places us at the forefront within the mining industry," Mr Smith told journalists. "Australia now has a fair sized international player in the gold industry which has got a sustainability profile equal to anyone," he said. Papua New Guinea's National Court last week gave the go-ahead to the takeover scheme of arrangement, effective as of midnight on Sunday. Mr Smith said that as of Monday his company had saved \$37 million annually in synergies, from removing duplication in the merged group's corporate structure. He said changes to supply contracts and others savings, including consolidation of offices, will deliver at least \$50 million in synergies by the end of calendar 2010.

Lihir shares were to be suspended from trade on the Australian Securities Exchange (ASX) as of the close of trading yesterday. Under the scheme, Lihir shareholders will receive nearly 0.12 Newcrest shares plus 22.5 cents for each Lihir share they own. The Newcrest shares will be distributed to shareholders on September 13. "The combined group will have a world class portfolio of long life high-margin gold assets," Mr Smith said. The newly combined group will become the world's fourth biggest gold miner, and the tenth largest company traded on the ASX, with a market capitalisation of about \$27 billion. Canada's Barrick Gold Corp is the world's biggest gold miner, followed by fellow Canadian Goldcorp Inc and US-based Newmont Mining Corp. Lihir shares ceased trading yesterday when worth \$4.48, while Newcrest shares gained 73 cents, or 2.07 per cent, to close at \$36.01.

Porgera: Dead at mine site

National 30.8.2010

By JEFFREY ELAPA

ARMED security guards and police reservists at the Porgera gold mine in Enga have been blamed for the death a landowner and the wounding of another last week. Police have confirmed receiving news of the death and shooting but could not give further details as investigations were continuing. Reports alleged that the landowner was killed inside the mine site and his body dumped outside the camp last Thursday. Highlands regional police boss Supt Simon Kaupa confirmed that the security guards were also enlisted as police reservists. He was yet to receive a report from the local police force in Porgera. Acting Porgera police station commander Snr Sgt Poko Itapa confirmed the killing and shooting but could not say much because investigations were continuing.

He said a landowner chief was allegedly shot by security guards as villagers fronted up at the company gate to inquire about the death of their relative. Landowner chairman Mark Tony Ekepa told The National in a phone interview that relatives of the victim had protested outside the community affairs office last Friday at about midday. However, he claimed Barricks security guards fired into the crowd and wounded Nixon Mangape, the chief landowner and chairman of Porgera Development Authority. He said Mangape was trying to control the crowd and was not involved in the protest. Police said that the empty bullet shells were found at the site of the shooting and were tendered in as evidence.

Porgera's Paiam Hospital chief Dr Granda Granada said a person was rushed to the hospital with a bullet wound at the back of his buttock but was discharged after treatment as it was not severe. He also confirmed that a body, found near the mine site, was brought to the hospital prior to the shooting but declined to comment further. He said a post-mortem and x-ray results indicated a fractured neck bone and believed that the person could have died from blunt trauma, particularly caused by blunts things like sticks, metal or rocks. The landowners said last Friday's incident was not the first involving live bullets. They said that numerous complaints had been lodged with the PNG government, the UN Human Rights Commission that included various reputable institutions around the globe. "Shooting to death of defenceless landowners is serious human rights abuse. "Therefore, the Porgera Landowners Association calls on the PNG government and local NGOs to investigate the shooting and to allow law to take its course," Ekepa said.

Australia: Farewell 'Mr Mining'

Post-Courier 30.8.2010

BRISBANE: Sir James Foots, dubbed "Mr Mining", will be remembered as a fearless giant of a man who always had time for others. A heavyweight of the Australian mining industry, Sir James died on Saturday, aged 94. More than 200 people packed St John's Anglican Cathedral in Brisbane on Friday to farewell "a self-made man who never forgot his roots". Mourners were told of his lifetime of achievements in mining, which led to his knighthood in 1975 and his Order of Australia gong in 1992. He headed Mount Isa Mines (MIM) for more than three decades from 1955, becoming chairman and chief executive when MIM Holdings was formed in 1970. "We farewell a giant of a man and a true leader in every sense of the word," Greg Chalmers from the Australasian Institute of Mining and Metallurgy said in his eulogy. "The one common thread was his humanity ... he always had time for people."

Mourners were told how the former Westpac chairman and chancellor of the University of Queensland had a great love of learning and a desire to help young people fulfil their potential. Professor Paul Greenfield from the University of Queensland spoke of a man who "did not have a too-hard basket". "He was the right man with the right ideas at the right time. He established a relationship that galvanised mining education. Sir James believed in the power of (mining research) to contrib-

ute to the export economy.” Sir James had a mace made from the silver, copper and zinc minerals of his Mount Isa mine, which has been part of the university’s graduation ceremony for more than 40 years, Prof Greenfield said. The funeral was told of Sir James’ tireless philanthropic efforts for Rotary, the Salvation Army and the Australian Koala Foundation. A toy koala sat next to a basket of flowers at the end of his coffin.

Sir James is survived by son Ken and daughters Pam Dyer and Merilyn Druve, as well as 12 grandchildren and 17 great-grandchildren. He died three months to the day after his beloved wife Thora. The pair were together for 73 years. Daughter Merilyn told mourners her father had passed away quietly last Saturday, while a fire alarm rang outside the hospital room. “It was as if it was to let mum know he was on his way. She’d better be ready,” she said. Sir James was born in Victoria in 1916 and had a tough start to life with the early death of his mother and his father. He had been forced to find work far away because of the depression, his children told the funeral. He excelled academically with hard work and because of his natural “brilliance” gained selection to study engineering at university in Melbourne before working at mines in Broken Hill and Mount Isa.

Task force to review regime

Post-Courier 30.8.2010

ERIC TAPAKAU

THE National Government has appointed a task force to review the current petroleum regime in the country. The task force will be chaired by former Chief Secretary to Government and Petromin Holdings (PNG) Ltd chief executive officer Joshua Kalinoe while other members of task force are executive director of the PNG Chamber of Mines and Petroleum Greg Anderson, department secretaries Rendle Rimua (Petroleum and Energy), Simon Tosali (Treasury), Dr Lawrence Kalinoe (Justice and Attorney General) and Margaret Elias (PM and NEC). Minister for Petroleum and Energy and Hagen MP William Duma said that the National Executive Council had approved the review together with terms of reference during early 2007, however, due to the 2007 National Elections and the PNG LNG project work commitments soon after, the Government was not able to establish the task force.

“It is appropriate that the cabinet decision be implemented now the work load and capacity issues in the key Government departments have eased off,” Minister Duma said. “The task force will be supported by advisers knowledgeable in the petroleum regime including specialists in taxation, fiscal policy, resources law and petroleum policy,” Mr Duma said. “The task force has commenced its work and advisers are being engaged.” Minister Duma said the task force is made up of senior Papua New Guinean departmental heads who are knowledgeable in public policy and the industry. “The task force has set a timeframe in which a white paper containing the outcome of their work will be submitted to the minister by the end of third quarter in 2011.” He said as part of the review, the task force would also provide recommendations on the appropriate implementation structure of the revised regime, including either strengthening the capacity of or restructure of the Department of Petroleum and Energy.

Court grants merger

Post-Courier 30.8.2010

SYDNEY: Newcrest’s \$A10.65 billion dollar takeover of Lihir Gold was approved by a Papua New Guinean court last Friday, the final step in a tie-up that will create one of the world’s largest gold miners. The decision by the National Court of PNG comes after Lihir Gold Limited (LGL) shareholders this week voted to support the takeover by Australia’s largest gold producer. “This was the final step in the merger approval process after LGL shareholders voted overwhelmingly (99.86 per cent) in favour of the Scheme of Arrangement earlier this week,” Newcrest said in a statement. Un-

der the scheme expected to be implemented in mid-September, Lihir shareholders will receive close to 0.12 Newcrest Mining shares plus 22.5 Australian cents per Lihir share.

Court refuses Ramu NiCo bid

Post-Courier 27.8.2010

By ROSALYN EVARA

AN APPLICATION by the developers of the Ramu nickel project to discharge the interim injunction by the National Court on the construction of the deep sea tailing placement system was refused this week. Within hours of the court's ruling Ramu NiCo (MCC) Limited issued a statement to the media not only expressing its disappointment over the decision but also warning of possible job losses and its intention to appeal this matter in the Supreme Court. The interim injunction was granted by the Madang National Court presided by Justice David Canning on March 19 .

In refusing the application Justice Canning stated that the injunction was a court order that by nature could be discharged or varied at the discretion of the court that granted it, after taking into account various considerations including if there had been any significant material changes in circumstances, whether the subsequent conduct of parties warranted the injunction be set aside. Justice Canning said MCC in its application has said there were two material changes in circumstances in that they were undertaking not to discharge tailings through the DSTP until determination of the proceedings or further order of the court and that there was an "increasingly urgent need" to start work before the onset of the wet season. In addressing the issues relating to the undertaking by the company Justice Canning noted that there had not been any suggestions that since the injunction was granted, that MCC had disobeyed it.

He noted that it had properly approached the court for clarification of the injunction on April 2, then later on the 14th also applied to have the injunction set aside both motions which he had ruled on. Further that it had then appealed to the Supreme Court against the injunction and which was dismissed. He said all these steps had been lawfully taken and had involved no abuse of process so he would treat the undertaking as being made in good faith. He said while he accepted this to be a change in circumstances this did not justify the discharge of the injunction as the injunction on its terms was directed at preventing among other things environmental harm likely to be caused by blasting or popping of dead or live coral and laying of pipes.

PNG OPPOSITION BLAMES SOMARE FOR GAS CONFLICTS

Promises made that couldn't be kept

By Simon Eroro

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Aug. 27, 2010) - The Papua New Guinea parliamentary opposition yesterday raised fears that the multi-billion-kina Liquefied Natural Gas (PNG LNG) project was under threat because Government promises to landowners had not materialized. Opposition Leader Sir Mekere Morauta has laid the blame on Public Enterprises Minister Arthur Somare who has been boasting about single-handedly pulling together the 40 billion kina [US\$14.8 billion] Liquefied Natural Gas (LNG) project. Sir Mekere said the Minister ignored due process in fiscal agreements over proper negotiation of landowner's benefits and local companies to be content with their contracts for the LNG project.

He said many important agencies like Treasury, Internal Revenue Commission and the Attorney General's Department were not fully consulted on the fiscal terms. "He usurped their powers and acted like a bulldozer out of control, propelled along by the developers," Sir Mekere said. He said in the process, he made promises that could not be kept by both the developers and to landowners. "It

is no wonder that landowners are now up in arms and threatening the project. The minister should come out of hiding and tell landowners where their promised payments are," Sir Mekere said. He said Mr. Somare should also make public the terms of the fiscal agreements with Exxon and the terms of his deal with the Dubai oil company to finance the Government's equity in the project. He asked why Mr. Somare had kept these agreements secret...and if he did then was there something he was hiding.

[PIR editor's note: Also, earlier this month Papua New Guinea landowners forced early works on the multi-billion kina Papua New Guinea liquefied natural gas project in Hides, Tari, Southern Highlands, to a complete standstill for five days. 300 local workmen, including operators and other technical staff, went on strike and walked off their jobs complaining about poor working conditions and their welfare.]

Sir Mekere said he should recognize that the project belonged to the people of Papua New Guinea (PNG) and everyone should have access to the agreements that he had negotiated. Sir Mekere said: "The Government has made a huge mistake by making payments of landowner benefits to individuals instead of to duly-recognized groups for projects." Sir Mekere's comments follow a statement made on August 23 by ExxonMobil, the operator of the PNG LNG project expressing concerns about delays to the project after receiving threats to stop early works by various landowners in Hela and Central provinces.

In fact landowners have forced early works at Hides and Komo to stop for the last three weeks. The latest threat was from landowners of portion 152 outside Port Moresby where the proposed facility plant is to be located. The Papa landowners want to be included in contracts to carry out construction work on the plant and the loading wharf. Sir Mekere also said the developers should clearly explain to the landowners and to the PNG business community the details of the local content of the whole project which basically is where the landowner frustrations are the coming from.

Resources: Delays to cost PNG more
By ERIC TAPAKAU

Post-Courier 26.8.2010

WHEN our debt from international donors is being significantly reduced, Papua New Guinea is set to crawl on its knees to repay overseas investors if the ongoing landowner issues in mineral and petroleum resource areas are not sorted out once and for all. This is a warning from a highly placed expert in the mining and petroleum industry who said penalty fees would amount to billions of dollars and any negative impact on the projects emanating from landowner issues would also badly tarnish the good name of the country, especially at a time when PNG was enjoying a reputation globally as a "good investment destination". "If these projects do not meet their deadlines, there are clauses in their agreements that they will be liable to pay penalty fees and the State will also be liable to pay some of those fees," he said.

He said currently PNG was in the process of hosting two multi-billion projects in the Ramu nickel/cobalt project and the PNG LNG Project but both projects had their share of landowner issues. But he is not alone as Prime Minister Sir Michael Somare also fears that PNG will be liable to repay billions of dollars in penalty fees to the Chinese-owned Ramu NiCo and its parent company China Metallurgical and Constructions Company Ltd if the Ramu project does not meet its schedules. He said this earlier this year when highlighting the fact that Ramu was an important project for the country. Ramu NiCo said in an advertisement yesterday that it would consider retrenching its workers after the National Court refused to lift the injunction preventing Ramu NiCo from constructing the offshore component of the project's deep sea tailings placement system. The company

has so far spent \$US1.2 billion of the total \$US1.4 billion on construction and construction work is ending with production set to resume by the end of this year.

Ramu NiCo is understood to be losing K7 million daily when the project is delayed due to the court challenge on the DSTP. "As construction is winding down and most of the equipment has been installed, one real option is to now place the project on a care and maintenance basis, postpone the operational works and adopt retrenchment measures, even though this would be devastating for our workers and their dependents and for the landowners, other community members and business partners," the company said in a statement. "Given this, Ramu NiCo will do everything it reasonably can to minimise the losses and the first action will be to urgently appeal this decision to the Supreme Court." The company said it would also discuss the present situation with project stakeholders before taking further action. The PNG LNG project also faces similar situation with construction phase set to be completed by 2013, all stakeholders including the State will be liable to pay hefty penalty fees if first gas is not delivered by 2014.

Bulolo ethnic fight threatens investors

Post-Courier 26.8.2010

By FRANK RAI

THE law and order situation in the resource-rich Morobe Province is not well and it is a threat to investors, a prominent leader Fred Wak warned yesterday. While commenting on the ongoing ethnic clash between the Sepik settlers and local landowners in Bulolo, Mr Wak said the law and order problem was seriously degrading investor confidence in the province. "It is sad to see the Government letting law and order problems grip the province when there are funds parked in the province to deal with such issues," he said. He warned that "issues including the Bulolo ethnic unrest should have been given priority when the Hidden Valley gold project (in Bulolo) is pouring millions of kina into the province".

Mr Wak, who is also a local businessman, reiterated that the way the province was handling crime was a threat to investors and the outside community who had the province under scrutiny. "When you have millions of kina worth of projects in a province, you should know that people, including the investors, are watching you closely. The Government must come to address these issues in the vicinity of such projects quickly," he said. He said the provincial government had left the Wau-Bulolo crisis to the mercy of the local people when there were indicators that tensions between the two groups were high. Mr Wak said the province was losing investor confidence and it was a sad indication to the well-being of the province, citing that strategic measures should be taken to quell the situation.

The community leader however called on political leaders, Watut and Sepik leaders and the surrounding communities to see the future of the district and leave the problem to the appropriate authorities. "I call on the people to refrain from taking the law into their own hands. Our future and the future of the province are of paramount importance. The problem has to be addressed right away," Mr Wak said. He also appealed to both ethnic groups to lay down their arms and make peace, which could settle the problem amicably.

Threats to big projects require true leadership

Post-Courier 26.8.2010

BIG business and the huge projects being prepared in the natural resources field are a major worry for a lot of people these days. Our report in today's Post-Courier brings up the fears expressed by many, that the huge LNG project and the major nickel venture at Madang are subject to punitive measures against the Government if these activities are interrupted. The nation has been placed on a

plateau of great height, and told to expect waves of investment dollars to wash into the national economy with all kinds of flow-on effects in the next few years. Government ministers and senior bureaucrats have been busy, flitting around the country and overseas in efforts to tie up the projects. Alas, it looks as if the best efforts of politicians and planners may founder on the rock of grassroots' expectations and pressures.

Both projects are running into obstacles with those expectations and with misgivings about aspects of the projects. The Ramu nickel project is tied up in court, unable to complete the pipeline and the rest of the deep sea tailings disposal scheme. The rights and wrongs of that court action are firmly in the hands of the judicial system and there can be no quarrel with due process being allowed to take place. The system was put there with the design to protect people and property with the built-in legal system of checks and balances. From the developers' points of view of course, they have time-tables to meet to ensure they can produce and export their resources and get the cash flow to pay their bills.

These bills will be in mammoth amounts in both cases. If, as people in the industry claim, that these projects were drawn up with hefty punitive provisions for situations that cause delays to the work, the State of Papua New Guinea might be in for a nasty shock. It will be exceedingly difficult for the Government to keep both parties happy, in the event of such punitive clauses being enacted. It will have to choose between its own people, the ones whose exercise of the vote has legitimised their political life, and the enticing lure of the hugely influential investments from overseas.

There is no doubt that the nation's economy stands to gain in a revolutionary proportion from the developments at these projects. There will be disparities of course. The lion's share of the benefits will go to the developers and the landowners where the projects will be operating. The rest of the nation's people will have to put their faith in wise and fair political rulers to ensure the State's share of the investment will be sensibly and fairly dispersed around the country. The dispute at the Ramu project appears to be mainly focused on the method of dumping mine wastes. With LNG, there are various fronts of trouble looming with landowner groups and disappointed business groups talking tough in a way that is sure to be giving the investors and our political leaders severe heart-burn. The problems cannot be passed around or ignored.

Meanwhile, the United Church head in the Southern Highlands, Bishop Wesis Porop has rightly put his finger on a contributing factor to tensions in the resource-rich province. Alcohol! He welcomes the liquor ban in the province, saying it would help to control numerous problems that have cropped up in life for the people in recent times. How long the ban lasts is a matter to be examined and solved soon. The history of short-term liquor bans in PNG is not a greatly encouraging one. Bans that are lifted prematurely have shown a reversion to the bad old ways quickly, leaving the innocent majority subject to the stupidity of the relative few.

PNG REPORTS STRONG ECONOMIC OUTLOOK

Major mining, oil development projects cited

PORT MORESBY, Papua New Guinea (The National, Aug. 25, 2010) - THIS year's Mid Year Economic and Fiscal Outlook (MYEFO) released last week is a significant analysis on the future of Papua New Guinea. Released by the Treasury, it showed the strength of the country as a significant emerging nation poised to have a bright and strong economic future. Kina Securities Ltd chief executive officer Syd Yates yesterday said the report builds on the continuing strong economic news which continues to flow from the Asian and other regional economies keen to work with PNG to develop a diversity of resource opportunities. Yates said the importance of the review document

was the depth of the analytical evidence of the long-term steady growth of the PNG economy and the sound management which helped steer the nation through the worst of the global financial crisis.

“It is doubly important when compared with the more mature nations in the northern hemisphere, both in North America and Europe, where the recovery process continues to be mixed and international intervention and support is still necessary to maintain the survival of major national economies,” he said. “The MYEFO reveals that gross domestic product (GDP) is expected to continue to grow very strongly this year, with the start of the PNG LNG and other mining-related projects, together with a rebound in a number of sectors following softer conditions last year.” He stressed the report pointed out that economic output was estimated to have expanded for nine successive years, representing the longest period of uninterrupted economic growth in PNG.

Ramu NiCo considers laying off workers

National 25.8.2010

RAMU NiCo, the manager of Ramu nickel joint venture, will consider laying off workers at its nickel and cobalt operations in Madang following yesterday’s National Court refusal to lift the interim injunction preventing the construction of its offshore component of the deep sea tailings placement (DSTP) system. More than 3,000 people in the province depended on the US\$1.4 billion project which is nearing the end of its construction phase. They included about 1,200 Papua New Guinean workers at the Kurumbukari mine site in Usino-Bundi, the refinery site at Basamuk in the Rai Coast and the Madang head office. They stand to lose their jobs. And, in a further blow, the forced stopwork at the mine will slash economic growth forecast for this year.

Government officials said yesterday the GDP growth target of 8.5% this year would be downgraded to 7.1%, a massive drop which could have a negative effect on PNG as an investment destination. The slow down in the PNG LNG project was also going to have some impact on economic growth forecasts, they said. Ramu NiCo said their first option though would be to urgently appeal yesterday’s decision to the Supreme Court. An “extremely disappointed” Ramu NiCo said in a statement it had already lost millions of kina since the injunction was granted in March.

In an earlier pre-trial hearing, Ramu NiCo had told the court that damages suffered since the injunction was granted included K2.05 million in direct expenses, K360,000 a day in interest to banks and K1.3 million a day in cost to DSTP contractors. It said it had suffered financial losses for which it could not possibly be compensated. Ramu NiCo had sought to lift the injunction by five Basamuk plaintiffs to allow it to finish construction before the advent of the rainy season and had undertaken not to dispose of tailings through the pipeline without the court’s approval. It said that up to June 30, it had spent US\$1.2 billion out of the total development cost of US\$1.4 billion for the project, which was scheduled to start trial operation by October.

Ramu NiCo said that given that it was unlikely that the DSTP would be completed before the rainy season, significant delays to the project construction and operational schedule was now unavoidable. It said it had to fully assess the impact and amend the construction and operational timetable accordingly. “As the construction is winding down and most of the equipment has been installed, one real option is to now place the project on a ‘care and maintenance’ basis, postpone the operational preparation works and adopt retrenchment measures, even though this would be devastating for our workers and their dependents and for the landowners, other community members and business partners. “Given this, Ramu NiCo will do everything it reasonably can to minimise the losses. “Ramu NiCo will also discuss the present situation with project stakeholders, including Highlands Pacific Limited, the government and landowners, before taking further actions,” it said.

Leaders maintain ‘no DSTP’ stand

National 25.8.2010

VARIOUS landowner groups yesterday renewed their opposition that to the deep sea tailings placement (DSTP) system in Madang waters. A group of disgruntled leaders met at the seafront of Coastwatchers Hotel as the Madang National Court was hearing an application by Ramu NiCo seeking a lifting of the interim injunction which had halted its construction of the DSTP system off-shore facility at Basamuk Bay. In a media statement, the group, backed by plaintiffs Farina Siga, Sama Melambo, Eddie Tarsie and Peter Sel, said that the simple message was “there will be no DSTP in Madang”. “We call on Mining Minister John Pundari, who, a few days ago, visited Bongu village in Rai Coast and made an undertaking of ‘looking into things’ and who recently deviated from that speech, to stop drawing attention away from the real issue confronting us – listen to the people.”

Leader George Ireng said they were not against nickel mining or any other mining activity but wanted the government to find an alternate method of tailings disposal. He said that DSTP was banned in other countries and PNG should follow suit. The group noted the failure by the Lands Titles Commission to sit and identify genuine landowners along in the project impact areas. Bagbag islander John Simoi said the Bismarck and Solomon seas were famous for their unique biodiversity and home to half of the world’s coral, leatherback turtles, various seagrass and tuna breeding ground in what is known as the Magado Square.

Ramu: Judge opts for safety

National 25.8.2010

By JAYNE SAFIHAO

NATIONAL Court judge David Cannings opted for “a safety first approach” yesterday when he refused to grant an application by Ramu NiCo to lift the interim court injunction he had granted in March to stop offshore construction of the deep sea tailings placement (DSTP) system. Instead, he extended the injunction until Dec 21, the trial date for the substantive case by five Basamuk plaintiffs – Eddie Tarsie, Farina Siga, Peter Sel, Sama Melambo and Pommern Inc Land Group. Cannings ruled that there was no material change in circumstances, as was sought by Ramu NiCo which had also failed to provide sufficiently evidence to prove that the trial was delayed due to failure on the plaintiffs’ part.

The March injunction meant that all preparatory or construction work on DSTP system had stopped, including all and any damage or disturbance either directly or indirectly to the offshore environment such as coral blasting, popping of dead or live coral and laying of pipes pending the substantive hearing. Cannings said he was not convinced that waste would not be discharged into the seas if construction of the DSTP was allowed to proceed pending the substantive hearing.

Mt Kare landowners welcome MRA talks

Post-Courier 25.8.2010

By *Mohammad Bashir*

Stories of the days of the Mt Kare gold rush in the early 80s abound and are fresh in the minds of many. Clansmen clad in traditional ‘ass tanget’ and ‘bilum’ walking into car dealers offices in Mt Hagen with bundles of cash to purchase vehicles to the dismay of sales staff is one such story. Since those days up to 1985, Mt Kare has not had any tangible commercial activity like the neighboring giant Porgera Gold mine, Tolukuma, Misima or Lihir. Mt Kare was riddled with problems relating to political interference and liquidation of the exploration licence EL1093 held by former holder Madison Enterprises Ltd. since the liquidation. The good news is that finally, the 12,000 people in the area have a new hope with the Mineral Resources Authority (MRA) through liquidator Deloitte

Touche Tomatsu finally accepting a new developer through a market and tendering exercise in Sydney, Australia. About 90 potential investors bid but tenement regulator MRA after due diligence has appointed Kingsgate/Union Pacific JV which trades as Summit Development Ltd. During the process to transfer the licence, all landowner companies and the former licence holder were dissolved. Only Mt Kare Head Trustee Co. Ltd worked with MRA, at present it is the umbrella company.

Landowner: Where's our K335 million?

Post-Courier 25.8.2010

By *MOHAMMAD BASHIR*

Up to K335 million was held in various trust accounts to pay landowners under agreements in the liquefied natural gas project from March but it is not known what happened since. According to information obtained by the Post-Courier, as of March 20, funds held by the Finance Department for landowners include vote 229-1204-1-292, infrastructure development grant of K160 million, vote 229-1204-1-293, BDG K60 million and K115,494,772.17 respectively. A total of K335.50 million was available at that time under various trust accounts identified under the umbrella benefit sharing agreement (UBSA) and the licence-based benefit sharing agreement (LBBSA) in accordance with a National Executive Council (NEC) decision No: 111/2009.

Successive landowner leaders have in the recent past condemned the long delay in payment of those funds. Chairman of Hides PDL1 landowner company Willie Wandijah joined the chorus yesterday and said, "The Government has been ignorant to the terms of the agreement of the UBSA and the LBBSA signed in Kokopo and in each of the licence areas respectively in September 2009. The forced closure of the early works for Tari Airport and Hides PDL7, Hides gas conditioning plant, Komo Airport development and Kobalu forward base camp were a shame to landowners but was necessitated by the 11-month delay by the Government, he said.

"The statement by Petroleum Minister William Duma about problems of lack of information on the identification of proper landowners and their representative companies (LANCO) is a poor excuse and will not be accepted. "It is further a reflection of the poor organisational management and lack of co-ordination by the Department of Petroleum and Energy to carry out social mapping and landowner identification which also raises the question of the legitimacy of the landowners who signed the UBSA and LBBSA consistent with Section 47 of the Oil & Gas Act 1998," Mr Wandijah said.

VANUATU'S PENTECOST CHIEFS SAY NO TO MINING

Don't want isle to become another Nauru

WELLINGTON, New Zealand (RNZI, Aug. 24, 2010) - It has been revealed that chiefs from Pentecost island in Vanuatu have written to the prime minister, Edward Natapei, demanding him not to issue a license for the extraction of minerals in their land. The chiefs say the government must not sell the minerals to foreign countries. They also say they don't want Pentecost to become another Bougainville and Nauru. Last year, the government gave a license to an Australian company to drill and explore for gold in South Pentecost.

[PIR editor's note: Earlier this year, Vanuatu Daily Post reported that the landowners of the mining exercise are not happy with how the mining agreement is handled because the "real agreement", as they claim, was signed in central Pentecost without consulting other landowning parties. In addition, Commissioner of Mines Toney Tevi in a letter to the editor claimed that he consulted with the landowners, but the landowners assert he never did.]

The chiefs have asked the government to monitor the activities. They also asked that collected samples must be analyzed locally and that if samples have already been sent out of Vanuatu, they be brought back. Radio New Zealand International: <http://www.rnzi.com/>

PNG COURT UPHOLDS INJUNCTION AGAINST MINE DUMPING

China's Ramu NiCo renews threat to quit

By Firmin Nanol

MELBOURNE, Australia (Radio Australia, Aug. 24, 2010) - A Chinese developer of the proposed Ramu nickel mine in Papua New Guinea (PNG) is considering laying off workers and stopping construction work indefinitely following a new court ruling. Landowners in PNG's Madang province have successfully stopped the owner and developer China's Ramu Nico from constructing a deep sea tailings disposal system to dump waste from the mine into Madang's Basamuk Bay. [*PIR editor's note: An earlier story reports that the project agreement signed in 2006 was to supposedly create more than 5,000 jobs.*]

The company appealed the decision asking the Madang National Court to lift the injunction. This week the court refused to lift it, saying any activity by the company to construct a waste pipeline, could affect the marine life and environment. The developer says it is disappointed by the ruling and is considering laying off workers and put the mine on what it calls a "care and maintenance stage". It had sought a lifting of the injunction to allow it to finish construction to dispose of tailings through a pipeline without the Court's approval. The Ramu nickel mine is reportedly at the end of the construction stage and was scheduled to commence trial operation [in October.]. Radio Australia: www.abc.net.au/ra

Mining minister Pundari happy with Madang visit

National 24.8.2010

MINING Minister John Pundari said he is happy to have met Rai Coast landowners in Madang last week to listen to their views on Ramu NiCo's deep sea tailings placement (DSTP) system which is subject of National Court hearing this month. Pundari said in a statement that although the people expressed their frustrations and concerns on the DSTP, lack of government commitment in the project, especially in fulfilling the memorandum of agreement (MoA) socio-economic development programme (SEDP) commitments, the Land Titles Commission hearing and the promised Scottish Association of Marine Science (SAMS) independent report on the DSTP, the people from the coastal pipeline area to Basamuk refinery site fully supported the project. "They have clearly expressed that they need this project to see some form of development taking place in Rai Coast district," he said.

The minister was also concerned that there were a lot of misleading information being circulated and people were misunderstanding of the whole DSTP system. He challenged the NGOs and anti-DSTP groups to come with their facts, data and scientists and debate the issues concerned for the good of our people. "To this date, no one has come forward to the national government and clearly explained the consequences of DSTP and outlining the possible alternatives with scientific backing. "The only thing the government has received so far is the tongue and media lashing but no concrete evidence from the anti-DSTP groups. "There are two existing mines (Lihir and Simberi) and one closed (Misima) that use the DSTP system."

National wealth not shared equally, Waigani seminar told

National 24.8.2010

By PEARSON KOLO

PAPUA New Guinea is rich but the standard of living and developments are not in line with the economic growth the annual Waigani Seminar was told yesterday. North Fly MP Boka Kondra, who was a guest speaker at the seminar, said one reason could be because the national wealth was not equally distributed among the resource owners, developers and government. "The people own the land in which the resources are extracted from but we, the landowners, tend to get only one or two per cent of the benefits while the government and the developers get all of it," he said.

He said it was unfair and against the constitution. "The constitution says whatever is on or in the land belongs to the customary landowners but that does not seem to be the case. "Papua New Guinea is sitting on a rock of gold and which is floating on a sea of oil and fired by gas but the people who own these resources are not benefiting from them." He said the people were becoming landowners and not resources owners because there was no benefit for them. Former lands minister Sir Puka Temu said there was a need for proper mechanisms to be in place in the government system for the people to benefit from their land.

ExxonMobil: Project under threat

National 24.8.2010

By PATRICK TALU

CONTINUED threats and interruptions to early works on the multi-billion-kina liquefied natural gas (LNG) project will have a detrimental effect on the project schedule. ExxonMobil, operator of the K40 billion project, yesterday expressed grave concerns after various landowners threatened to stop early works. Others had forced early works at Hides and Komo to stop for three weeks. The latest threat came from Papa landowners from portion 152 in Central where the proposed conditioning plant and jetties would be built. They wanted the developer to give them the contract to build the jetty. "The project is the biggest single investment in the petroleum sector and PNG cannot afford to lose it. "We have schedule for our first shipment by 2014 and such a threat will have a detrimental effect on our project schedule," a spokesman for ExxonMobil told The National.

"We have three years to complete the respective phases of the project before our first LNG shipment. "We cannot afford to lose time. It is going to cost PNG and ExxonMobil. "As a borrower, we are answerable to financiers who loaned us to fund this massive project," the spokesman said. He said this year was just wasted dealing with landowners' issues, which were not expected. "The recent activities by these so-called landowners are uncalled for and are illegal." Meanwhile, ExxonMobil and Chiyoda JGC joint venture yesterday denied a report in The National last week that 5,000 Indonesian skilled workers would be brought in to work at portion 152. The report was based on an announcement by an Indonesian embassy official. A senior manager for Chiyoda said: "The article is incorrect. "There is no contractor who can supply so many Indonesian workers."

Lihir people demand respect, good ecology plan

National 24.8.2010

THE Lihir islanders have urged new miner Newcrest Mining Ltd to ensure a sustainable development plan for the island and that respect for the people, cultures and environment is upheld. This was the only way for Newcrest, which is soon to take over the Lihir Gold Ltd (LGL), to continue mining the island's gold resources, they said. In a letter presented to Lihir Gold chairman Dr Ross Garnaut, Lihir Mining Areas Landowners Association chairman Mark Saipong said the importance of the Lihir sustainable development plan (LSDP) needed to be recognised by Newcrest. The plan has been endorsed by the parties to be put in place in the revised agreement.

Saipong told LGL shareholders, who attended a special scheme meeting to approve the merger deal between the two mining companies yesterday, the LSDP aims to promote Lihir's destiny for self-reliance and financial independence. "LSDP is now under implementation through the financial plan and that Newcrest must ensure this (plan) continues under the merger arrangement. "The plan is pivotal to the sustainability of our people," Saipong said, and urged for the continuity of the plan under the new management. "We ask Newcrest to respect our people, culture and environment which is critical to the continuity of the project. "We also ask respect for the IBP agreement and its continuity," Saipong said.

Lihir Gold Mine-Newcrest merger to create US\$25b empire National 24.8.2010
By PATRICK TALU

THE merger between Lihir Gold Ltd (LGL) and the Australian gold miner Newcrest Mining Ltd (Newcrest) will create a A\$25 billion (K60 billion) company with portfolio of a long-term high margin and a tier one gold asset, LGL chairman Dr Ross Garnaut said yesterday. The merger agreement was finally signed yesterday in a special meeting among shareholders in Port Moresby for the proposed merger through a scheme of arrangement (SOA) announced last May. LGL shareholders overwhelmingly approved through a secret ballot the merger during the meeting. They approved the SOA with 99.86% of the total number of votes cast at the meeting, exceeding the required majority of 75% as ordered by the Waigani national court. The final hurdle for the merger is approval of the scheme by the national court with the hearing scheduled on Friday.

If approved, the scheme will become effective Aug 30 and is scheduled to be carried out on Sept 13. "Through merger with Newcrest, we can immediately deliver strong returns to our shareholders with certainty, while simultaneously achieving greater diversification, reducing costs and improving our risk profile," Garnaut said. "For the local communities where we operate, they can be assured that Newcrest has an excellent track record as a good corporate citizen, committed to delivering on its promises, sharing the benefits of its mining projects equitably, and operating in a way that is sensitive to diverse cultural needs and practices," he said. Gurnaut said that Lihir mining project had played a special role in the development of the country's mining industry and economy. "It has demonstrated that with careful management and close co-operation with communities and governments, large-scale mining in PNG is consistent with exemplary outcomes for relations with communities and governments and for the environment," he said.

"Newcrest's commitment of more than US\$10 billion (K27.25 billion), mostly for the Lihir Island asset, is a large vote of confidence in the PNG investment environment." Garnaut stressed the Lihir operation would continue to generate wealth and enhance society in the region for a long time to come. "We expect high profitability will make the Lihir operations the second largest taxpayer in PNG next year. "We have started paying sustainable dividends to shareholders." Newcrest chairman Don Mercer said the merger would create one of the world's great gold mining companies with an outstanding platform to deliver superior returns to shareholders. "The combination of Newcrest and LGL will create a world class portfolio of high quality operating mines and growth opportunities capable of delivering long term, sustainable production growth within the lowest cost quartile of the global industry," Mercer said.

Lihir Gold Mine shareholders agree to merger

Post-Courier 24.8.2010

By *ERIC TAPAKAU*

THE Lihir gold mine won a huge vote of confidence from the investors decision to invest in the asset, Lihir Gold Limited board chairman Dr Ross Garnaut said yesterday. This came after shareholders unanimously agreed on the proposed merger of the miner with Australian mining company Newcrest Limited. In what would be his last speech as chairman of LGL, Dr Garnaut said the merger would put the value of LGL at \$A10 billion. Under the Newcrest proposal, LGL shareholders will receive one Newcrest share for every 8.43 LGL shares they own, plus 22.5 Australian cents cash per share. Based on Newcrest's closing share price on May 3, the offer equals \$A4.03 per LGL share. That represents a 33 per cent premium to LGL's closing share price on March 31, the last trading day before LGL announced it had rejected a proposal from Newcrest.

Based on Newcrest's closing price of \$A35.78 on Friday, the offer is equivalent to \$A4.47 per LGL share, which represents a premium of 47 per cent over the closing price on March 31. "So the offer clearly provides an attractive premium for our shareholders. As you will know, your board agreed to the offer after extensive deliberations with Newcrest, and after they had increased their offer twice. We also only agreed to the transaction on the basis that we could complete a process of testing the market by making information available to others who would be free to make an alternative bid up to the time of shareholders' acceptance of the Newcrest offer,"

Dr Garnaut said. "This process ensured that our shareholders received the highest possible price. We completed the process of providing information to potential bidders in June. I can confirm that we had serious interest from alternative buyers who visited the operations and were provided extensive information on the company. In the final event, none made a formal alternative offer." He said when LGL announced the merger deal on May 4, there was uncertainty about taxation arrangements that had the potential to affect the value of Newcrest's shares. "Since then, the Australian government has announced changes that make it clear that any additional Commonwealth resources taxes arising out of that episode will not apply to Newcrest," he said. "That is good news for LGL shareholders as it removes a risk to the value of the Newcrest offer."

- * Combining Newcrest and LGL brings together a portfolio of complementary operating and development projects. Newcrest already holds significant assets in PNG, and in Queensland, that sit well with LGL's operations in PNG and Queensland. The combined portfolio will include: three large, low-cost, long-life producing assets still with upside potential (Cadia, Lihir Island & Telfer)
- * FIVE shorter life, high margin mines (Gosowong, Bonikro, Hidden Valley, Mt Rawdon, Cracow)
- * SIGNIFICANT brownfield growth potential (Gosowong, Bonikro, Hidden Valley)
- * TWO large established resource growth options (Wafi-Golpu, Namosi)
- * SIGNIFICANT greenfield growth potential in Cote D'Ivoire
- * COMPLEMENTARY mix of pure gold and gold-copper assets
- * FIRST quartile cash costs
- * ROOM to develop Newcrest's resources with high copper content, such as at Wafi/Golpu, without losing its gold premium.

Crime in Porgera on the rise: LLG

Post-Courier 24.8.2010

PORGERA Local Level Government in the Enga Province is looking for ways to secure funds to tackle the rising crime problems in the area. Lawlessness has increased markedly in the past few months. Porgera LLG president John Pawe told the Post-Courier the grim scenario in Wabag yesterday. Mr Pawe said if nothing was done quickly the situation might get out of hand. He said the problem was there and it needed the help of the National Government, provincial government and

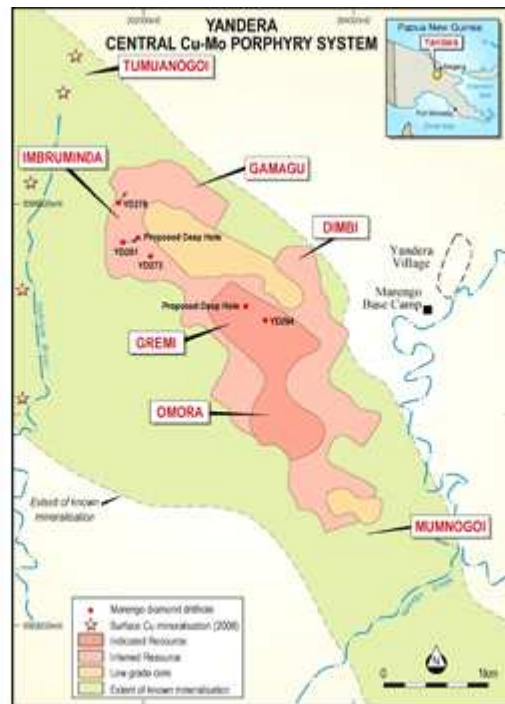
the Barrick Gold company to find solutions to combat it. He said Porgera LLG would take ownership of the problem and tackle it.

Mr Pawe said the LLG knew what was affecting the lives of the people but it did not have funds. He said Porgera police needed a vehicle to move around to combat crime. They were handicapped and this was a big problem. Mr Pawe said the government was spending a lot of the money to hire a vehicle for police.

Miner eyes iron deposits in Yandera

By SINCLAIRE SOLOMON

National 23.8.2010



GOOD progress was made on various aspects of the definitive feasibility study (DFS) of Marengo Mining's Yandera copper-molybdenum-gold prospect in the Bismarck Range of Madang, the company said in its June quarterly report. The Perth-based company also announced that work was being undertaken to recover a magnetite iron concentrate at its exploration sites, several kilometres southwest of Ramu NiCo's nickel-cobalt mine at Kurumukari in the Usino-Bundi district. It said that the iron concentrate had been identified as potentially an additional economic product. This was in addition to producing further samples for the recovery of copper and molybdenum sulphide concentrates.

Marengo Mining said during the June quarter, a number of the drill rigs located on site were utilised for geotechnical drilling of various proposed infrastructure sites around the project area, including proposed plant sites, waste rock dumps, offices, workshops, camp facilities and back-up power installations. It also said that geotechnical drilling was being extended to proposed infrastructure sites in the Ramu and Imbrum valleys and coastal locations. "Considerable time was spent undertaking additional reviews of the current resource model, a process which will continue up to the latter part of the year, as all additional drill results are fed into the model. "The DFS continues to focus on developing a project with an initial operating life in excess of 20 years, with the focus on mining and processing identified higher grade zones early in the mining operation," the report noted.

According to Marengo, preparations were made for the mobilisation of personnel and equipment to site for the start of an exploration passage, for the recovery of a bulk sample of material for addi-

tional metallurgical test-work. It said that a bulk sample of some 50 tonnes would be shipped to Australia for test-work to establish processing parameters for the recovery of copper and molybdenum sulphide concentrates. Site activity associated with the selection of hydroelectric power installations was started in the Imbrum Valley, near the project area. "Shallow drilling and some trenching will be undertaken to test ground competency for the location of major items of equipment, including hydroelectric turbines. "Work also continued on the waste management study being undertaken to focus on producing efficient waste management disposal methods, such as recycling and other forms of environmentally acceptable waste management". Other activities carried out during the quarter included additional site inspections at the proposed near-coastal concentrator, access routes and airfield locations.

Uproar over LNG Indonesian 'imports' National 23.8.2010

By PATRICK TALU

THE move to have Indonesians brought in for the LNG project has been described as a "slap in the face" of local skilled and technical workers in Port Moresby, in particular the Portion 152 area. The 5,000 highly skilled and technical Indonesians will be engaged by an Indonesian company who had won a sub-contract work at Portion 152 outside of Port Moresby in the construction phase of the LNG project. Porebada Mirikuro Business Development Co Ltd chairman Maraga Henao from Portion 152, strongly condemned the proposal and said it was not good news for the local skilled and technical people.

"What was reported on the front page of The National cannot be true, it's totally unacceptable here," an angry Henao said, adding that the proposal was not part of the Kokopo umbrella benefits sharing agreement and the license-based benefits sharing agreement. "We as landowners, don't want to see any foreigners on our land taking over jobs that are reserved for our locals." Another landowner, Andy Angobe, who claimed to be representing the professional skilled workers from Hides, said this was an insult to the skilled and technical Papua New Guineans. "So far the engineering procurement construction constructors have brought in expatriates and pushed us out and this is another attempt. "We cannot accept that to happened and be spectators on our land."

Letter to the editor

Forget the proposed deep sea mining

Post-Courier 23.8.2010

The proposed deep sea mining deal by Nautilus must not continue at all. The Minister of Mining, Mr Pundari should not be like a blind man going ahead into signing agreements with Nautilus. "Harim, Pundari, we at the coast depend mainly on the sea for the source of protein like fish, shells etc. For a Highlander like you to just sign agreements or deals without concern of our country's coastal population is really foolish. You would be enjoying yourself in your luxurious hometown while we at the coast will suffer the consequences of deep sea mining. You are not even from the coast and you don't even know how important the sea is to us. Not only that, our future generations will suffer mostly because of some greedy leaders' rubbish deal. What else do we need, we have gold mines, cocoa, copra, coffee etc, and now the huge multi-billion-dollar LNG project on the way and yet some one new like Pundari is still looking for more resources. Minister, just forget deep sea mining because we New Irelanders won't allow that to proceed. In addition to that, our ocean is not an experimental laboratory for you and Nautilus. Concerned Karanas.

Southern Highlands Province: All talk, no progress

Post-Courier 23.8.2010

By *ERIC TAPAKAU*

SOUTHERN Highlands Province is once again in every discussion as it starts construction works on the first liquefied natural gas (LNG) project in the country. In the early 90s, it was the province of discussion when it hosted the first oil fields of PNG. The PNG LNG project that will extract gas to be processed and exported to power super cities in Asia comes at a time when many oil fields are on the downward trend. Papua New Guinea will be among just 17 LNG exporting countries in the world, making it a member of this exclusive club. Revenue is expected to improve the gross domestic product of this country and promises to build much needed infrastructure developments in the country. This was the same sentiment made when PNG became the member of the oil exporting countries (not in a bigger scale though) of the world. But Chief Stanis Talu from the Hides gas field area is not convinced that revenue from the LNG project will solve all of the economic problems that PNG or Southern Highlands Province has.

He sees that since oil started flowing, Southern Highlands Province made massive revenues but he has failed to see any tangible developments in the province. "We should be using money in the province. If the developers concentrate on using their money to develop resource rich districts, the Southern Highlands Governor Anderson Agiru should be using money from our resources to develop other districts," Chief Talu said. "With the LNG project, ExxonMobil should develop Hela region while Governor Agiru should be using the province's money to develop other parts of the province." He said everyone was happy about the first LNG project as it will bring in money to benefit the Hela Province, Southern Highlands Province, the Highlands region as well as the rest of PNG. He said whether money will come in directly or indirectly, he would like to see the Government look after the whole of the Southern Highlands Province and spend the money wisely on projects that would benefit everyone.

"Other provinces spend little money to develop their provinces and I do not see any reason why Southern Highlands with the millions of kina it has not progressed forward with most of the districts such as Nipa - Kutubu, Kagua-Erave, Komo-Magarima and places like Mt Bosavi and Samberigi were in disrepair," he said. "All the benefits (from the LNG project) must spread out to the impacted landowners, Hela region, Southern Highlands and the country." He asked the Government to allocate funding to address the landowner issues so that the security of the project was guaranteed. "The Government must also deliver on its commitments made at the Umbrella Benefits Sharing Agreement in Kokopo and the Licence Based Benefits Sharing Agreement in Hides and other project areas," he said. He said he was saddened to see foreigners taking up larger "chunk of the cake" while landowner companies were being overlooked for contracts on the LNG project. "Government must make sure everyone is benefiting. Youths are doing what they are doing now because they feel left out of the whole PNG LNG Project," Chief Talu said.

Lawyer, Government clash on mine

Post-Courier 23.8.2010

MINING Minister John Pundari and landowners' lawyer Tiffany Nongorr have clashed over the proposed deep sea tailings placement issue with the Ramu nickel mine in Madang. The case took a new twist over the weekend when lawyer representing the plaintiffs, Tiffany Nongorr was alleged by a ministerial staffer to have threatened to prolong the court case against the mine for more than two years. In a statement from Mining Minister John Pundari's office, it was alleged that Mrs Nongorr called the second secretary to the Minister, Simeon Wai, on his mobile last Friday and said that she had scientific data to help her prolong the court imposed moratorium on construction of the DSTP. Her remarks were in relation to an article in the Post-Courier on August 20 titled: "Pundari backs Ramu after meeting locals."

The Pundari office statement claimed she had said she had spies at the Mineral Resources Authority who she collaborated with to get government information concerning the DSTP and Ramu nickel project.

But Mrs Nongorr yesterday denied any threat to prolong the case and said she told Mr Wai that when the Minister was appointed a couple of weeks ago, he immediately announced he would “fix” the Ramu nickel matter. “The next day I rang his second secretary and said that the plaintiffs wanted to brief him on their issues to assist him fix the matter,” Mrs Nongorr said. “The second secretary said he would pass the message onto the Minister. They never contacted me again.” Mrs Nongorr said that on Friday the Minister was reported in the paper as saying no-one had come to the Government and showed the consequences of DSTP and the alternatives. “I rang the second secretary and told him that I was very annoyed that the Minister had issued such a statement, as my clients had offered to brief him and he had ignored them. I said to him that the best way forward was for a negotiated solution in the best interests of the people, the Government and the miner. I said to him that if there was no early settlement then the case could go on for at least a year or more because whoever won the trial, there would likely be an appeal. And if that was the case, no one would benefit.”

Mr Pundari when told by Mr Wai about Mrs Nongorr’s outburst challenged the lawyer to disclose the identities of her “collaborators” at MRA or other government agencies. “As far as I’m concerned, all public servants that are involved in the Ramu project are committed and dedicated to achieving the best outcome for all parties. If there are rogue elements within the Government team, they are doing so for their own interest and not serving the state’s and people’s interest,” he said. Mrs Nongorr said she has had discussions and meetings with the lawyers for MRA and they believed a negotiated outcome was better for everyone.

Government shows nerves over NGO role, resources

Post-Courier 23.8.2010

TWO statements issued from the office of the Minister for Mining appear to show a high degree of nervousness about the activities of non-government organisations. First, the new Minister, John Pundari, issued a statement “calling on the Government” to consider setting up a governing body to ensure all NGOs in the country work within a set policy framework. Then he issued a statement quoting his second secretary about a conversation with a private lawyer about the progress of a court case involving the multi-million-dollar Ramu nickel and cobalt mine in Madang Province. The phone conversation between staffer Simeon Wai and lawyer Tiffany Nongorr was reported in two glaringly different ways.

The staffer portrayed Ms Nongorr as having “threatened” to drag out the court case for two years. The lawyer however claimed she had merely been stating the obvious to Mr Wai, that if no attempt was made to meet and talk with the disputing landowners for a solution, that the very government process that allowed for appeals, would result in the case being challenged and the case getting dragged out in court. She avowed that was not in the nature of a threat, just stating the result of the parties failing to negotiate. There is a question as to whether the tangle of words resulted from a failure by staff to inform the Minister of the lawyer’s invitation to talk or not.

The other topic, the warning of a need to control NGOs, could be seen as a related matter. That is because the Government has been critical of NGOs particularly those involved in landowner actions against resource projects. There is none more critical than the current case in the courts over the planned mine waste dumpings in the sea off the Madang coastline. The Chinese developers have warned several times of the possible harmful effects to their schedule for first production of export ore. Government leaders, including a private trip to Madang by the Prime Minister Sir Michael

Somare himself, have shown a great nervousness about any risk to the Chinese investment. It would be seen as a great pity by many grassroots people if a project like this was used to introduce possibly draconian controls on the activities of non-government organisations.

Many citizens feel that they are generally powerless against the power structure of the Government and mammoth corporate concerns when trying to express their opinions about the rightness of plans for the use of their land. The NGOs are often the only voices for such people. The Government is using the despised tag “foreigners” which can be seen as a PR ploy to make people go against the NGOs. Minister John Pundari has given a pat on the back to the more respectable NGOs, citing the Red Cross Society, World Vision and others, but looks negatively at “others whose interests were not genuine”. NGOs should be accountable for their actions if those actions resulted in damages and losses, he says. “We have to protect our national interest from unscrupulous foreign elements who would be using unsuspecting national NGOs for their own gain,” the Minister says.

Any investor should be subject to following the judicial system of the host nation. In this case, the legal system has taken hold of issues raised by some citizens and is dealing with the matter. It would be wrong for the Government to attempt to influence those citizens or the NGOs from exercising their legal rights if the idea of suppressing some NGOs was made a part of the government controls system. Landowners who have taken the action have made it plain: they are not against the mine, just the deep sea dumping method, which has been forbidden for use in other countries. The consultants’ report provided to the Government has made it plain that deepsea tailings disposal has big risks and cites the Misima and Lihir ventures as cases where harm to the environment is seen.

OTML responds to disease outbreak in remote area

National 23.8.2010

FIVE people have died from the reported mysterious disease outbreak in a remote area in Western. A team of health officers from Government district health, Catholic health and Ok Tedi Mining Ltd’s North Fly health services development programme (HSDP) who returned to Tabubil last Friday from the area, were expected to make a final analysis as to the type of disease that was affecting villagers. They had not ruled out dysentery as the likely cause of the outbreak, which had now affected more than 10 people, mainly children under five years old. So far, health officials had confirmed that only Yasap village was affected by the outbreak. Yasap, a small village in the fringes of a mountain range, had for the last three weeks lost three children to the outbreak while a dozen more children were currently undergoing medication.

The medical team had also confirmed two deaths in Singinabib, which occurred last month however, there was no evidence of an outbreak in that village. Both Yasap and Singinabib villages are in the remote parts of North Fly district. Yasap has a population of more than 300 people and has no road connection, other than a patch of bush tracks that leads to the nearest airstrip and a decent government health centre at Olsobip. It takes almost two weeks to walk to Olsobip to get medical attention. Sister Lamia Rikai and community health worker George Wire, both of whom had been treating the people since last week, said most of the cases treated reported signs of diarrhoea with blood and severe stomach ache. They said most of the sick children were now undergoing medication and were showing signs of improvement. However, the villagers had raised concerns at the lack of government services such as health care, which some have had not had access to for more than 20 years.

Yasap councillor Dakang Abineng commended the joint effort of the North Fly health organisations for quickly responding with drugs and medical care and containing the outbreak, which he said would have otherwise gone worse. Kelly Kewa, manager of OTML’s North Fly HSDP, said the type of disease which had triggered the outbreak would be made known once tests were completed.

Further follow-ups would be made with the district health partners, he said. He said the outbreak would have been triggered from contaminated water and food or human faeces. Kewa said the situation would be monitored closely and if required another patrol would be organised. The villagers had been advised to boil water before drinking as well as to practise basic safe sanitation.

Pundari backs Ramu after meeting locals

PC 20.8.2010

By *ERIC TAPAKAU*

MINING Minister John Pundari believes the Ramu nickel/cobalt project is the single largest project needed by the people of remote Ramu to see tangible development in their area. After visiting the landowners this week, Mr Pundari said he was happy to have met the landowners and heard their views on the Ramu project and thanked Madang Governor Sir Arnold Amet for hosting him in Madang. "They have clearly expressed that they need this project to see some form of development taking place in RaiCoast District. The district has being labelled as 'Good Night RaiCoast' given the lack basic services and with the project coming on stream, the people can see a light at the end of the tunnel," Mr Pundari said.

The Minister was also concerned that there was a lot of misleading information and misunderstanding of the whole DSTP system. He challenged the NGOs and anti-DSTP groups to come with their facts, data and scientists and debate the issues concerned for the good of our people. To this date, no one has come to the Government and clearly explained the consequences of DSTP and outlining the possible alternatives with scientific backing. "The only thing the Government has received so far is the tongue and media lashing but no concrete evidence on why this Anti-DSTP," he said. "There are two existing mines (Lihir and Simberi) and one closed (Misima Mine) that use the DSTP system. As a layman and putting on the shoes of the landowners, our concern would be, has anyone or fish died, how many, what was the cause and over what period of time," he said.

The Minister just less than a month into his new job demonstrated the Government's commitment by announcing a government public forum/awareness to be lead by Government scientists from the Environment Department and line agencies to be held in Madang next week and invited concerned project stakeholder leaders, NGOs and general public to attend this session on DSTP. Meanwhile, Minister Pundari has expressed concerned over a news report in the Post Courier of August 18, titled "Pundari gets baptism of fire at Bongu", saying it was biased and pro-NGO. The Minister, Madang Governor Sir Arnold Amet, Raicoast MP James Gau and Mineral Resources Authority managing director Kepas Wali were at Bongu village in the Raicoast area recently where the slurry pipeline for the Ramu project runs through to Basamuk.

Opposition predicts no LNG for PNG

Post-Courier 20.8.2010

By *JONATHAN TANNOS*

THE Opposition yesterday boldly predicted the demise of the multi-billion dollar liquefied natural gas (LNG) project. It said the project was too riddled with countless problems and obstacles that it would not start up. Newly joined and former senior Cabinet Minister, Belden Namah, made the bold forecast in a news conference saying the project may turn out to be just a "dream." He was supported by Bulolo MP, Sam Basil, and Markham MP, at a news conference in Port Moresby in which they chided the actions, commitment and loyalty of Government Ministers plus Opposition defectors. He said the state of affairs of the Government was in disarray caused by back-stabbing and disloyalty within the ranks including inappropriate actions demeaning the integrity of senior Ministers and the Prime Minister. "I don't think we will start the LNG project," he said. "It is just a dream. "We will not start the LNG project." He said the project was now faced with a string of legal

issues including court orders, injunctions, walk outs by contract employees, disgruntled landowners and unfinished ground work.

Mr Namah said there was also the absence of social mapping and proper landowner identification in the project impact areas. He said that among other issues these were fundamental and the pre-requisites needed to be addressed and resolved before any project start up or approval. He said the current problems associated with the LNG project were more complex and sophisticated now because the Government was not doing the right thing by the landowners and by set procedures and practices. Mr Namah's statements were made in light over recent threats to shut down early LNG development activities and programs. He had just returned from a visit to his Vanimo-Green electorate and was taken aback with numerous media articles articulating the concerns of disgruntled landowners.

No end in sight for PNG LNG stop work

Post-Courier 20.8.2010

By *ERIC TAPAKAU*

THE stop work at the PNG LNG Project's Hides Gas Conditioning Plant (HGCP) and the nearby construction sites will now reach its third week, and continuing. This is becoming a major concern for all stakeholders including project operator Esso Highlands Limited and its parent company ExxonMobil. Esso Highlands Ltd this week said that the company was getting more and more concerned as the stop work was affecting the early works schedules. The company said the continued stop work was disruptive to important work schedules and resulted in lost business opportunities for local companies and lost wages for local workers. Industry insiders said that whatever happened, the project partners had a duty to deliver first gas by 2014 or they would be liable to pay hefty penalty fees to the financiers. "We are very lucky that the project partners signed the financial close for the project early this year, otherwise they would not hesitate to pack up and leave if the project was continued to be affected by landowner issues," they said.

Any negative outcome of the stop work would not be good for the country especially at a time when global investors were keeping a close watch on the country due to its economic and political stabilities. Hides Gas Development Company Ltd chairman Tuguyawini Libe Parindali this week also called on the Government to take ownership of the issue and send a fact finding mission to the project site so that they could be able to hear exactly what the landowners wanted. Meanwhile, a group of landowners led by Aklousis Pangali, Eric Ayule, Chris Payabe and Wellie Ayule have said that they would continue to stop any construction work until the Government responded positively to what they wanted.

Among the long list of demands, they wanted ExxonMobil and the State to put forward the National Content Plan and explain it to the landowners. They also want ExxonMobil to give a guarantee letter to the landowners so that they could get loans from the commercial banks for business purposes. The landowners also want the Government to immediately release the outstanding memorandum of agreement funds as well as the business development grants. "Actually, we are not stopping the project, we want the project, however, they must clear the air which hinders landowners benefits and participation (in the project)," the men said.

Marengo's DSTP plan to be considered

National 20.8.2010

RESOURCE developers must present the best environmental impact studies to the government to get the nod to develop their prospects, Environment and Conservation Minister Benny Allan said yesterday. Developers on these non-renewable resources must spend big to get the best, Allan said,

adding that the protection of the environment was paramount for his government in deciding whether to approve these studies. He said this to reporters yesterday following a report in *The National* on Tuesday that Marengo Mining Ltd, developer of Madang's second biggest mine at Yandera in the Bismarck Range, was also planning to submit a deep sea tailings placement (DSTP) system for its copper-molybdenum-gold prospect.

The planned site is near Ramu NiCo's nickel-cobalt refinery plant and DSTP system at Basamuk, in Astrolabe Bay construction of which had been stopped following an interim injunction by some landowners who claimed that DSTP was environmentally damaging to marine life. Allan said he wanted to make it clear that Marengo Mining Ltd was also looking at other options to dispose of the tailings from its mine, which is situated several kilometres southwest of Ramu NiCo's Kurumbukari plateau mine. "At this stage, the government (through the Environment and Conservation department) has not given approval for them to proceed with the DSTP," Allan said.

"We will consider their environmental impact study for approval when we receive it," he said, adding that the government had been informed that Marengo will complete its definitive impact study, which also covers tailings and environment management options, by the end of this month. Yandera is a US\$1.6 billion project which is due to come into production in 2014 while Ramu NiCo's US\$1.37 billion mine, slurry pipeline and refinery were due to be commissioned in October.

\$1.4 BILLION NICKEL PLANT NEARS COMPLETION IN PNG

China-owned Ramu NiCo could begin operations in October



PORT MORESBY, Papua New Guinea (*The National*, Aug. 19, 2010) – RAMU NiCo's nickel and cobalt refinery at Basamuk, in Madang's Astrolabe Bay, is 90% complete, says Ramu NiCo's vice-president Yang Yong. Yong told *The National* at his Basamuk office last Tuesday that all the work should be completed before the project is commissioned in October. Speaking to the PNG media for the time, he said that the refinery, which included the deep sea tailings placement (DSTP) system, comprised 80% of the company's US\$1.37 billion investment in the project. Yong said the refinery is made up of 1,400 separate machines - 724 of them in the main system and another 676 in the support system. He said all systems had been tested and await the National Court decision on the future of the DSTP.

A group of landowners in the Basamuk area have taken Ramu NiCo to court, claiming that the DSTP was environmentally damaging. Yong said the construction of the DSTP would take at least 50 days and was the last instalment in the construction phase of the project which had taken the Chinese developer two years to put in place. The project comprises three components - the mine at Kurumbukari plateau in Usino-Bundi, the 135 slurry pipeline through inland and coastal regions of Rai Coast and the refinery plant, also in Rai Coast electorate. Apart from the majority Chinese interest, other stakeholders in the project are Highlands Pacific Ltd, the government and landowners in the four impacted areas.

UNDERSEA MINING CALLED THREAT TO PNG MARINE LIFE

Madang activist warns of reef damage, unknown risks

By Poreni Utau

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Aug. 19, 2010) – Papua New Guinea's coral reefs are in danger of being destroyed if the deep sea mining by Nautilus goes ahead, a NGO leader says. This concern was raised by the chairman of the Bismarck Solomon Sea Indigenous Peoples Council (BSSIP) John Simoi. Mr. Simoi, from Bagbag Island, off the coast of Rai Coast in Madang Province and a conservation campaigner against ocean floor mining and dumping of mine wastes into oceans, said the Bismarck Sea, known as the "Cradle of Marine Biodiversity" would be affected greatly if the proposed deep sea mining by Nautilus goes ahead between New Ireland and East New Britain provinces.

He said there had never been ocean floor mining in the world before and the Bismarck Sea should not be used as an experimental site, where the consequences were not yet known to the world. He said this was also the spawning and breeding ground for the Morgado Square tuna of which a fifth is owned by PNG. He said all these could be wiped out if the mining goes ahead. Simoi said PNG would be in breach of protecting its coral reefs under the Coral Triangle Initiative signed in Bali in 2007 with five other member countries including Malaysia, Philippines, Indonesia, East Timor and Solomon Islands. He said that these six countries in the world own more than half of the world's coral species and PNG owns half of the world's sea grass and a third of the world's mangroves. He said that the Bismarck Sea is very special in the world and is in the Pacific "Ring of Fire".

Simoi said here, at 1,000 to 3,000 feet below sea level where the tectonic plates meet, there are cracks called thermo vents that blow out black smoke that contains zinc, gold and silver that are crystallized when they get cold and remain exposed on the ocean floor. He said this had attracted companies like Nautilus to conduct deep sea mining where over 500 species of organisms rely on heat from the thermo vents to survive and where 80 percent of them are new to science. He said the Bismarck Sea is not like any other place in the world and every effort should be made to protect the marine life from being destroyed.

THOUSANDS OF INDONESIANS EXPECTED ON PNG PROJECT

Skilled technical workers sought in natural gas development

By Isaac Nicholas

PORT MORESBY, Papua New Guinea (The National, Aug. 19, 2010) - UP to 5,000 technical workers from Indonesia are expected to come to PNG to be employed in the construction phase of the multi-billion-kina PNG liquefied natural gas (LNG) project. Indonesian embassy's charge de affairs Budimansyah said an Indonesian company had won a sub-contract in the construction phase of the LNG project, and they would be bringing in these workers to do the job. It is understood the Indonesian company won a sub-contract for work at portion 152 outside Port Moresby, but the official

did not say exactly what the nature of the work would be. But he said the 5,000 would be highly skilled technical workers. The company is believed to be owned by the Indonesian government.

A PNG government spokesman, when asked to comment on this, said some aspects of work at portion 152 were highly technical, and the Indonesian workers brought in had the experience in this field. The government had also spoken in the past about plans to bring in 7,000 workers from Fiji to work in the LNG project, but it was unclear if this had been advanced. "The multi-billion-kina gas project has also attracted Indonesian companies who are seeking joint ventures with PNG companies to build cement factories in Lae and Port Moresby," Budimansyah said. He said the relationship between the two countries that share a common land border, had reached new heights since the visit by Indonesian president Susilo Bambang Yudhoyono early this year.

He said businessmen from Indonesia travelling with the president had sought opportunities in PNG, and did feasibility studies on joint venture projects. He said 10 young businessmen had returned to PNG and were travelling to Lae to hold talks with the Papindo Group of Companies for a possible joint venture in building a cement factory. "The demand for building houses is very high with the current LNG project. "These businessmen are looking at feasibilities and possible joint venture with PNG companies to build cement factories." Budimansyah said if the condition was conducive, they would build cement factories in Lae and Port Moresby. He said the increased opportunities and good investment climate in PNG was attracting a lot of Indonesian companies.

Government yet to identify correct landowner groups, Duma National 18.8.2010

THE stop-work at the LNG project site in Tari and Gobe, Southern Highlands, could go on for days yet with the national government still unable to determine who the proper recipients of the business development grants are. Government officials have to shuffle through a list of applications and submissions, in the thousands, to determine who should receive the grants promised by the government. Angry landowners have forced the shutdown of work at Hides, and at nearby Gobe. The stop work at Hides began on Aug 7, with both workers and villagers complaining of poor working conditions and unfair treatment. They also want the government to release the K120 million grant promised to them so they can start business ventures associated with the LNG project.

Speaking to ABC Radio yesterday, Petroleum and Energy Minister William Duma said the K120 million promised by the government had been paid into several trust accounts. Duma said the problem they had now was to identify and deal with the genuine landowners. "Now we have had many problems in dealing with many types of landowners; some are genuine, some not so genuine. It is very difficult for us, outsiders to work out who is a genuine landowner and who is not," he said. He admitted that in some parts of the project areas, his department had not concluded the Incorporated Landowner Group studies. "Getting this done would take some time, and this could delay early works even further. "The government has honoured its commitment and the money has been paid into separate trust accounts setup only for this purpose," Duma said.

"The money is there. It is a matter of time when we will release them after finding out who are the genuine landowners." Officials at the Finance Department were going through a mountain of paper work trying to sort out the umbrella landowner companies, and how much they were going to receive, and for what project. "We cannot just dish out money. It has to be tied to a project, or business venture. It is public money," an official said last night. Funds committed here are coming outside of the 2010 Budget, and this funding will be illegal unless Parliament approves adjustment to the 2010 national expenditure through a supplementary budget. Parliament does not sit until November, when the government hands down the 2011 Budget.

Environment bid adjourned

Post-Courier 18.8.2010

By *JOSHUA ARLO*

An environment reference seeking the court's interpretation on recent amendments to the Environment Act has been further adjourned. Chief Justice Sir Salamo Injia adjourned it because the section it is being brought under to the Supreme Court is currently subject to a deliberation by a full Supreme Court bench on the issue of whether a private citizen can bring a constitutional reference by way of section 18 (1) of the Constitution. That pending decision relates to a reference against amendments made to the Forestry Act. Sir Salamo advised on Monday that the outcome may affect this environment reference and has set a date for next month for directions. Also those bringing the reference, Sama Melambo, Eddie Tarsie and Farima Siga want to amend their reference to include other questions regarding a regulation they say they were not aware had also been changed during the recent amendment to the Environment Act (2000 & 2010).

The three are plaintiffs locked in court a battle with the Ramu Nico mine in Madang over concerns with the environment with regard to the mine's proposed tailings disposal system. They are customary landowners of land near or surrounding the mine site. They seek the court's opinion on questions relating to the interpretation or application of the constitutional law regarding the new amendments that were purportedly passed by Parliament on May 28 this year. The amendments to several sections of this amended Environment Act basically give the director of the Department of Environment and Conservation absolute and unreviewable power to issue relevant permits to any mining or petroleum company to make lawful any subsequent activity, work done or omission made that is seen to be in breach of an environmental permit or other authorisation activity, amongst others.

Pundari promises to send scientists to Ramu

National 18.8.2010

A TEAM of government scientists will be in Madang next week to meet with landowners living along the Ramu nickel mine project impacted areas. The scientists will conduct awareness on the deep sea tailings placement (DSTP) and its impact to ensure landowners understand the DSTP programme to be used by Ramu NiCo at its Basamuk refinery plant. Minister for Mining John Pundari gave the undertaking on Monday during a visit to Bongu village along the Rai Coast electorate of Madang. Given that the matter was currently before court, Pundari said the aim of the meeting was for landowners to get first-hand information from qualified scientists and later from other interested individuals and non-governmental organisations.

He was accompanied to Bongu by Madang Governor Sir Arnold Amet, Rai Coast MP James Gau and Mineral Resources Authority managing director Kepas Wali, provincial representatives and MRA officials. "We must find a way to move forward. "We can't sit down and just talk. I will ask our scientists to come and explain to you on DSTP," Pundari said. He said Ramu NiCo remained his top priority and he would ensure qualified scientists were in Madang to conduct proper awareness. Coastal pipeline chairman Charles Okori also urged the government to revisit the memorandum of agreement and the social economic development programme and speed up the Lands Title Commission hearing to identify genuine landowners.

Okori said these were outstanding issues that directly concerned the landowners. He also assured Pundari and MRA officials that he would organise all village leaders along the coastal pipeline areas to attend the meeting next week. Many villagers and community leaders who spoke during the gathering assured the government team that they needed development and supported the project, but they still opposed the DSTP programme. They said if the DSTP programme was safe, then the gov-

ernment must send its qualified scientists to their villages to explain and convince them that their environment would be safe during tailings disposal.

Hidden Valley assesses damages

National 17.8.2010

By RIGGO NANGAN

MOROBE Mining Joint Venture (MMJV), developer of the Hidden Valley gold mine in Bulolo-Wau district, Morobe, has started a major assessment exercises into the environmental damages caused to the properties along the Watut River. The assessment programme, which started in April, covered the communities living along the Watut River, from Hikananwe in Hidden Valley, Bulolo and Watut River junction at Golden Pine and to 40-Mile in Huon Gulf. Three zones were identified as upper Watut in Watut LLG, middle Watut in Mumeng LLG and Wampar LLG. The assessment was to identify environmental damages to food gardens, cash crops, alluvial gold mining, recreational spots and sacred lands that were affected by the increased sediments in the riverine in the past two years.

Teams made up of officers from local government, Mineral Resource Authority, provincial government mines coordination office, village councillors and each village (male and female) representatives recommended by the independent consultant group, Tanorama Limited. Almost 1,500 claims have been identified in the Upper Watut zone. The necessary documents to access payments were prepared by the community affairs division of MMJV and taken to the villages for the claimants to sign, last week.

Community affairs manager Stanley Komuts said two teams had been deployed to assess damages in six villages in the lower part of middle Watut, and another to villages in the upper part of the lower Watur, from Mararena to 40-mile. Golden Pine was the last group from the Upper Watut area to sign for the claims. About 200 claimants gathered at Cedar bridge, Golden Pine, where they met with MMJV officers and an officer from the Bulolo court house, for the signing.

AUSSIE MINING FIRM SEEKS TO DUMP WASTE IN PNG BAY

Chinese mine stopped from similar plan in same bay

Firmin Nanol

MELBOURNE, Australia (Radio Australia, Aug. 16, 2010) - The Australian based-Marengo Mining company says it plans to dump waste from its proposed Yandera Gold and Copper mine into Basamuk Bay in Papua New Guinea's (PNG) Madang province. Marengo has been drilling for gold and copper at its Yandera mine site in Madang province and says it has found enough deposits to last for 20 years. Marengo's managing director, Les Emery says it is conducting a feasibility study on a deep sea tailings waste disposal system to be completed by the end of this year.

[PIR editor's note: The National reports of other possibilities. The options identified for the tailing management are: "a tailings storage facility (TSF) within the Ramu Valley, about 28 kilometers from the processing plant; the deep sea tailings placement (DSTP), about 100 km from the plant site; and a combination of TSF and DSTP].

He says the proposal is subject to PNG government approval. "There has been no formal go ahead of the mine and even then it's subjected to formal financing of the mine which is currently estimated to be US\$1.6 billion." Mr. Emery says the Yandera mine should go into full production by 2014. It will be Madang's second deep sea tailings placement system after the Chinese-owned Ramu Nickel mine also announced plans to dump slurry waste into the same bay. Landowners have

successfully obtained a court order and delayed the Chinese developer from constructing a waste pipeline. *Radio Australia*: www.abc.net.au/ra

Madang's 2nd tailings pipe

By SINCLAIRE SOLOMON

National 17.8.2010



THE developer of Madang's second biggest mine is considering a deep sea tailings placement (DSTP) system – similar to the one which has landed the Ramu nickel project developer, Ramu NiCo, in court and further delayed construction of its refinery in Basamuk in Madang's Astrolabe Bay. Australian-based Marengo Mining Ltd has selected a site not too far from the Ramu NiCo's refinery and planned DSTP system construction which had been put on hold following an interim injunction taken by a group of landowners who claimed the system would be environmentally damaging. Marengo is developing the Yandera copper-molybdenum-gold prospect in the Bismarck Range, several kilometres southwest of Ramu nickel's Kurumbukari nickel-cobalt mine. Managing director Les Emery confirmed the DSTP proposal yesterday but also pointed out that "a number of tailings disposal methods would continue to be evaluated". The DSTP plans were highlighted in Marengo's June quarter report which was released last Friday.

Three key tailings management possibilities had been identified: a tailings storage facility (TSF) within the Ramu Valley, about 28km from the processing plant; the DSTP, about 100km from the plant site; and combination of TSF and DSTP. Interestingly, Marengo engaged Coffey Natural Systems of Australia, the same company engaged by Ramu NiCo for its environmental management and deep sea tailings placement study. "The Ramu valley is the preferred site to establish a TSF because of the flatter terrain, lower drainage management requirements and geotechnical aspects. "Additional studies would be conducted to determine if it would be necessary to implement the DSTP within the initial 10-year operating life." "Oceanographic testing equipment was deployed into Astrolabe Bay, on the north coast of PNG, in an area selected as a potential location for deep seas tailings placement (DSTP). "This testing is part of comprehensive baseline study activity, required to be carried out before any development and environmental permit is made.

"Prior to the deployment of the oceanographic equipment, public awareness meetings were held at nearby villages. "These meetings were a great success and will set the foundation for similar meet-

ings, as other activities are undertaken.” Emery did not specifically answer questions on whether Marengo was following the Ramu NiCo court case and its eventual outcome to decide whether to proceed with the DSTP system. However, he told The National that the system was included in its definitive feasibility study (DFS) into the development of the Yandera project which was scheduled for completion by the end of this year. Emery said that during the course of the study, many aspects of proposed mining operations had been considered as part of developing a long life mining operation which would benefit all stakeholders.

“To achieve this outcome, we continue to consider the various components, their suitability of application to the project, their effect on the environment and communities, and their economic viability. “A number of tailings disposal methods continue to be evaluated, including that of DSTP for the safe storage of inert process tailings, after recovery of sulphide concentrates. “Land-based tailing storage methods are also being evaluated and the final decision as to what will be included in the mining approval applications will be made early next year.” He said that based on a the DFS completion date, securing of project financing and permitting approvals the US\$1.6 billion Yandera project could be in full production by 2014. On the other hand, the US\$1.37 billion Ramu nickel project was scheduled to be commissioned later this year.

Pay up or pay more, says Chan

National 16.8.2010

ONE of PNG’s richest mining electorates is calling on the national government to immediately release outstanding mining grants or it will be forced to pay more. The Namatanai electorate, which houses the multi-billion Lihir and Simberi gold mines in New Ireland, supported the provincial government’s numerous calls made previously for the national government to release more than K400 million in shared benefits under the Lihir mine memorandum of agreement (MoA). The agreement was pre-assigned to fund major economic, social and infrastructure development projects and programmes under the Malagan Declaration, yet the funds are being withheld by the national government.

Namatanai MP Byron Chan, angry over the delay, told his people during this year’s Namatanai mask festival that he would “demand that the government pay more than K400 million” if the MoA funds were not released. He said the Lihir and Simberi gold mines contributed nearly K500 million annually to the national government “and it is unfair for the national government not to reciprocate”. Chan also called on Prime Minister Sir Michael Somare to pay up the promised K30 million outstanding money for the provincial government for projects in Namatanai and Kavieng districts. “If the government can allocate K600 million for developments in provinces that host the multi-billion (K40 billion) PNG LNG project such as the Southern Highlands, Enga and Gulf, then what about Namatanai and Kavieng or New Ireland which has K75 billion Lihir project in its backyard?” Chan said

Authority: We did nothing wrong

National 16.8.2010

THE Mineral Resource Authority (MRA) has denied it had given wrong advice to the new minister for mining to grant mining licence to the developer of the Solwara-1 offshore mining project, Nautilus Minerals Niugini Ltd. This was in response to recent media statements in both newspapers by Rabaul MP Dr Allan Marat, who had claimed MRA had not held sufficient consultation with relevant stakeholders on the Solwara-1 project. “We strongly refute his private assertions which unfortunately were printed for public consumption,” MRA managing director Kepas Wali said. Wali said Nautilus was granted an Environment Permit last December after wide consultation with the af-

affected communities by the developer, Department for Environment and Conservation and MRA.

Wali said Marat stated the government had dictatorially used the same amended Environment Act 2000 to apply for the Mining Licence for Solwara-1. “With due respect to the member, the eventual granting of the mining licence will be done under the Mining Act 1992. “Due statutory processes and procedures were followed to arrive at the decision to recommend to the mining minister for grant of the mining licence. “That recommendation is now before the minister for his acceptance and execution,” Wali said.

He said apart from a consultative development forum at Kokopo in April, both the government and developer held various consultative meetings with more than 10,000 people from communities within Westcoast Namatanai, Rabaul, Kokopo and Gazelle. “We are, therefore, confident that no manner of unprofessional conduct or ill advice have gone to the new minister for mining on this subject matter,” Wali said, adding that MRA acknowledged the efforts of Marat who, in his former capacity as justice minister, provided legal advice to the state team on offshore compensation and benefits such as royalties.

Chamber: Ramu NiCo brings services to rural areas Post-Courier 16.8.2010
By *ERIC TAPAKAU*

THE Ramu nickel/cobalt project is bringing much needed services to remote areas of the Madang Province which would have otherwise lived in poverty. Since it started construction at its project sites, the company has become one of the top resource projects that provides many benefits to host provinces and affected communities including infrastructure and some of the most important road and bridge developments in the country have been constructed or maintained by resource developments. The Ramu nickel-cobalt project developed by Ramu NiCo Management has added to this record by building major infrastructure in the Madang Province.

The PNG Chamber of Mines and Petroleum, the peak body representing the mining and petroleum sector of the country, has welcomed the recent announcement by Ramu NiCo president Madame Luo Shu, that the project has secured a Chinese Government grant of about K25 million for a major upgrade of the public road from Usino junction to Yamagi in Madang Province. This road connects with the large concrete bridge built across the Ramu river by Ramu NiCo which provides the only access to Usino and Madang for people living in the isolated region on the west side of the river, including the mining area at Kurumbukari. This is the only bridge on the entire Ramu River and is a major asset to the Madang Province. “The upgraded road will facilitate the operation of the mine and improve the welfare of isolated communities. This is one of the many direct benefits the project is providing and the road work will further grow employment opportunities.

The development already provides employment for over 1200 citizens as well as other benefits including training, agriculture and other community development projects mainly in health and education, and business development,” said Greg Anderson, executive director of the PNG Chamber of Mines and Petroleum. “Once production starts over 4000 landowners will benefit from equity and royalty payments. Equity is held through the Mineral Resources Development Company and is split between the four landowner umbrella groups representing Kurumbukari mine site, inland pipeline, coastal pipeline and Basamuk plant site landowners.”

Exploration under threat

Post-Courier 16.8.2010

By *ERIC TAPAKAU*

THE escalating crime situation in the country is threatening the lucrative mineral exploration sector especially in the Highlands region of Papua New Guinea. PNG Chamber of Mines and Petroleum executive director Greg Anderson said the situation had worsened over time with the increasing prevalence of guns. Recently, there was a serious incident at a large mineral exploration camp in the Western Highlands Province which could easily have resulted in death or serious injury. The incident involved a number of armed men who are believed to have come from a criminal gang in Mt Hagen. The raid required considerable planning and logistics as the campsite is isolated and it is believed to have been masterminded by other people "behind the scenes".

The only redeeming feature of the whole episode was the strong reaction by the community against the invasion by criminal outsiders. Their strong response, resulting in the capture of a number of the assailants, was applauded by the police and the exploration company. Mr Anderson said the chamber understood that the recent incident in the Western Highlands was initiated because the criminals were convinced by certain parties that gold was being produced through drilling at the exploration site. "The chamber would like the public to clearly understand the difference between exploration and mining. Exploration involves the collection of surface rock and soil samples and drill cores, it does not involve mining of any gold or other minerals and there is no gold recovered or stored at exploration sites," Mr Anderson said.

Ministerial committee on Ramu fails to meet

National 16.8.2010

By *SINCLAIRE SOLOMON*

A HIGH-powered ministerial committee, set up four years ago to expedite the K3.2 billion Ramu nickel project in the Bismarck Range of Madang, has never met. The project, Papua New Guinea's first nickel and cobalt mine, is already 12 months behind schedule and costing developer Ramu NiCo (MCC) more than K7 million a day. The committee was set up by a special meeting of the national executive council on April 13, 2006, after ministers were given a background brief of the mining at Kurumbukari in Usino-Bundi electorate and refinery operations at Basamuk Bay in Rai Coast electorate. Its job was to "oversee and expedite the finalisation and implementation of the Ramu nickel-cobalt project" and be led by the mining minister as chairman. The minister at the time was Michael Ogio. Other ministers in the committee were from works, national planning and monitoring, labour and industrial relations, foreign affairs and immigration, environment and conservation, lands and physical planning and health.

The fact that its existence was not widely known was evident in labour and industrial relations' moves last year to remove some Chinese workers from Ramu NiCo for failing to fulfil PNG work permit requirements. Unbeknownst to the department, the special NEC meeting had also directed the foreign affairs and immigration minister to use his powers under relevant legislation "to give appropriate visas to foreign nationals with relevant qualifications and experience required in the construction and development phase of the project". The man responsible for all mining and exploration activities in Madang, John Bivi, last week confirmed the formation of the ministerial committee exclusively for the Ramu nickel project but had not received any correspondence and deliberations to date. "As far as I know, it has never sat," Bivi, who heads a one-man provincial mines office, said. "It shows clearly the government's lack of total commitment to the project which the provincial government fully backs. "It is another case of too much talk, too much promises and no action to back them up," he said.

Similarly, a spokesman for Ramu NiCo said at the weekend they were not aware that such a ministerial committee existed. Ramu NiCo is already locked in a court battle with a group of landowners from the Basamuk Bay area who opposed the company's deep sea tailings placement system. The latter has been granted an interim injunction stopping work on the tailings system until the substantive issue is heard by Justice David Cannings in Madang this week. To add to Ramu NiCo's woes, the acting chief commissioner of the Land Titles Commission Benedict Batata had refused Madang provincial administration's request for the special land titles commissioners to resume hearing outstanding Ramu nickel project land disputes. Bivi said they had been informed by the department of justice and attorney-general that the disputes, being heard by the LTC until the death of its chairman, would be listed as an ordinary application for land tenure conversion to be deliberated on at a later date. "It is obvious that we have not been supportive of this project from day one," he said. Bivi said they had noted new Mining Minister John Pundari's pledge to fast-track the Ramu nickel project, hoping he would revive the ministerial committee and not sit back like his predecessors.

More protests at LNG project site By ANDREW ALPHONSE

National 16.8.2010



CONSTRUCTION work at the Kobalu supply and forward base for the multi-billion-kina PNG LNG project in Tari, Southern Highlands, was yesterday forced to stop by angry landowners as discontent grew at the project site. More than 100 local employees, attached with international contractor Red Seas Housing Services Ltd, also supported the landowners and walked off their jobs. They complained of poor working condition and unfair treatment. Kobalu landowner leader Andrew Pulupe forced the gates of the forward base shut at 3.30pm yesterday and ordered expatriate employees of Red Seas to vacate the premises, allowing only the guards to remain behind to look after the property. Pulupe, who is chairman of Kobalu Joint Venture (JV) Ltd and Hewai Investments Ltd, the two landowners companies from Kobalu, said they supported moves by Hides landowners to force a stop-work until the government and LNG project developer, ExxonMobil, address some of their demands.

Pulupe said Kobalu landowners also wanted to benefit from the government's business development grants, or seed capital, which other landowners would be getting. He said they also wanted the state to honour its ministerial commitments made during the umbrella benefits sharing and licensed-based benefits sharing agreements for the LNG project last year. They also demanded that ExxonMobil restructure the umbrella landowner company, Hides Gas Development Corporation (HGDC),

and include landowner companies from each PDL and facility areas as shareholders. Pulupe had supplied local unskilled labour to Red Seas to construct the forward base which would accommodate more than 200 employees at the site. The base would also store materials and equipment for the construction of the LNG pipeline, and act as an aviation centre for helicopters.

An expatriate site manager refused to accept a copy of the petition containing the landowner demands when Pulupe attempted to deliver it to him in his makeshift office inside a shipping container yesterday afternoon. The expatriate told Pulupe and The National to f*** off and leave his premises and talk to ExxonMobil. This infuriated Pulupe, who called the local employees together outside for a briefing and asked them to walk off their jobs. In that meeting, the employees complained to Pulupe about their poor working conditions. They said Red Seas and HGDC had failed to provide proper uniforms and safety gears. They said they were also told to live out of camp and come to work, and were not provided proper meals daily. A Red Sea expatriate, when asked to comment on the complaints raised by the local workers, referred The National to HGDC and ExxonMobil. Apart from Kobalu, work had also stopped at Hides 1 (PDL 1) and Hides 4 (PDL 7) due to landowner protests. Work had stopped since Aug 7.

Thai firm, GAL ink JV deal
By PATRICK TALU

National 16.8.2010

A THAILAND-based petroleum project developer is in talks with a liquefied natural gas project umbrella landowner company to participate in the multi-billion project. Wellslink Petroleum Co Ltd (WPCL), which specialised in petroleum development project, signed a joint venture agreement with Gas Apa Ltd (GAL). GAL is a company made up of four landowners from Hides petroleum development licence 1, Angore petroleum retention licence (PRL) 11, Parepare PRL 12 and Juha PRL12. The deal was signed by WPCL chairman Suwan Deesunthi and GAL executive chairman Simon Ekanda. Ekanda said having seen WPCL as a leading petroleum project developer in South East Asia, GAL decided to enter a deal with the company.

WPCL will provide the technology, technician and materials to the project while GAL will perform all the necessary functions stipulated under its business portfolio to meet projects objectives. Ekanda said GAL had positioned itself financially with expertise backed by its partners. GAL has also been invited by Invincible Resources Corp (IRC) of the Autonomous Region of Bougainville to invest in the region through equity participation with IRC, of which negotiation for final agreement was still in progress.

LNG, a big challenge for PNG
By ERIC TAPAKAU

Post-Courier 16.8.2010

DELIVERING the first gas as scheduled in 2014 for the PNG LNG Project is becoming a bigger challenge by the day as construction works at the Hides Gas Conditioning Plant (HGCP) were stopped again yesterday by landowners who are alleged to have strong connections with senior government ministers. After industrial issues between local employees and early works, contractor Clough Curtain Joint Venture, were sorted out, the employees were surprised to find out that construction works at the HGCP would not restart because of a man and his family who live 20 kilometres away from the project site and reportedly have strong connections with government ministers and officials. Local employees went on a strike last week over their conditions of employment by CCJV and local companies.

It is understood the man from 20km away from the site had sent a petition to Petroleum and Energy Minister William Duma about the business development grants but had not got any response from Mr Duma. Landowners at the project site say they are frustrated with the distant leader as he and his family were holding up a project of national importance. Frustration is growing which could lead to disputes between different factions of the landowner groups. But as of yesterday no major destructions to properties have been reported. "As genuine landowners of HGCP, PDL -1 (petroleum development licence -1) and PDL-7 we are frustrated by the actions of (named) and we want him to explain to us whether he is going to pay us additional days lost as well as the environmental damage done to date since early works for the PNG LNG project started in the event that Exxon-Mobil decides to pack up and leave?," the landowners said from Hides yesterday.

The man at the middle is understood to have left the area after giving orders to stop all construction work at the HGCP site. The stop work at the project site has been affecting many local employees at the HGCP site, local suppliers and small businesses that have been leasing equipment and other vehicles to the operator ExxonMobil and its contractors. "We support the project and we are calling on the companies not to listen to this man and his followers," the landowners said. A senior Government official said that the timing for the first gas flow had always been a challenge as many people believed that this was the most complex LNG project to be built anywhere in the world.

Anir bids for small scale mining licence

Post-Courier 12.8.2010

By *MOHAMMAD BASHIR*

Anir Islanders in New Ireland Province want a licence to do small scale mining on their land and refuse to accept Vangold's bid for an exploration licence after it was first rejected. They have written to the Mineral Resources Authority asking it to revoke any permit "in the pipeline" to be issued to Vangold. The Anir people are upset that Vangold issued media releases in March, April, June and July relating to two licences the company applied for which will cover the entire Feni (Anir) islands. Anir Resource Owners Association on behalf of the 4400 inhabitants of the island said under the five national goals and directive principles, they were the legitimate landowners and want to develop it their way. "We deplore the intentions of Vangold to apply for licences EL1791 and EL1799 which includes the previous licence EL1021. "We demand consultation to be done by MRA and AROA," chairman Paul Penua Mimfin said.

AROA said MRA as the regulator of every mining activity in the country should consider its field report from Feni Island on environment which indicated permanent damage to the environment in the Mineral Tok publication of March/April 2009. "There's also a chemical dump uncovered by local landowners on their land therefore, Anir landowners have resolved to act with one voice, one future and one goal to develop every resource on their island. Our island is to be preserved and developed in a sustainable way by Anir people themselves," Mr Mimfin said. He said his people had been spectators on their land for more than 20 years because they were not empowered to be self reliant. "Numerous explorations have been conducted and small groups of people have received little benefits and the environmental damage has a ripple effect on the island and we do not want to allow that," he said.

Awareness lacking on seabed mining: NGO

Post-Courier 12.8.2010

By *MAUREEN SANTANA*

An NGO in East New Britain advocating under the voice of the Island Communities New Britain Heritage and Environment Watch visited NBC Radio East New Britain talk show program yesterday. It was to inform the people in the province and also in New Ireland of the lack of awareness

and proper consultation on the seabed mining proposed to start with the issuing of a licence by Mining Minister John Pundari. The group, lead by Markus Waninara and other members of the watch, said from awareness carried out by the group, most people had signed a petition against the Solwara 1 project that will be mined by Nautilus Mineral Incorp.

He said from the outcome of the forums, awareness and road shows indicated that the people were not in favour of the project due to the following reasons: "The project is the first and there is nowhere in the world that we can refer to and attain information of such projects thus signalling a threat as the sea is seen as our social security for the people in the two provinces." He said other setbacks were there was no proper information for the landowners and awareness done by Nautilus was at short notice. The petitions collected represented people from NIP, Pomio, Duke of York, Matupit, Lassul, North Coast Road, Karavia, Raluana to Vunamami and Kokopo town.

Bougainville Copper agreement to be reviewed

Post-Courier 12.8.2010

PREPARATIONS for the review of the Bougainville Copper Agreement are being undertaken seriously with the Autonomous Bougainville Government detailing demands before the task is carried out. A resolution was passed to activate the review at a Joint Supervisory Body meeting held in Port Moresby last week. Bougainville Affairs Minister Fidelis Semoso said yesterday these resolutions would be detailed in a report which would then be presented to the Cabinet for endorsement. "Before the Autonomous Bougainville Government can make a decision about possible resumption of mining exploration or mineral exploitation by the Bougainville Copper Limited, it will need to consult with a range of interested parties in Bougainville, including the representatives of landowners of the areas covered by the Special Mining Lease and other leases held by BCL," Mr Semoso said.

"Before any process of reviewing the Bougainville Copper Agreement and considering the exploration licences held by BCL begins, ABG must make a request to the National Government for such a review and upon receipt of such a request, the National Government will initiate the review process. Any review of the Bougainville Copper Agreement and of considering the exploration licence held by BCL must involve the National Government, the ABG and representatives of landowner groups in Bougainville." Mr Semoso and ABG President John Momis announced that the special JSB meeting also resolved that: THE leader of the ABG delegation to the special JSB meeting ABG President Momis will notify the Prime Minister Sir Michael Somare to start the process of the review of the Bougainville Copper Agreement before the end of this year.

Barter wants matter settled out of court

Post-Courier 10.8.2010

By ROSALYN EVARA

MADANG businessman Sir Peter Barter would like to see the standoff between the non-government organisations and developer of the Ramu nickel project settled out of court. Sir Peter made this known during a ceremony held at Rai Coast High School last Thursday which saw Ramu NiCo (MCC) Limited hand a tractor worth K40,000 to the school. Sir Peter said the project had and would continue to bring a lot of benefits to the people, particularly to the children of this disadvantaged district. He said the project had been started by Highlands Pacific Limited many years ago but they were not able to see it through and it was because of the good relationship that the Prime Minister Sir Michael Somare had with the Chinese Government that the present developer, MCC, was introduced to PNG.

Sir Peter said when the agreement was signed off there were no environmental issues but that nine-years later there were. He said the agreements were made between governments to develop the mine

but this had now been stalled because of this issue. Sir Peter said he was not suggesting that neither the NGOs nor MCC were right or wrong but that there was an agreement which had to be honoured. "...there must be a way forward. Somehow we have to get the project up and running because the future of Rai Coast is at stake. "What is happening (the presentation of the tractor) is a sample of the kind of benefits to come and I am sure other requests maybe well received by the company. May be we will see more schools being built in this area. "I am begging the NGO leading the opposition on the deep sea tailing placement not to go through with the courts but to have the issue resolved through mediation," he said.

Sir Peter said if there was a case where there would be some environmental problems that the parties work towards ensuring there were stringent monitoring systems in place. He said he had been outspoken as he was getting old and that he did not want to see the project closed just because of this issue. "I hope everyone involved can sit down and resolve this issue for the sake of the children of Rai Coast," he said. MCC president Madam Luo Shu who was also there for the presentation said with a total investment of K3.7 billion the project construction was nearing completion except for one component the DSTP. She said with the wealth produced from the successful start up and the operating profit, this would enable the company to provide more assistance where necessary in areas like education under their social and economic development program.

Landowners stop work at Hides

National 10.8.2010

By ANDREW ALPHONSE

ANGRY Hides 4 gas field landowners in Tari, Southern Highlands, on Saturday forced work on the construction of the multi-billion kina PNG liquefied natural gas (LNG) condensation plant site at Hides to stop. The landowners took the action on the early works by international contractor Clough Curtain Joint Venture (CCJV) saying they were unhappy with their benefits which had been overlooked by the state and the project developer, ExxonMobil. ExxonMobil had engaged CCJV to carry out the early works in the Hides 4 well head area which included the construction of the conditioning plant site at Hides, extracting of quarry, access road to the project sites and landfills. Landowner leaders through their spokesmen, Martin Hape (Warape clan), Haralu Hagoai (Yangali) and Gibe Hayapiya (Takuali), told The National yesterday that they marched to the construction site at 7am on Saturday and stopped CCJV from carrying on with the construction.

Hape, who is the protest leader said they had given ExxonMobil, CCJV and the state 14 days as of yesterday to come up with favourable response before they would allow construction to continue. He said among issues the landowners wanted to raise were the relocation plan of the 5,000-plus local inhabitants of Hides 4 villages. This would include permanent homes, proper water and electricity supply, health and education. Hape said the landowners also wanted to participate in the engineering, procurement and construction of the project but international companies like CCJV were not giving them sub-contracts or even hire their trucks. "These international companies are very selfish and cannot even hire our trucks, machines and equipment. "Where is landowner participation in this regard as we are already becoming spectators on our own land?" he said.

Hape said while landowners were waiting for their benefits secured in the LNG projects umbrella benefits sharing agreement (BSA) in May in Kokopo last year and the licensed-based benefits sharing agreement (LBBSA) at projects sites in December last year, the developer had gone ahead to start the constructions. He said this was not on as landowners would still protest and physically force stop works on any further early works for LNG project. He added that the landowners and their landowner companies from the PDL areas should also be considered by the developer and its international contractors by engaging them in providing business spin-offs and participation in the project. Hape said following the signing of the LNG project on May 23, 2008, at the Crowne Plaza

hotel between the state and developer, the ExxonMobil led consortium followed by the BSA and LBBSA, landowners were still waiting to see the “much anticipated millions of kina as promised” as direct and indirect funding for landowners benefit before the LNG project starts.

However, without these benefits and proper resettlement plan carried out for Hides and other landowners, it was not good for the developer to proceed with the construction. Hape said they had to seek police clearance for their action. A police mobile squad member attached with the LNG police security operations based at Nogoli confirmed that the landowners had forced CCJV to stop work. The officer, who requested anonymity, said the landowners were harmless, peaceful and did not cause any trouble but only stormed the construction site and demanded the workmen stop their machines and equipment while they raise their concern with the state and developer.

Letter to the editor

New Ireland and East New Britain stand like Madang

Post-Courier 9.8.2010

The Mining Minister John Pundari without full consent rushed to approve a mining licence for Nautilus to go into deep sea mining. Deep sea mining is the first of its kind in the world brought on by our leaders for testing hence the coastal people of New Ireland and East New Britain are being used as guinea pigs to test new technologies. Mining giants from developed countries who have a share or interests in Nautilus are trying to get this trial project into operation purposely to weigh out the environmental and socio-economic implications to the indigenous communities and PNG against the production and profits expected to wholly benefit them.

The Government is continuously dishing out exploration licences to Nautilus all over PNG waters. Nearly 75% of our seas are under exploration licence areas of Nautilus. Nautilus have identified 11 solwara project sites which the first, approved by Mr Pundari, will start production after sorting out a few technicalities within a few weeks or months. All the islands and coastal communities near and around the Nautilus Solwara 1 project are against this project. This project will not bring similar job employment as mining on land. The communities' subsistence life and marine environment will be affected. Mr Pundari is not a coastal or islander to rush approval of the Nautilus mining licence after a week of appointment. i hope he knows what the sea and marine life means to coastal communities. PNG

InterOil seals deal with Japanese firm

Post-Courier 9.8.2010

INTEROIL Corporation announced last Wednesday that it had finalised a Joint Venture Operating Agreement (JVOA) for the proposed Condensate Stripping Plant (“CSP”) with Mitsui & Co Ltd. The agreement sets out the rights and obligations of the participants of the joint venture to develop a CSP at InterOil's Elk and Antelope field site in Gulf Province. The JVOA replaces the preliminary joint venture works agreement announced in April. InterOil and Mitsui also executed an option deed. After reaching final investment decision on the CSP, Mitsui has options to acquire interests of up to a 5 per cent in the Elk and Antelope fields and in the liquefied natural gas (LNG) project on equal terms, yet to be determined, to those agreed with a future industry partner, as follows:

n After mechanical completion of the CSP, Mitsui has a right to convert its contributed investment in the CSP into a 2.5 per cent interest in the Elk and Antelope fields and the proposed LNG plant.
n Mitsui also has conditional rights under a separate call option to purchase an additional 2.5per cent interest in the Elk and Antelope fields and the proposed LNG plant. Regulatory approvals will be required from the Papua New Guinea State for the options to be effective. Under the agreement,

InterOil and Mitsui will each have a 50 per cent ownership stake, before the State of Papua New Guinea's statutory right to acquire up to 22.5 per cent in the CSP. An InterOil subsidiary is the operator under the joint venture. InterOil expects that the CSP will be designed to process about 400 million standard cubic feet per day (mmscf/day) of wellhead gas with an anticipated yield of about 9000 barrels (bbls) of condensate per day. Dry gas may be reinjected into the reservoir for storage depending on the timing of the development of the proposed LNG plant. The condensate is expected to be barged to the InterOil refinery in Port Moresby for processing and sale.

The wells and condensate transport from the CSP (located about 30 km southwest of the fields adjacent to the Purari River) will be the responsibility of the owners of the Elk and Antelope fields, including InterOil and its upstream partners. The capital cost for the CSP is currently estimated at \$US550 million, with about \$US32 million of this being expended for front end engineering design. Mitsui will be responsible for arranging or providing financing for the capital costs of the plant. The company said the final investment decision by its JVOA partners is expected by the end of March next year, following completion of engineering and design work, financing agreements and further regulatory approvals. The CSP facilities are projected to be operational no later than mid-2013.

Protect our rights, say Fly people
By *JOSHUA ARLO*

Post-Courier 6.8.2010

LANDOWNERS of the South Fly electorate of Western Province bordering the Torres Strait are appealing to the Government to look after them and protect their land rights. One group, Naga Bewani Resource Association which has been fighting for the rights of its members for more than a decade yesterday said the rights of landowners are not being considered, and their customary land is being taken away and given to foreigners to develop. They said when they applied for a petroleum prospecting licence (PPL) to develop their own resources and invite a developer so that they can have an equity share basis, their applications were rejected because "they did not have the technical expertise and the capital". "This is corruption. This is our customary land. We have to fight for it because we will end up being foreigners in our own land. What about our future generation? The government must protect us," the association said.

The landowners had gone through seven years of extensive court battle in the Australian court system to fight for rights. They won and were given recognition rights over the sea boundary that was taken away by the Australians. Yesterday they objected to the Government granting PPL 360, 361 and 362 in Western Province as gazetted in March 2010 to a foreign company, GST (PNG) Limited. According to them, the foreigner allegedly went behind their back to have his APPL approved so he could claim several blocks of land (360, 361 and 362) being applied for in a pending APPL by the association which represents more than 1000 people of the Irupi and Drageli villages in South Fly. Their APPL is yet to be approved.

Yesterday they urged the Department of Petroleum and Energy not to issue the licence to GST (PNG). They have presented their objection to GST (PNG) Ltd being given the APPL and its gazetting of it in March this year to the department and the registrar of titles but claim that they have not received any response. "According to the Lands Act, we as the traditional landowners have customary ownership including the first six feet of the land, hence we will not allow developers to go beyond as we have intention to partner with developers to apply for APPL. "We purposely fought the court battle because of the vast oil and gas deposit in the area...and are well aware of the huge potential our lands has...the State has to realise the hardship we had gone through in the court battle and...current events and developments taking place," the group said.

Mining minister to give licence to Nautilus

Post-Courier 5.8.2010

By *ERIC TAPAKAU*

PAPUA New Guinea will become the first country in the world to go into deep sea mining when offshore miner Nautilus Minerals Inc. is awarded a mining licence today. Mining Minister John Pundari announced on Tuesday that he would sign and award the licence today. The licence is a permit from the Government to allow Nautilus to start mining as soon as all related issues and matters are completed. The ML is a sign that the Government agrees for Nautilus to complete all preparations to start mining. He said during the handover takeover ceremony between himself and former Deputy Prime Minister and former Minister for Mining, Lands and Physical Planning Sir Puka Temu that the Solwara -1 project meant a lot for Papua New Guinea as it would underpin the country's position as the leader in undersea mining in the world.

“Should this be a successful project, we will be the leaders (in deep sea mining),” Mr Pundari said. He said the project being the first of its kind would be a big challenge for the country and the operator Nautilus Minerals but as a team “we will make this project a huge success”. Sir Puka advised Mr Pundari that environment issues were the biggest challenges in the mining sector but through dialogue with the landowners, these challenges would be overcome. He also said that PNG was a pioneer in deep sea mining and Nautilus would be using some of the advanced technology in the world to extract high valued minerals from the sea bed. Nautilus is the first company to commercially explore the ocean floor for polymetallic seafloor massive sulphide deposits and is currently developing its first project.

The company's main focus is the Solwara-1 project, located in territorial waters and 1600 metres below the surface off the waters of Bismarck Sea just off East New Britain and New Ireland provinces. Nautilus is listed on the TSX and AIM stock exchanges, and has among its largest shareholders two of the world's leading international resource companies Anglo American (11.1 per cent), Teck Resources (6.8 per cent) and Metalloinvest, one of the largest and fastest growing mining and metallurgical holding companies in Russia, beneficially owns 21.0 per cent of its shares through Gazmetall Holding (Cyprus) Limited.

Expert explains sovereign fund role

Post-Courier 5.8.2010

By *HARLYNE JOKU*

PAPUA New Guineans must understand the role of the proposed Sovereign Wealth Fund (SWF) and how it is designed to maximise the wealth and welfare of PNG citizens according to a National Research Institute report (NRI). The report compiled by NRI's senior research fellow Peter Johnson said two separate funds are needed to achieve an appropriate balance between the economic, political and development tradeoffs. The author of the NRI discussion paper report No 110 “Creation of a Sovereign Wealth Fund” Mr Johnson said the first fund will contain the proceeds from the PNG LNG project and be a future fund while the second fund will contain the proceeds from the PNG LNG project and be designed as a stabilisation fund. “It is necessary that the funds are held offshore to mitigate the economic problems related to monetary policy such as maintaining low inflation and avoiding large exchange rate appreciations,” he said.

Mr Johnson said the funds will provide PNG with the highest return on its investment subject to risk. He said a sovereign wealth fund (SWF) is a state-owned investment fund composed of financial assets such as stocks, bonds, property or other financial instruments. “So to put it simply a SWF is just a bank account that can be set up at any bank,” he said. “You make deposits and withdrawal from the bank account the same way as you do with the SFW although the rules for depositing and withdrawing maybe a bit more complicated,” he said. He said despite the problems on the country's

economy being highly reliant on revenue from resource projects, PNG is still faced with a number of dilemmas in determining how best to invest the proceeds from the PNG LNG project and other resource activities. "Saving revenue for future generations and stabilising the macro economy must be balanced against the need to provide infrastructure and social and economic development programs," he said. Director of NRI Dr Thomas Webster said NRI is aware of the importance of more awareness and discussion on the SWF and will be holding more workshops and discussions on the topic with key stakeholders.

Villagers cry out for services

Post-Courier Focus 5.8.2010

LIFE is becoming more difficult for people living in remote districts of Papua New Guinea despite the country is full of natural and mineral resource. And they are wondering when they will see tangible government services reach them but this is a big question for them which they keep silent and hard to speak out and this will be an ongoing trend if the government fails to deliver essential services to them effectively. The bulk of the country's population are living in the remote areas where there is a lack of essential government services. They do not have access to the media to know what is happening around the country and the outside world. This is a big problem in this country but the Government is not giving priority to delivery of essential services to the people in remote districts, while urban centres benefit more. The people feel that they have been neglected.

Jimi is one of the remote districts in Jiwaka Province that needs a lot of government services. The people question the government's ability to look after their interests. This clearly indicates that the Papua New Guinea Government is failing to deliver tangible services to remote districts. It will take a long time for the country to develop despite it being blessed with natural and mineral resources. People living in the urban areas also need the government to deliver services like health centres, better roads, bridges, schools and water supply. People in the Jimi district are similar to others that are living in some of the disadvantaged districts that have been neglected for government services for many years.

Due to the remoteness of the district it made life more difficult for the people because there is no proper road condition, telecommunication, health services, schools, bridges and many more. Also the price of the store goods are hiking because trade store owners spend a lot of money to go to the main centres to purchase goods at the wholesales and transport them back to Jimi to sell. Therefore they double the price of goods to make profit. The people living at Kuipin, Kol, Ambulua, Tsenga, Tsingapi and other parts of the Jimi district continue to make ends meet. They have elected some prominent people to represent them in parliament to request for assistance on their behalf but this does not seem to happen. They grow coffee and peanuts for sale at the Banz market, which is mostly done by walking with heavy loads on their backs.

The remote Jimi district is fortunate because due to climate change the people are growing betel-nut, mustard and other crops that normally are grown in coastal areas of PNG. It is a blessing in disguise. Their local MP Wake Goi, who has been mandated to represent them in the National Parliament, is trying his best to do whatever he can for his people. Under the leadership of Mr Goi he has purchased new vehicles for Jimi High School, district administration services and Tabibuga Health centre, building footbridges to ease travel woes, which to them is significant. Apart from these services, Digicel has moved into Jimi to install communication towers so the people from Jimi can communicate with the outside world from their villages via mobile phones. But the people are still remaining silent and dreaming about more tangible development in their district. Therefore, the rural people need every effort from Jimians living in other parts of this country to help make things happen back home.

LNG handicaps banks

Post-Courier 5.8.2010

By *MOHAMMAD BASHIR*

Papua New Guinea's banking system can handle only up to \$US20 billion and cannot logically handle billions of US dollars in PNG LNG project funds locally in a lump sum, advisers say. Hence, the project can only draw down a monthly "cash call" to fund the construction phase from the project financiers as well as equity participants such as the government of PNG. Funds sourced from project financiers by the developers have to be kept in a global pool where there are things to be bought which was good for the country and the project. If it were to be brought onshore, the exchange rate would rise while inflation and interest rates would also sour, giving rise to what is called "Dutch disease" and kill industries like the agriculture sector which trade on the global market.

An adviser to the Gas Co-ordination office who has been an integral member of the PNG LNG project team and who has a hand in drafting the various agreements for the government, said that yesterday to shed light on misinformation on the so-called anticipated "windfall". He said no banks in PNG would accept billions of US dollars into their system because they would not be able to lend, which is the basis of their business. "Banks are in the business of lending and collecting interest. If you want to put \$US6 billion into one of the local banks here, they will refuse because they can't lend to anyone while interest rates will soar," he said.

The adviser who chose to speak on the basic anonymity said project partners in the PNG LNG project funded 30 per cent while a consortium of lenders put in money which formed 70 per cent of the project finance. He said the PNG petroleum industry was worth around 20 to 25 billion US dollars and under the current PNG LNG project, it is anticipated that about 200,000 barrels of oil (which can be converted to gas) will be produced per day. At the same time, there is so much misinformation floating around as the technicalities involved in the multi-billion-kina PNG LNG project structure including equity distribution, although public information, are not being grasped by the ordinary people including politicians. The adviser acknowledged that it was a complex financial and mathematical calculation involved but agreed that the country was headed for a boom time.

Embel wary of LNG life span

Post-Courier 5.8.2010

By *ALFRED KANINIBA*

NIPA-Kutubu MP Philemon Embel is worried about the life of the LNG project in the Southern Highlands, saying people and communities should not jeopardise the project. Mr Embel said this after more than 2000 applications had been received for the K120 million Business Development Grant from the Government. But he said the applications received for the grant had amounted to more than K1 billion which was way above the grant money of K120 million. "The issue here is that the applications received are worth more than a billion kina and the BDG money is only K120 million. Everyone is expecting money. But the point is the applications will be going through a normal screening process. "Those who qualify will receive their share of the money, while the rest will miss out. "I call on the Hela people and communities not to jeopardise the LNG project," Mr Embel said.

BCL to meet over Panguna mine

Post-Courier 4.8.2010

By *ERIC TAPAKAU*

THE owner of the abandoned Panguna copper/gold mine, Bougainville Copper Limited, will focus on preparing to meet with the landowners, National Government and the Bougainville Autonomous

Government over the future of the mine. Company chairman and managing director Peter Taylor said this in the company's June quarter report released to the Australian Stock Exchange, adding that the company would also look at settling outstanding issues between the parties. Bougainville Copper Limited made a net profit of K2.811 million in the first six months to June this year compared to a net profit of K1.8 million made in the corresponding period of last year. The company has not declared any dividend in respect of the six months to June this year.

Much of the profit was from interests from investments as the only mine owned by the company reported no activities in the first six months. Mr Taylor said that the Bougainville Government had indicated its willingness to participate in talks with the company. "All parties have agreed that it is necessary to establish a landowner group that can represent all landowner interests to establish a landowner group that can represent landowner interests during negotiations," Mr Taylor said. "The Bougainville Government and the company has offered its assistance where appropriate. "The new Bougainville Government has tenure of five years and the early signs are that it is interested in re-opening the mine provided the local landowners are in agreement."

Plan closure of projects, says consultant

National 4.8.2010

By BOSORINA ROBBY



THE closure of any resource project, such as mines, should be included in the operational plan before any work should begin, private consultant Prof Richard Jackson said. This was to avoid failure of any sustainable and investment projects that mining and oil companies plan for their communities in preparation for the closure, he said. Speaking at the 8th chamber of mines and petroleum community affairs seminar last week, Jackson pointed out that most of the communities where mines had closed are among the world's most poor and depressed people, despite having these opportunities. He suggested to all the stakeholders and resource project managers that though it was commendable to assist the communities with sustainable projects in preparation for the closure, it was most wise to invest in training and education. "You need to emphasise on education so that future generations will have a chance to seek opportunities outside of their post-mine communities. "So during your operational years, school teacher's housing is a better investment than a school itself," he said.

Jackson also pointed out one thing that did work as seen from the Misima mine was the training and transfer of skills. He said the locals were taught during the mine life and when it closed, these men

then received further training and became most sought after at various mine sites within and out of the country. “That is true sustainability that is within the power of any company to do. “It comes from within an organization, and the skills are portable and lasts a lifetime,” Jackson said. Jackson also suggested that companies should also, during the course of the mine life, slowly integrate local government and ensure local capacity to maintain ongoing mine benefits. “It has been shown very clearly around the world that the real key to the sustaining of mining benefits after closure is the presence of an efficiently functioning local government,” Jackson said.

LNG sets bad example, says InterOil official

National 4.8.2010

By PATRICK TALU

THE Papua New Guinea liquefied natural gas (LNG) project’s benefits sharing agreement and landowner identification have set a bad precedent, InterOil community affairs manager Ray Weber has said. Weber concluded this by comparing the handling of the LNG with the Lihir gold mine, which he described as having the best community affairs with an integrated benefits package. He made the remarks when presenting his case study on community affairs in the Ramu nickel project and the LNG at the PNG chamber of mines and petroleum 8th seminar last week. “Lihir’s community affairs are linked to commitments between the national, provincial and local level governments, landowners and the project developer. “For the Ramu project, there are more than 12 months of pre-forum meetings between stakeholders, in particular the project area landowners, in regards to benefits sharing and other community issues pertaining to the mine.

“For the LNG, it has set a bad precedent with regard to the benefits sharing agreements and landowner identification,” Weber told miners and petroleum and gas developer officials. “As a result, there has been an outcry by landowners for missing out on the benefits and other related benefits from the multi-billion-kina LNG,” he said. Weber suggested that developers, be it in mining or petroleum and gas, establish extensive contact with landowners and communities for more input in planning. “The planning should start well in advance of the commencement of construction. “Once a development licence is granted, there is insufficient time to plan before construction,” he added.

O’Neill to landowners: Payments are coming

National 4.8.2010

By ISAAC NICHOLAS

TREASURY and Finance Minister Peter O’Neill has assured landowners that the national government will meet the commitments made during the benefits sharing agreements. O’Neill said the Department of Finance had released business development grants to the Department of Commerce and Industry, managers of the seed capital. He said under the umbrella benefits sharing agreement and the licenced-based benefits sharing agreement, the government had agreed to provide funding for a number of commitments as part of its undertaking to secure the LNG project by providing assistance to project landowners. “The government is honouring these commitments by providing K180 million in the 2010 budget,” he said. O’Neill, who is also Public Service Minister, said these comprised K120 million for infrastructure development grant and K60 million for business development grant. He said K60 million was given last year as seed capital to landowners.

O’Neill said urgent impact MoA projects in Southern Highlands and Gulf would be funded by the government. Commerce and Industry Minister Gabriel Kapris, in supporting O’Neill, said the business development grants for landowners were safe and held in trust accounts. He said the guidelines for the payment of business development grants or seed capital were in order and payments would be made when everything was finalised. Kapris said, initially, the government was working with umbrella companies but that had changed, with groups seeking funds categorised into three groups

– umbrella companies set up by landowner companies or lanco, PDL companies and land groups or individual companies. “We are hoping that everything is finalised quickly and payment made, but their money is safe in the trust accounts,” Kapris said. “No money has been paid out. “The funds are still there and we are following due process to have them released. “The last thing we want to see is money going into the wrong hands,” Kapris said.

Pundari marches into office with Ramu nickel a priority

National 4.8.2010

By JEFFREY ELAPA

FORMER deputy prime minister Sir Puka Temu has congratulated Prime Minister Sir Michael Somare for appointing Kompiam-Ambum MP John Pundari to the mining portfolio. Sir Puka, who is Abau MP and also former mining minister, handed over the job to his successor yesterday at the Mining House in Port Moresby. The Abau MP lost his portfolio after he defected to the opposition along with former forest minister and Vanimo-Green MP Belden Namah and former culture and tourism minister Charles Abel. Sir Puka said Mining, which comprised mineral policy and geohazards management and the Mineral Resource Authority, was a stable and well-performing state entity. He said the department needed stable political leadership in the likes of people like Pundari who were not new to the political arena.

The new minister was once the country’s deputy prime minister, speaker of parliament and acting mining minister. He also served in other ministerial portfolios. Pundari promised to do his best as the minister with assistance from the leadership in the management and administration of the two organisations. After delivering all the sweet talks, Pundari wasted no time in promising to deal with the Ramu nickel project issue which is now before the courts. He said he would consult with his political colleagues from Madang and try to resolve the matter.

Tolukuma gives to villagers

Post-Courier 3.8.2010

THE Tolukuma Gold Mine, a subsidiary of Papua New Guinea’s national oil, gas and mineral company, Petromin, has increased its community support budget to improve the lives of the isolated communities in the Goilala District. The company is concentrating its assistance on water and sanitation projects as well as education of the next generation of Goilala leaders. The company’s programme is consistent with the Petromin group’s policy of investing part of their minerals revenue into socially responsible investments. TGM general manager John Moore said the mine had been constructing public toilets in the villages close to the mine site and water reticulation systems at Mondo to improve the health and hygiene of the people near the mine. “Health conditions are difficult due to a lack of infrastructure and TGM is working to improve health and hygiene around Tolukuma where many of TGM’s workers from the mine area live,”

Mr Moore said. TGM also supports the Yulai sub-clinic. Additional mobile medical clinics travel out on the newly created Tolukuma to Mondo road and many emergency medical evacuations have occurred using the TGM-contracted helicopters to enable critically ill Goilalans to reach hospital care in Port Moresby. On education, the mine provides K10,000 per month to the Sacred Heart High School in Tapini for food and other materials to support the education of the students who attend this important high school. In 2004, the Sacred Heart High School was on the verge of closing down due to a shortage of rations which were flown in from Port Moresby when the high school board chairman, Fr Brian Cahill made a call to Tolukuma management for assistance. Tolukuma Gold Mines began donating to Sacred Heart High School. An annual acquittal report received from Fr Brian shows that the money is being put to good use.

SOLOMONS GOLD MINE EXPECTS FIRST POUR NEXT YEAR

\$136 million refurbish at Gold Ridge mine

HONIARA, Solomon Islands (Solomon Star, Aug. 2, 2010 – Gold Ridge Mining Limited (GRML) under its new management Allied Gold is making progress. According to its latest report ending 30th June, the mining firm said a AU\$150 million [US\$136.7 million] (SBD\$700 million) refurbishment and redevelopment of the long-dormant mine is on schedule for first gold pour in March 2011. Site infrastructure including accommodation village upgrade and operation buildings are on schedule with the new Administrative office completed. Landowner resettlement program on track to have northern mine area communities relocated. Fabrication and shipment of resettlement housing commenced. "Pre - operation manning buildup commenced with training of local employees and appointment of senior staff," the company said.

An EPC lump sum contract for A\$64.3M was awarded to GR Engineering Services (GRES) for refurbishment and expansion of the process plant and ancillaries. Engineering design, drafting is well advanced, and procurement of long lead item completed. GRES have mobilised to site and completed the removal of old equipment and key components (such as ore crushing and grinding) have been stripped for repair or refurbishment or exchange. Steel for three new additional leach tanks has arrived and erection of the tanks commenced. Construction equipment including cranes and mining fleet consisting of haul trucks, excavators, dozers and other road maintenance and heavy vehicle support arrived in May. The mine warehouse building has been completed and procurement and systems have been installed

In February dewatering commenced of the previously built Tailing Storage Facility. Pumping on schedule and will result in reduced levels by October to allow tailings placement to commence when operations start. Mining activities and the first deliveries of ore to ROM Stockpile expected in the December quarter. Operator training has commenced and construction related earthworks have commenced. Tenders for power supply were issued, reviewed, and award is pending. The power station will be delivered as a buy-own-operate (BOO) by the contractor with 14 MW of installed capacity and base load requirement of 8.1 MW. Contract for mine camp refurbishment and expansion and landowner village resettlement housing was awarded. Camp refurbishment and installation of additional accommodation units is continuing to provide for approximately 200 camp beds.

The Administration building was completed in May and is now fully equipped and operational with computing and internet facilities and communications installed. The General Manager of Gold Ridge Mining Limited (GRML) was appointed and commenced duties on site in June and a Resettlement Manager has also been appointed. Pre-operational manning in selected positions has commenced with a strong focus on employment and training of people from the Gold Ridge area. The landowner resettlement program is on track as part of plans to gradually move local villagers. Fabrication of 300 resettlement houses – at the rate of 30 a month – has commenced. The first 90 homes to cater for landowners in the northern mining area will be erected and occupied by December 2010. The remaining landowners residing in the southern mine area will be resettled by June 2011.

The Gold Ridge Geological Resource model was reviewed and a new Reserve estimate derived based on an assumed US\$850/oz gold price. This increased Probable Reserves Gold Ridge's inventory by 134,000 ounces – or approximately a year of production. Allied mobilised a reverse circulation (RC) drill to site in June to carry out pre-mining grade control and sterilisation drilling, as well as some near mine exploration. Preparations for exploration in 2010 included mobilisation of an RC drill to Gold Ridge, with an initial task of detailed RC drilling of Namachamata deposit. Line-cutting for an IP geophysical survey planned to commence in mid-July.

Expert explains sovereign fund role

By HARLYNE JOKU

Post-Courier 30.7.2010

PAPUA New Guineans must understand the role of the proposed Sovereign Wealth Fund (SWF) and how it is designed to maximise the wealth and welfare of PNG citizens according to a National Research Institute report (NRI). The report compiled by NRI's senior research fellow Peter Johnson said two separate funds are needed to achieve an appropriate balance between the economic, political and development tradeoffs. The author of the NRI discussion paper report No 110 "Creation of a Sovereign Wealth Fund" Mr Johnson said the first fund will contain the proceeds from the PNG LNG project and be a future fund while the second fund will contain the proceeds from the PNG LNG project and be designed as a stabilisation fund. "It is necessary that the funds are held offshore to mitigate the economic problems related to monetary policy such as maintaining low inflation and avoiding large exchange rate appreciations," he said.

Mr Johnson said the funds will provide PNG with the highest return on its investment subject to risk. He said a sovereign wealth fund (SWF) is a state-owned investment fund composed of financial assets such as stocks, bonds, property or other financial instruments. "So to put it simply a SWF is just a bank account that can be set up at any bank," he said. "You make deposits and withdrawal from the bank account the same way as you do with the SFW although the rules for depositing and withdrawing maybe a bit more complicated," he said.

He said despite the problems on the country's economy being highly reliant on revenue from resource projects, PNG is still faced with a number of dilemmas in determining how best to invest the proceeds from the PNG LNG project and other resource activities. "Saving revenue for future generations and stabilising the macro economy must be balanced against the need to provide infrastructure and social and economic development programs," he said. Director of NRI Dr Thomas Webster said NRI is aware of the importance of more awareness and discussion on the SWF and will be holding more workshops and discussions on the topic with key stakeholders.

Goliath fights back against David in PNG mine battle

Rowan Callick, *The Australian*, July 29, 2010

A HUGE resources boom that has been hidden behind Australia's mining success stories is under way in Papua New Guinea. Billions of dollars have been pouring into Australia's closest neighbour to explore, study and develop massive deposits, chiefly of gas, copper-gold and nickel-cobalt. As an Australian colony almost a century ago -- when the young Tasmanian Errol Flynn was prospecting there -- its income derived chiefly from mining. It was the lure of gold traces in fast-flowing rivers that led the first outside explorers to "discover" the populous Highlands, in the 1930s. Since independence in 1975, the controversies over the Bougainville and Ok Tedi copper mines have significantly shaped Australians' knowledge of PNG. And now, it is undergoing a boom as never before -- a boom led by Australian geologists, mining engineers, environmental experts, drill rig technicians, construction supervisors and others.

North Queensland's prosperity is riding, to an extent, on this PNG surge in resources, which provide 75 per cent of the country's export receipts. But the boom is facing an unexpected threat, exacerbated severely by the government's stringent overreaction, which risks dividing the country and turning landowner groups against deals that promised to enrich them. The core issue is new legislation that seeks to protect resource companies from any challenge to approved projects, including both legal action and protests. This has already been passed by the parliament -- whose scrambled and controversial adjournment, to protect the government led by Michael Somare from a no-

confidence vote, means it will not sit again until November. It was approved last month by 73 votes to 10 in parliament, but has not been ratified.

The legislation, in the form of amendments to the Environment Act, shelters resource projects from all litigation over the destruction of the environment, labour abuse, or landowner exploitation. The amendments were driven by China's Metallurgical Construction Corp, the developer of the \$1.8 billion Ramu Nickel mine, which is 8.56 per cent-owned by Brisbane-based Highlands Gold. Injunctions were won by Ramu landowners to put on hold the completion of the pipeline intended to slurry waste from the mine, once it is operational, out to sea off Madang. Mount Hagen-based lawyer Tiffany Nonggorr, who represented landowners in obtaining an injunction from judge David Cannings said: "There are grave environmental concerns. MCC must find an alternative to dumping the mine waste into the bay. The mine's proposal is just too risky. This injunction is a massive victory for us, definitely a David and Goliath struggle." Goliath fought back, with the support of the Somare government.

Ms Nonggorr responded that, as a result of the new legislation, if an oil company had a catastrophe such as BP's off the US coast, "they would escape all liability for environmental damage". The amendments give the director of the government's environment and conservation office wide-ranging discretion to award certificates granting exemptions to resource developers from state requirements. Deputy Opposition Leader Bart Philemon, a former treasurer, said the new legislation protected the interests of investors at the expense of the resource owners and of the environment. Port Moresby Governor Powes Parkop said it delivered "almost absolute power to the government" on such matters. But Sir Michael, defending the legislation, said: "We cannot get mining going while this is in court. The Prime Minister's Department has been held to ransom by (the judiciary). The government will lose a lot (of money)".

However, he has granted the Ramu project an unprecedented 10-year holiday from paying taxes. The group that obtained the interim injunction is now seeking to make it permanent. This would trigger the need for a total reconfiguration of the project, which has always been predicated on dispersing its tailings in the ocean, which requires some preparatory blasting at the Basamuk reef. The injunction was taken out by four people living on the Rai Coast. They claim that the discharge into the sea risks causing irrevocable damage to their lifestyle, which depends heavily on marine life. Although the legislative amendments have been passed, they have not been ratified. So for now, the legal process continues to take precedence. Last week, a hearing with three judges decided 2-1 to keep the injunction in place.

Greg Anderson, the executive director of the PNG Chamber of Mines and Petroleum, said on Monday that the controversial cause of the challenge to the Ramu Nickel mine -- its deep sea tailings placement -- had already been deployed in PNG by the gold mines at Lihir, Misima and Simberi without arousing controversy. He said that Ramu Nickel had suffered from "a long, orchestrated campaign" of opposition that now threatens the whole project, on the verge of the completion of its construction. "It's really causing major problems for us," he said. "Everybody in the industry is watching the issue with great interest. "If such a major project -- for which the state has issued the required permits following the proper process -- is blocked, that will lead to ramifications for any economic activity in the country." A core argument contributing to the injunction has been that the construction comprises a "public nuisance". But, Mr Anderson asked, "how can you build anything without causing a degree of nuisance?"

The conflict that caused the closure of the Bougainville copper mine was not, fundamentally, triggered by such environmental issues about the mine itself, Mr Anderson said. And now, the newly elected government of Bougainville is seeking to negotiate the reopening of the mine. The Ok Tedi mine, whose original tailings dam collapsed, has been operating highly profitably since BHP-

Billiton left in the wake of the resulting controversy that mired it in the courts. The community groups in the area are now voting on whether to extend the mine's life beyond its planned closure in 2013. The pipeline from Ramu Nickel's mine site down to the refinery on the coast is now complete, and ready for commissioning. But concerns about the effects of the challenge on the completion of the Ramu Nickel project are underlined by the size of the other new projects on the move in PNG.

Besides the \$16.5 billion ExxonMobil liquefied natural gas project under way, piping the gas down from the Southern Highlands to a liquefying plant near Port Moresby, there are promising gas finds in Western Province, and an onshore project in Gulf Province led by InterOil. The Frieda River copper-gold project led by Xstrata is due to move soon to full feasibility mode, and the Wafi project -- also copper-gold -- is not far behind, also in Morobe. These are each likely to become \$4-\$5bn ventures. The latter is owned by Newcrest and Harmony, which are commissioning the Hidden Valley gold-silver project. Marengo Mining is proceeding with a feasibility study at Yandera, a copper-gold deposit not far from Ramu Nickel -- for which the most likely solution for tailings, would be to hitch a ride on the Ramu Nickel pipeline, if it is finally allowed to operate. Mr Anderson said: "All our members are watching the developments over Ramu Nickel very carefully. Deep sea tailings disposal will become a growing issue." www.theaustralian.com.au

CHINA'S RAMU NICKEL MINE TO BECOME PNG'S BIGGEST

\$1.4 billion project undeterred by lawsuit

By Eric Tapakau

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July, 29, 2010) - THE Ramu nickel/cobalt mine in the Madang is shaping up to be the "next big mine" in Papua New Guinea with the eventual scaling down of operations at the Ok Tedi mine. With construction 80 per cent complete, the mine is expected to pump in millions of kina in taxes, royalties and equities to the Government, landowners and Papua New Guineans once it is fully operational and starts exporting nickel and cobalt. Papua New Guinea's export base in the mining industry will also expand with these two new metals being exported from the country apart from the traditional copper, gold and silver. Project joint venture MCC Ramu Ltd, Highlands Pacific Limited and Mineral Resources Development Company Ltd which represents the landowners and the State are committed to the project despite opposition by some sections of the community over certain operations of the mine.

Ramu NiCo president Madame Luo Shu said the joint ventures strong relationship with the people and Government of Papua New Guinea would continue throughout the life of the project while Highlands Pacific managing director John Gooding said the project was "just ready to start producing". The Ramu project is worth \$US1.4 billion to construct and the joint venture partners have already spent \$US1.2 billion on construction at different sites including a world class wharf at Basamuk. Since 2006, Ramu NiCo has delivered tangible benefits to the Kurumbukari mine site area and Basamuk and the linking pipeline areas.

Ramu NiCo said these benefits include construction of schools, roads, bridges and health centres among others and donations had also been made to the schools. Among them is also the 250 metre Ramu River bridge built by the project, making it the largest concrete bridge in PNG. Up to the end of last year, aggregated local procurement value was in excess of K200 million. Spin off businesses worth K80 million were contracted to local landowner companies and over K5.1 million was paid as environment and land compensation to the landowners. Last year, six impact projects identified to be funded under MOA funding were completed and two model farms were established to transfer agricultural skills to the landowners. "The Ramu project management and owners are proud of the benefits they have provided to their local communities," said Madame Luo.

CHINA COMMITS \$9 MILLION TO PNG MINE ACCESS ROAD

Ramu NiCo nickel mine a major Chinese investment



By Patrick Talu

PORT MORESBY, Papua New Guinea (The National, July 29, 2010) - The Chinese government yesterday announced a PGK25 million [US\$9 million] grant for the construction of a 20km public road in the vicinity of the Ramu nickel project in Madang. The fund was made available at the request of the Ramu nickel and cobalt project developer Ramu NiCo. Ramu NiCo president Luo Shu told a Port Moresby media conference that the road would be built from the Usino junction to Yamagi in the Ramu project's Kurumbukari mining area. "I am proud to announce the additional commitment Ramu NiCo has negotiated from the Chinese government for the benefit of the people of the project area," Luo said. "This grant is an indication of China's commitment to the project and to PNG and is welcomed by the project owners.

"We look forward to working in close cooperation with all Madang citizens in promoting the sustainable development of this province's significant natural wealth. "We want to ensure that the people enjoy the benefits brought about by the project." Luo said China viewed Papua New Guinea as a place of opportunity and its commitment to invest remained paramount. She expects construction to start as soon the government signed the necessary papers. The road is catered for in the current memorandum of agreement Ramu NiCo signed with the national and provincial governments and the resource owners and the project developer.

Morobe Province: Locals to take action

By FRANCO NEBAS

Post-Courier 29.7.2010

THE slow response by Morobe Mining Joint Venture (MMJV) in addressing issues affecting groups along the Watut River may lead to reactions soon. Interim president of the union of Watut River Communities Rueben Mete issued the warning yesterday. Mr Mete said the affected communities were frustrated over the way MMJV was handling the issues affecting them. "It has reached a point that will spill off soon," Mr Mete said. He said community leaders in Upper Watut and Middle Watut had set Friday, August 30 to meet to discuss and plan their next action against MMJV. He said a meeting was planned to be held at Sambio Primary School where invitations were also extended to the interested surrounding communities of Mumeng, Wampar and Labu. Mr Mete said there were lots of media campaigns done by Morobeans on the damages caused by Hidden Valley

Mining in the headwaters of Watut River and done to the river communities since its set up and construction. But to this date nothing had been done to the communities concerned. “Even if it means for us to take the law into our own hands, we will and are prepared for it,” he warned.

Mr Mete said the communities through the Union of Watut River Communities had petitioned the Department of Environment and Conservation (DEC), Mineral Resource Authority and the Morobe Provincial Government about the damages since June last year but their calls had been ignored. “All those media responses and paid advertisements made by the DEC and the Morobe Governor Luther Wenge are all lies and cheats to the concerned communities. “MMJV even though it has responded to carry out sustainable projects in the impacted communities, have played bullying delayed techniques and have only exploited the people, their environment and biodiversities and used them as rabbits and scapegoats for experiment and trial tests,” a frustrated Mr Mete said. “The time is now for the Watut River communities to stand up and take the course of action that it has in its heart to do. “We will do what our brothers in Bougainville have already done because the Government of Papua New Guinea is still the same. And for our children’s children sake, we will do it bigger and better,” he said.

GAS PROJECT TO BOOST ‘WEALTH FUND’ \$18 BILLION A YEAR

PNG economy to take quantum leap

By Harlyne Joku

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 29, 2010) – The proposed Sovereign Wealth Fund (SWF) to be set up to invest funds generated from the LNG project abroad will boost the country’s economy to about K50 billion in GDP (Gross Domestic Product). This is double the current GDP rate of K25 billion, PNG’s deputy secretary of Treasury and chairman of the SWF working group Anthony Yauieb revealed yesterday. Mr Yauieb said huge dividends estimated at about K50 billion in GDP would flow into the fund in 2014 when the LNG project was in full operation. “This is a significant amount and will have a huge impact on the economy,” Mr Yauieb said. He made the comments at the National Research Institute (NRI) during the launching of the NRI report “Creation of a Sovereign Wealth Fund’ yesterday.

Bank of PNG deputy governor and deputy chairman of SWF working group Benny Popotai supported Mr Yauieb’s remarks, saying the fund will boost the country’s economy if managed well. Mr Popotai was the guest speaker at the launch said the Central Bank had done an excellent job in investment of the country’s foreign reserves and assets when outsourcing them abroad which can similarly be done to SWF. He said previous experiences showed that the government had not handled well its trust accounts when in 2008 rapidly drew down the trust accounts.

NRI senior research fellow Peter Johnson said SWF must be managed in a way that it could resist political pressure. Mr Johnson said by 2014 revenue from the PNG LNG was expected to flow to the Government and if history was not to repeat itself, lessons had to be learnt from the past. He said in terms of direct benefit, the majority of employment would take place during the early construction phase of the project. After construction phase only a relatively small number of employees will be required to maintain the facility.

PNG’S OIL SEARCH SPENDS \$220 MILLION IN GAS STARTUP

Mobilization, construction as massive development ramps up

By Eric Tapakau

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 29, 2010) - Papua New Guinea’s energy company Oil Search Limited has spent US\$220.6 million [PGK567 million] in the second

quarter of this year on the PNG LNG project. Oil Search, which owns 29.9 percent of the project, said that following the announcement in March that full execution of the PNG LNG project had commenced, activities ramped up considerably during the second quarter of 2010. Key activities during the quarter were focused on the ongoing mobilization of people and equipment to various locations in PNG, site preparation and early construction works. During the quarter, Oil Search and its joint venture partners discussed LNG expansion opportunities.

In addition, consolidation and optimization of Oil Search's license interests continued, with a number of acreage transactions finalized during and shortly after the end of the period. "The PNG LNG Project moved into full execution mode following financial close in March 2010. Since then, activity levels have ramped up sharply, with work taking place at numerous locations throughout PNG. Activities this quarter included earthworks and the installation of accommodation at Kopi on the south coast, bridge and road improvements along the Highlands Highway, resettlement and clearing activities in the Highlands and site preparation at the LNG site near Port Moresby as well as the continued construction of training facilities and camps," managing director Petter Botten said.

"The project has already started to have an impact on the country, with hundreds of new jobs being created, both directly by the project and indirectly, with a strategy to maximize the number of local employment opportunities. The broad-based support the project is receiving from the Government and the people of PNG is highly encouraging," he said. Mr. Botten said the PNG and the Australian government had agreed to work together to review and address a range of issues which will affect PNG both during the construction of the PNG LNG project and after it comes into production. These include capacity building, with a particular focus on strengthening Government departmental resources, the development of new infrastructure and the proposed formation of a sovereign wealth fund.

Landowners told not to log, mine Konoagil

National 28.7.2010

TRADITIONAL landowners of the huge forest of Konoagil in inland Namatanai are warned that they will be breaching a restraining court order if they proceeded with the setting up of logging and mining activities. The warning was issued in Kokopo yesterday by former Konoagil local level government president Selman Emos. Emos said this after learning that a company had been mobilising people in several villages, including Pukpuk, Semalu, Watpi, Grino, King, Sokot, Kait and Nasko to engage a Port Moresby based company to develop the land. Emos said the company was being managed by an individual from the Duke of York Island in East New Britain who also lived in the nation's capital.

The former LLG president said the individual had been negotiating to take up mining activities. According to their plan, the companies would start the operation with logging and later move into commercial mining activities after the trees were cleared. However, Emos warned that there was a restraining court order taken out by the traditional landowners which the Namatanai district court issued on April 15. The order prohibits any meeting and agreement signing relating to the land in question between the companies. The court order also prohibits any development work on the land until such time the matter goes through a formal mediation process and an agreement reached between the parties involved.

Mining-focused company starts local operations

National 28.7.2010

LARGE-scale mining companies and alluvial miners do not have to import needed services and mining equipment as such are readily available locally. This was disclosed last week by Italpreziosi

South Pacific Ltd (ISPL), a company specialised in precious metal trading through processes, integration, acquisition and collaboration with gold and silver suppliers, during a presentation at Crowne Plaza. Announcing its presence in Papua New Guinea, ISPL financial director Andrea Aratoli said the company provides integrated and quality services to the local mining industry with backing from its unit ISP Chemical Ltd (ISPCL).

Aratoli said since the establishment of its office in the country three years ago, ISPL and ISPCL had built themselves a good reputation in the country. He said the company had the experience to respond to the requirements of the gold mining and alluvial mining industries. Welcoming ISPL, new-appointed Treasury and Finance Minister Peter O'Neill said: PNG is a place of opportunity and I welcome you to invest in the country, especially in the small-scale alluvial mining where bulk of the rural people would benefit and give a good return to the shareholders. With headquarters in Port Moresby, ISPL was formed in October 2006 and began operating in April 2007.

PNG-AUSTRALIA WATER PIPELINE TO BE STUDIED

\$27 billion solution to Queensland water shortage

By Peter Korugl

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 27, 2010) - So it is not only oil and gas that is going to be exported from the Southern Highlands Province. The province will export its fresh cool waters – currently of no economic value - from the mountains of the highlands province to solve the serious water deficiencies in Australia.

[PIR editor's note: According to Radio Australia, Queensland businessman Fred Areal has signed a deal with the Papua New Guinea government to conduct a feasibility study of piping fresh water 3,000 kilometres to Australia. The AU\$30 billion (US\$27 billion) pipeline would connect vast water supplies in Papua New Guinea's highlands with southeast Queensland.]

It is expected that the water project will provide benefits to the province arising out of the construction of the project and through the development of hydro electricity and businesses and consumers using this electricity in Australia. The project will today become a reality when Papua New Guinea enters into an agreement to export its water with the Australian developer. The Department of Environment and Conservation (DEC), will sign the memorandum of agreement on behalf of the State with the project developer, Might and Power Australia Pty Ltd (M&P). The water is to be piped from Southern Highlands Province through Western Province and over the sea into Australia.

The agreement will pave the way for pre-feasibility and feasibility studies to be carried out into the project. According to a brief from the DEC, the National Executive Council gave its approval in principle for the project in 2008 and appointed a PNG-Australia Water Pipeline Committee, chaired by the Secretary of DEC. Other members of the committee include representatives from Justice and Attorney-General, National Planning and Monitoring and Treasury to manage all negotiations with the company. The initial deal was reviewed and a final draft was approved by both parties including lawyers for the developer. The agreement will enable Might and Power to raise funding for a feasibility study and obtain support from potential partners, governments and off-takers. The agreement is necessary for the company and investors in the project will require assurances that they will be entitled to the exclusive right to harvest and export water to Australia.

PNG faces challenge to manage gas boom

Post-Courier 26.7.2010

By *ERIC TAPAKAU*

PAPUA New Guinea is faced with the massive challenge of properly using windfall revenues from the resources booms to meaningfully develop its people and the country, Prime Minister Sir Michael Somare has said. Speaking at the “Engaging with the Pacific Meeting” in Fiji over the weekend, Sir Michael said the PNG economy has experienced positive growth since 2003 due to high commodity prices and prudent management by the Government. He said the global financial crisis in 2008/2009 and its impact on the world economy had an effect on the outlook of the PNG economy. “Growth brings increased opportunities and challenges in the country. Papua New Guineans are faced with substantial spin-off benefits including employment and micro investment opportunities for local businesses in areas such as construction, hospitality, catering and real estate industries,” Sir Michael said.

“A major challenge for Government is to mitigate the negative consequences of the resource boom and achieve meaningful development for the people and the country. This can be achieved through re-allocation of resources from mining, petroleum and gas sectors of the economy to ensure long-term sustenance, and to support local participation in the economy including joint venture with potential investors. “The Government is also challenged to provide adequate resources to give equal priority to other essential service sectors, notably in health and education. With LNG project under construction to opportunities also arise for both employment and investment in all sectors.” Sir Michael said.

According to the Investment Promotion Authority (IPA), 330 new investors were approved in 2008, marking an increase of 139 from the previous year. A total of 1433 investors from abroad came to PNG over the period 2003-2008 to conduct business. The figure is expected to have increased further since. Papua New Guinea has a dual economy. This comprises of a subsistence (or non-cash) economy characterized by the majority of the people who live off the land through agriculture, fishing, hunting and related activities. The cash economy in terms of exports value is dominated by the mining and petroleum sector. Apart from these, the economy is also supported by agriculture and fisheries sectors. In 2009, PNG’s total export valued just under K12 billion.

Mineral and petroleum exports accounted for the bulk of this at 76 per cent of the total value of exports, followed by agriculture (19 per cent), forest (3.4 per cent) and fisheries/marine products (just 1.7 per cent). Imports valued around K7.7 billion for the same period. The country’s major export destinations are Australia, Japan, Philippines, South Korea, and Germany. The major sources of imports are Australia, United States, Singapore, Japan and China. My Government encourages foreign investment and provides guidelines so as to bring benefits for all parties as well as to contribute to the development objectives of the country,” Sir Michael said.

Queensland farmers banned from selling cattle near mine

Post-Courier 22.7.10

BRISBANE: Queensland graziers near an underground coal gas project at the centre of a water contamination scare have been banned from selling cattle until tests clear their stock. Cougar Energy was forced to shut down its pilot Underground Coal Gasification (UCG) plant near Kingaroy last week after the government learnt traces of cancer-causing chemicals benzene and toluene were found in bores on the site. Biosecurity Queensland has banned farmers on nearby properties from selling their cattle for slaughter. It has also told property owners not to let animals drink bore water while testing for contamination continued. “As a precautionary measure, Biosecurity Queensland officers advised property owners over the weekend not to slaughter animals on potentially affected

properties until the situation had been assessed further,” chief biosecurity officer Ron Glanville said.

Mr Glanville said farmers were assessing the cattle, a process that should be completed within 24 hours. He said he'd received scientific advice that benzene did not have long-term impacts on animals and was excreted very quickly. “Biosecurity Queensland is determining a suitable length of time for cattle to be drinking clean water before cattle are fit to be slaughtered,” he said. AgForce president John Cotter said cattle would most likely undergo fat sampling, as residue usually ended up in the fat. “There are processes in place to make sure the integrity of our product is not threatened at all,” he said. But we are very concerned that this was allowed to happen without preventive processes, and the pressure is on to not allow that to happen in other regions (where UCG plants are being trialled).”

Linc Energy and Carbon Energy run two other UCG pilot projects near Chinchilla. The Queensland government has announced eight extra staff will monitor a similar industry, producing coal seam gas, in the Surat Basin. Mines and Energy Minister Stephen Robertson said the new mining and environmental officers would be based in Roma and Dalby.

Small scale mining vital for Papua New Guinea Post-Courier Focus 21.7.2010 By *KENNETH AVIRA of MRA*

Some 60,000 to 80,000 Papua New Guineans are involved in the small scale mining (SSM) sector, generating direct family incomes totalling more than K200 million annually. The sector can be further developed and more people can participate, if issues affecting the sector are successfully addressed and positive outcomes achieved. A young Papua New Guinean woman recently told a United Nations (UN) conference on the Commission on Sustainable Development (CSD) in New York about this important sector and issues affecting the growth of the sector. From little known Tapini in the Goilala district of Central Province hails Immaculate Javia, a small scale mining trainer with a European Union (EU) project based at the SSM training centre in Wau, Morobe Province.

Javia completed her university education in 2009, obtaining a Bachelor of Science degree (environmental science and biology) from the University of Papua New Guinea. In the same year she joined the EU project. The Wau small scale mining training centre was established by the EU under the PNG Mining Sector Support Program (MSSP), and will be handed over to the Mineral Resources Authority (MRA) when the project winds down in a few months. On May 10, Javia found herself sitting among high-profile people at the UN headquarters in New York. She was attending a conference for Small Island Developing States (SIDS) focusing on sustainable development in the mining, forestry and fisheries sectors among others. This conference was a lead up to another high level meeting in September this year, where the Mauritius Strategy of Implementation on Sustainable Development for Small Island Developing States (SIDS) will be reviewed.

The Mauritius Strategy of Implementation is an initiative of the UN and is the only global development strategy that addresses the unique SIDS development problems including PNG. It sets out the basic principles and specific actions required at national, regional and international levels to support sustainable development projects such as the educational programs being conducted at the Wau SSM Training Centre. Javia's journey to New York (funded by the UN and co-sponsored by the EU) began in March this year, after her presentation at the Divine Word University during the Women In Mining (WIM) conference in Madang. She was noticed by Patricia Kila of the Papua New Guinea Sustainable Development Program Limited (PNGSDPL), when she (Javia) was giving her presentation on SSM activities and programs offered at the Wau SSM training centre. Ms Kila

was the initial invitee to attend the UN conference but could not join due to other commitments. She instead recommended Javia to the PNG Mission to the UN and the UN Division for Sustainable Development (conference organisers), to attend having seen her sound knowledge on SSM during her presentation in Madang.

Speaking as one of the conference panelists, Ms Javia presented a paper on issues facing the SSM sector in PNG, especially those affecting women in small scale mining, the measures that are being employed to address the issues, and the achievements of the sector. She also spoke about three main issues which she thought needed addressing for the sector to grow. The three are data base survey on SSM activities, legal framework on SSM and financial support for miners. She told the conference that a reliable database was necessary for the SSM trainers/managers to effectively start and implement development programs such as outreach, training, monitoring and evaluating progress, and identifying hindrances to achieving goals and development. Strict lending conditions by financial institutions and lack of availability of finance have led to limitations to miners' ability to obtain finance. The conference was told that this was seen as a major setback for miners.

According to Javia, miners need financial capacity to be able to engage substantially and obtain greater benefits from mining. She believes that at present small scale miners have limited means to raise funds to buy appropriate mining equipment to increase their gold productions, finance trips to access better gold markets or meet application fees for mining leases. "It is very difficult for miners in PNG to obtain necessary finance from commercial institutions. Banks are cautious about getting involved with small scale mining business as they consider it to be a high risk activity." The absence of specific laws governing SSM sector in PNG is of great concern to the sector. A legal policy and institutional framework is necessary to support and regulate all aspects of the small-scale mining sector, Javia told the UN meet.

Policies and strict monitoring are necessary in regulating environmental degradation, minimising health and safety related problems, ensuring safe usage of mercury and eliminating child labour. Javia told the conference that the Government had realised these deficiencies, and with sponsorship and expertise from the EU, established the Wau Small Scale Mining Training Centre. The aim of the centre is basically to address the issues through deliverance of educational and technical training programs for small scale miners to turn them into responsible citizens. The training modules conducted at the centre address almost all of the issues and constraints mentioned above. The training centre ensures that the issue of responsible mining is addressed in all the modules. Appropriate technology and best practice methods are encouraged in the training programs.

Course modules offered at the centre are:

1. Background information on small scale mining – (history of SSM in PNG)
2. Laws governing artisanal and Small Scale Mining (brief reference to Environment Act, Mining Act 1992 & Mining Safety Act)
3. Geology and gold – (miners learn about the fundamentals of gold formation, its properties and areas where gold can be found)
4. Prospecting techniques – (miners learn how to understand how placer gold deposits are formed)
5. Mining and processing techniques – (miners learn how to improve techniques from artisanal to semi-mechanized to mechanized level)
6. Occupation health, safety and welfare – (miners are taught skills on how to avoid possibilities of injuries, accidents and associated diseases)
7. Environmental impact of mining – (addresses the importance of environment to humans so that miners are responsible while mining)
8. Mercury – (miners understand and recognize the dangers associated with the use of mercury)
9. Making small scale mining a business – (aims to help miners to operate their small scale mining)

activity as a business)

10. Social issues - (addresses gender equality and personal viability)

11. HIV and AIDS awareness – (miners discuss ways in which HIV and AIDS is contracted and how it can be avoided)

The MRA as the EU's partner in development has a vision is to "Improve the lives of all Papua New Guineans through the responsible management of the nation's mineral resources." In line with this vision, the MRA hopes that the success of the SSM sector would result in poverty alleviation and improvement of the livelihoods of our people. In the bigger picture, poverty alleviation is one of the main goals of the United Nations' (UN) Millennium Development Goals (MDG). The Government is a signatory to the UN convention on the MDG which covers poverty alleviation. The MRA as the state agency responsible for the regulation of the mining industry endeavors to achieve the goals of the MDG, in this case, through the deliverance of educational and technical programs with assistance from the EU at the SSM training center. Javia's mission to the UN conference has achieved that the small scale miners of PNG are finally represented at this very important development forum. She is expected to join the next SIDS session later this year to report on progress made and to participate in the formulation of sensible development policies for nations such as PNG.

Editorial

MPs, don't take eye off main game

Post-Courier 20.7.2010

ALL eyes in the nation will be zeroing in on Waigani today for whatever action takes place on the political field of battle, Parliament. However we venture to suggest that whoever wins the clash of numbers will be faced with the same problems of running our nation. One of the hidden wildcards is beginning to surface: the inflationary effects of the liquefied natural gas project and its offshoot ventures. Companies in Lae and the Highlands, especially in the trucking business, report that the costs for transporting cargo up the Highlands Highway has more than doubled in recent times. This, they say, is due to the openhanded nature of the LNG companies, who are ready and willing to pay much higher rates to get their gear trucked up the highway.

Normal business enterprises can't keep up with the price competition from ExxonMobil and other companies feeding off the LNG project. It is a harbinger of things to come. It is also in the script for countries that are suddenly awash in development with one or more huge resource projects that knock the normal economy out of proportion. That is, it is not revolutionary stuff. It's happened to other countries in recent and previous times and the examples are all recorded for us to learn from and to avoid the worst of the excesses that hit places like Kenya. Once our nation's rulers get over their current round of political football and re-establish the ruling structure, we urge whoever the victors are to start looking seriously at the LNG-propelled inflationary effects.

Those who live in the National Capital District are already reeling from the effects, especially in the real estate sector. The values of two years ago are gone, smashed to bits by the speculators in real estate. Prices in stores and supermarkets and fresh food markets are edging up rapidly. Now, with heavy equipment coming in on ships at Lae and being trucked up the Highlands Highway, other parts of our economy are being subjected to price pushes. It won't just affect the provinces that are directly linked to the gas project. Prices for goods and services will zoom upwards rapidly and will effect the rest of our people. We need leaders who can counter this as well as grandstanding at signing agreements!

Effect of LNG hits below the belt

Post-Courier 20.7.2010

By *JOHNNY POIYA*

The LNG project in the Southern Highlands Province is attracting trucking firms operating in the Highlands region with its lucrative offers. The exodus created a shortage in trucks, leaving business houses that operate in the region with no option but to hire smaller locally owned trucks at rates much higher than usual. The LNG project is offering rates that double what business houses like the Super Value Stores, Bintangor, Daewon and others pay to trucking firms. Trucking firms, taking advantage of the lucrative offers from the LNG project, have turned away from the normal business houses, adding for increases in their payment if they were to continue serving them. And to make up for the extra transport costs, prices of basic store goods in the region are gradually increasing, affecting the bulk of the three million people in the five provinces. Ambrose Patmou, the transport officer with the Super Value Group of Companies, yesterday said from Lae that the normal charge for a single container to Mt Hagen was below K4000 but now it had risen to more than K6000, a rate offered by the LNG project. "A single container of cargo costs around K2100 to be transported to Goroka but now it has more than doubled to K4600 to K4700 since initial ground work on the LNG project started," Mr Patmou said.

The shortage in trucking has also caused delays and extra fees paid for storage. He said during the pre-LNG period, five to six containers were transported up the highway in a single day but now it was one or two containers in a day. "We are dealing now with single container trucks. When they return after two or three days, we have a pile of containers waiting to be transported. This is becoming a very big problem. The number of containers in the storage area has increased," Mr Patmou said. "The bigger trucking firms were okay with cheaper rates but now they are ignoring us for the lucrative LNG project. When we insist with the challenges of loyalty in the business industry, they want us to pay the rates offered by the LNG project." He said for the business houses in the Highlands to continue to operate, there was no option but to use the smaller locally owned trucking firms at the rate they demanded. Though the rest of the Highlands provinces with the bulk of the region's population have not yet benefited from the much publicised LNG project, they have to shoulder the extra burden of increased prices in store goods, which Mr Potmau added was gradually happening.

Ramu NiCo upset over court ruling

Post-Courier 20.7.2010

RAMU NiCo as manager of the Ramu Nickel Joint Venture has expressed disappointment over the Supreme Court's decision on Friday to not to lift the injunction restraining the company from installing and operating the deep sea tailing disposal facility. "We are now keenly waiting on advice from the lawyers on the full meaning of the decision and its likely affect on the continued development and operation of the Ramu project," the company said in a statement yesterday. "This project was approved in 2000 and subsequently at different stages of development Ramu NiCo obtained the permits required from the PNG Government. It has been under construction for more than two years and is now nearing completion but this action only commenced some four months ago. Over the two year construction timeframe we have spent about K3.3 billion out of a total budget of K3.8 billion."

The company said that despite this recent decision, they are confident that with a full trial on the issues in the National Court of Madang the matter will "be resolved satisfactorily". "Ramu NiCo estimates that for every day that operation of the project is held up by virtue of these court orders, the owners including MCC, Highlands Pacific Ltd and Mineral Resources Development Company (MRDC) Ltd will lose up to K7 million," the company said. "No company can sustain losses of this magnitude for extended periods and now we will find it exceedingly difficult to raise funds to invest in PNG until Ramu NiCo's rights to develop this project are confirmed. "We suspect that this will

become more than just our concern once the implications of these issues confronting us are fully assessed by the international investment community and their responses in turn are felt in PNG.”

Ramu NiCo said that the extended delays would create enormous disruption to DSTP construction and therefore the commissioning and operation schedule which would be further complicated by the incoming rain season. “The impact on the overall plant viability could be far-reaching,” the company said. Once it has been briefed by its lawyers, Ramu NiCo expects to discuss its present situation with project stakeholders including the other owners, the Government and key landowner and provincial government representatives and it expects to make another, fuller statement on these present developments in due course.

Ramu NiCo fails to lift interim injunction on DSTP

National 19.7.2010

By JULIA DAIA BORE

RAMU NiCo, developers of the giant Ramu nickel project in Madang, have failed in the Supreme Court to quash an interim injunction to proceed with the construction of a deep sea tailings placement (DSTP) system and get the mine off the ground. A three-judge Supreme Court last Friday dismissed the appeal by Ramu NiCo and its state partners against the lower court’s granting of the interim injunction which had effectively stopped work on the last stage of the construction at Basamuk Bay. The ruling means that a trial date will be set, probably next month, for the substantive matter to be argued in court. Four landowner leaders – Eddie Tarsie, Farina Siga, Peter Sel and Sama Melambo – and the Pommern Incorporated Land Group had sought the interim orders in the National Court in Madang in March and April that the DSTP system off-shore of the Basamuk and Astrolabe bays would be detrimental to all landowners along the Madang coastal areas and their entire livelihood. They also claimed that it was not the best practice of environmental management activity.

Justices Catherine Davani, Derek Hartshorn and Don Sawong ruled that while they noted the submissions made by Ramu NiCo and its partners, they were also mindful that if the DSTP was allowed to proceed, “the potential environment harm far outweighs the lifting of the injunction”. “The balance of convenience lies in maintaining the status quo at least until after the trial of the substantive matter,” they ruled, adding that “it is better to take a precautionary approach than to proceed in haste”. Ramu NiCo and its partners had, in essence, submitted in their appeal that it was lawful for them to proceed with the construction of the DSTP system as agreed to in their joint venture agreement and also based on the mining development contract signed between the parties concerned, including the PNG government and MCC to start mining nickel in the Kurumbukari area of the Bismarck Ranges before the end of this year. The partners had argued in court that the landowner leaders, in their ILG in this proceeding, only represented their own interests and not that of the bulk of the Basamuk Bay people.

U.S. COMPANY ACCUSED OF ILLEGAL MINING IN PAPUA

Freeport allegedly secretly mined uranium

WELLINGTON, New Zealand (Radio New Zealand International, July 16, 2010) – Indonesia’s House of Representatives has demanded an immediate investigation into accusations that PT Freeport Indonesia is illegally secretly mining uranium in Papua. The Jakarta Globe reports that the House said the multi-national company would need to provide clarification on the matter.

[PIR editor’s note: Arizona-based Freeport-McMoRan Copper & Gold Inc. is one of the world’s largest producers of gold. The company operates the huge Grasberg mine in Indonesia’s Papua

province (formerly West Papua), considered the most profitable mine in the world. Operations at Grasberg have negatively impacted 11 square miles of rainforest and has been the scene violence in recent years..]

The chairman of the House's United Development Party, Hazrul Azwar, says that if the allegations are true, Freeport could be penalised, including changes to their operating contract with the Government. His statement comes after a Papua Legislative Councillor, Yan Mandenas, claimed that Freeport had been covertly mining uranium for at least eight months. This is despite the widely-held belief that Indonesia does not possess viable deposits of the strictly controlled mineral. The councillor had also claimed Freeport had illegally mined coal and other minerals not listed in its permits at its giant Grasberg gold and copper mine in Papua since 1964. Freeport, however, has denied all the allegations. *Radio New Zealand International*: www.rnzi.com

Ok Tedi Mine, union reach agreement

National 16.7.2010

THE Ok Tedi Mine Ltd and its unionised workers recently signed a memorandum of understanding (MoU) to resolve issues that triggered a 16-day strike action last April before Aug 1. The document was signed in the presence of Mining and Deputy Prime Minister Sir Puka Temu. Major points of the deal included an improvement in home ownership scheme, assistance benefit arrangements and improvement of the retirement and redundancy benefits for long-serving employees. Under the agreement, the workers comprising the OTM Allied Workers' Union are bound to support productivity improvement and cost-reduction initiatives to strengthen the company's competitive position.

Australian miners win \$A7.5b concession

Post-Courier 16.7.2010

MINERS won \$A7.5 billion in concessions under Julia Gillard's "breakthrough" deal with the industry - five times more than the Government has admitted. This is according to new figures that reveal Treasury massively underestimated takings from the super-profits tax. The government admitted yesterday to a significant mistake in the calculations for its original tax, which could have raised double the \$A12bn expected in its first two years, based on the latest commodity price forecasts. Wayne Swan issued revised budget forecasts yesterday, taking in Treasury's new estimates for commodity prices that would boost the budget bottom line by \$A4.9 billion over the next four years.

While the government's revenue has been boosted by the additional mining income, the budget update shows Australia's growth is slowing and is now expected to reach only 3 per cent this financial year, down from a budget forecast of 3.5 per cent. The budget is still expected to return to surplus in 2012-13, but by a margin of \$A3 billion, rather than the \$A1 billion forecast when the federal budget was handed down in May. The new figures bring to an end two weeks of dodging by the government on the generosity of its concessions to the mining industry since the new Prime Minister abandoned the resource super-profits tax in favour of the mineral resources rent tax. At the time, Ms Gillard said the tax take under the new MRRT would fall only \$A1.5 billion to \$A10.5 billion, despite cutting the headline rate of the tax from 40 per cent to an effective rate of 22.5 per cent and doubling the threshold at which it kicked in.

Construction at gas project in full swing: Esso Highlands

National 15.7.2010

By PATRICK TALU

THE multi-billion liquefied natural gas (LNG) project moved into full execution phase last March and is currently at the earliest stages of the four-year construction period. The environmental and social verification and monitoring systems and reporting protocols are also at an early stage of implementation. According to an executive summary statement from Esso Highlands Ltd managing

director Peter Graham yesterday, much of the project activity would occur under six engineering, procurement and construction (EPC) contracts being executed by some of the industry's leading contractors. Graham said to date only one of the EPC contractors for the Komo airfield had commenced field construction activity, while the other EPC contractors remain in the execution planning phase. Additional to the EPC contracts, construction contracts were awarded last year for a programme of infrastructure upgrades in advance of the main construction activities in the Gulf and Southern Highlands provinces.

Graham said the upstream infrastructure element of this programme incorporates civil works in the areas of Hides and Kutubu, upgrade and construction of new roads and bridges, construction of training facilities and camp construction, extension and refurbishment. Another contract covers early works at the LNG plant site and nearby area. Contracting is in advanced stages for two newly-built drilling rigs to drill and complete the project wells. Graham stressed that the recruitment and development of qualified Papua New Guinean citizens is a key component of the "project's national content plan (NCP)". "The strategy is to maximise the number of local employment opportunities, to increase the ratio of national employees over the life span of the project and to train them in the technical and professional skills necessary for working on existing, and future, projects and operations."

Petromin for offshore gas processing plant
By BOSORINA ROBBY

National 15.7.2010

PETROMIN PNG Holdings Ltd yesterday presented to its major stakeholders the concept of having an offshore processing plant designed to greatly reduce the time and money spent on onshore pipeline laying and other concerns. Managing director Joshua Kalinoe said the liquefied natural gas (LNG) floating production storage and offloading (FPSO) exercise would be the fastest means of commercialising the gas resources in PNG, especially for gas fields within the ocean's proximity, with long-distance pipeline options to the onshore processing facilities. He said from the cooperative development agreement signed by Petromin and its international partners DSME South Korea and Hoegh LNG Norway on Tuesday, economic and technical feasibility studies would continue to provide a competitive option to gas owners in the Gulf of Papua, including the ELK/Antelope LNG project. Kalinoe said this would provide an alternative to gas owners and operators in the country to save time and money by having an offshore processing facility nearby, rather than through hundreds of kilometers of pipelines.

The LNG FPSO technology will feature an offshore facility vessel that will be built by DSME, and will be able to store, process and prepare gas for export. The processing facility is projected to be capable of producing up to three million tonnes of LNG annually. Kalinoe said if everything went according to plan, the final investment decision should be made by Dec 31 to allow for the construction of the vessel to begin by next February and first cargo anticipated for late 2014. He said the technology also had the advantage of early monetisation of gas reserves when compared to conventional onshore LNG facilities and the training of many Papua New Guineans. He said the partnership with DMSE and Hoegh LNG would allow Petromin to fulfil its mandate as the national oil, gas and minerals company to join and deliver the first LNG FPSO facility in PNG.

Local MP hopeful about K40m for Ramu

National 15.7.2010

MEMBER for Rai Coast Sane Gao said the people of Ramu will benefit from the K40 million "seed capital" the government would provide for them. He rejected suggestions that the money was compensation offered to the landowners to withdraw a case now before the court which halted work at

the Ramu nickel and cobalt mine. Since the National Court issued an injunction stopping work at the mine, the operators have become very concerned about financial losses they were suffering. It is estimated they are losing K10 million a day. The government wants to start the mine by the end of the year or early next year. Its revenue is crucial to PNG's economy, to fill the revenue hole that will be created by the closure of Ok Tedi. Exports from the mine will also address balance of payment concerns created by the PNG LNG project.

Gao said the K40 million was business grants from the government agreed to in a memorandum of agreement. He said the funds were for the Ramu nickel foundation and landowners from KBK, inland pipeline, coastal pipeline and the Basamuk area. He said he was working hard to resolve this conflict "the Madang way" and he described this as a win-win situation. He engaged Ricky Kung to facilitate and mediate the dialogue between the state, the developer and the people led by Simon Melembu. Gao said any further delay in the project would have adverse effect on the nation as the state was the signatory to the original mining agreement. He said he also saw the need to have the mine continue as the tax credit scheme would help the infrastructure in Rai Coast and Usino-Bundi electorates.

He said the issue of environment was not isolated but was captured in the instrument to be signed tomorrow. Prime Minister Sir Michael Somare also said during the presentation of the K36 million IPBC dividend payout to the state said the money was not for compensation but was a seed capital for the people. Meanwhile, Member for Usino-Bundi Samson Kuli applauded the people for the lead in pursuing the government to address their needs as they almost missed out. He said such money should assist the people to venture into business and not to be mere spectators as the two electorates were the least developed in PNG.

Australian government to help safeguard LNG fund

Post-Courier 14.7.2010

LEGISLATIVE framework will be designed to safeguard the proposed LNG Sovereign Welfare Funds from political manipulation and pilfering, the Government said yesterday. The Australian government will play a major role in helping PNG design a legal regime that would govern management of the funds, a spokesman of the Department of State Enterprises said in response to a series of questions by the media. Asked how the Government would prevent political interference and pilfering of the funds, he said: "This is where the Australian assistance will be vital. They will help to set up a legislation framework for the operation of the SWF which should have adequate safeguards to ensure these funds are properly managed and provide a high level of transparency."

State Enterprises Minister Arthur Somare on June 30 was reported to have made reference to Australian's "looking over our shoulders" in designing the structure for good governance as Papua New Guineans did not seem to trust each other. The spokesman said Australians were keen to ensure that good governance regimes were in place "because they are as eager as PNG, to see high the level of dependence in aid greatly reduced in the years ahead." "It makes good sense to co-operate with Australia in this regard because our bilateral relationship already spans a vast range of the public sector," he said. The spokesman said AusAID's chief economist Dr Mark McGillvray had offered to set up a team of (non-Australian) international economists who would develop a model of the PNG economy regarding the LNG project. "This work should start soon. It will focus on the pre-construction and post-construction phases. During pre-construction the model will provide an assessment of the ongoing economic impacts of the project," he said

Justice Minister plans to thwart hire of foreign lawyers

Post-Courier 14.7.2010

By *TODAGIA KELOLA*

JUSTICE Minister and Attorney-General Ano Pala says he can use his statutory powers to thwart attempts by overseas lawyers to act for NGOs in their court action against the amended Environment Act of 2010. He made this known in a press statement yesterday when warning the media against publishing any advertorial or press statements by individuals concerning the validity of the Environment (Amendment) Act 2010. Recently a coalition of non-government organisations (NGOs) consulted a prominent Australian law firm Slater and Gordon on the recent amendments to the Environmental Act with the intention of engaging their services to challenge the validity of the law in PNG courts. The Australian law firm was instrumental in successfully prosecuting BHP over the Ok Tedi mine waste management system.

Minister Pala in his statement said “I also do not mind NGOs seeking legal advice overseas but I must remind them that the law to be applied is Papua New Guinea law and not Australian law. Additionally, I have a statutory duty under the Lawyers Act to protect the legal professionals in this country and am not obliged to go registering any lawyer from Australia to appear in any case in Papua New Guinea at the whims of any NGOs, whether local or foreign.” He said in his warning to the two daily newspapers that “When you issue statements you can refer to the case and the validity of the Environment (Amendment) Act, but you cannot state emphatically that the law is unconstitutional. To do so will be in contempt of the court. And, the court has a right and power, on its own motion, to take action to punish anyone for this offence under Section 160(2) of the Constitution. You must therefore know that for all intents and purposes, this law is not unconstitutional unless and until the Supreme Court says it is unconstitutional. “I have been briefed by my lawyer on this matter. The documentation is supposed to be completed by October 5, and the matter, subject to the workload of the Supreme Court, should be listed for hearing during the Supreme Court week in late October,” said Mr Pala.

Life after Kutubu project

Post-Courier 14.7.2010



Canoes have become the mode of transport among the people of Lake Kutubu in the Southern Highlands Province, where the rich Kutubu Petroleum project is located. Since the first oil flow in 1992 and almost 18 years on, the landowners from both Upper/Lower Fasu and Upper and Lower Foe have not benefited allegedly because the local leaders failed to deliver. The benefits - the 30 per cent Special Support Grants estimated in millions was an agreement between the developers and the

Government. The effect today shows 97 per cent of the villagers still live in bush material houses in villages without access roads and no basic services like health and education.

Picture: SIMON ERORO

Prostitution, gambling rampant in Kutubu

Post-Courier 14.7.2010

By Simon Eroro

Prostitution and gambling is part of everyday life among many landowners in the Kutubu petroleum areas of Southern Highlands Province. Young children and teenagers as young as 17 years are no longer in school, with many young girls involved in prostitution. It is a common sight to see both men and women gambling everyday along the roadsides. These activities are slowly eating away at their society. This reporter visited Sisibia, Soro, Serega Kaibu, Idinia, Aiyo, Mano and Waro villages along the Upper Fasu and Lower Fasu areas. These villagers own the land where the oil ridges are located and the story remains the same. Locals there have lost the traditional or subsistence way of living. No longer do they live as our forefathers did. The negative influence of money is slowly killing traditions and local culture.

A research carried out by this reporter confirmed that 97 per cent of the people in the oil-rich area live in bush material houses with roofing woven from sago palm leaves. Chairman of the Kutubu Special Purpose Authority Norman Ba'abi said the first oil flow in Kutubu was in 1992 and 18 years on, the benefits from the project had not trickled down to the villagers. Foe Association Inc chairman Sese Vege said it was common knowledge that the landowners within the project areas had not benefited and that bigger efforts by the leaders - especially with those placed with the people's trust, to effectively deliver changes - had failed over time. "We take the blame for what has gone wrong. "Today is not like the days when the oil flow was at its peak...it is coming to an end and we are left with no option but to rush against time to correct our own mistakes," Mr Vege said.

Oil-rich areas being neglected by leaders

Post-Courier 14.7.2010

By Simon Eroro

FAILURE by landowner groups to deliver oil benefits to the Kutubu petroleum areas, mainly upper/lower Fasu and upper/lower Foe, has left many villagers angry and disappointed. After 17 years, villagers such as Bo Bob, a teacher at Tanuga Primary School at the Pimaga Station, said leaders of landowner associations were the ones to blame for the lack of development in their areas. The local villagers are calling on the National Government to intervene and correct mistakes created in many project areas around the country before the PNG LNG project goes into full swing. Many villagers visited by this reporter said that Kutubu and Southern Highlands Province as a whole, should be way ahead of other provinces in terms of development. Mr Bob, also from Pimaga station, said the agreement between the Government and the Kutubu developers had been done in haste, and warned that the same was being done with the LNG project.

He said the only major impact project undertaken by the developer was the road access from Mendi-Moro road and feeder roads that go directly into project areas. He said the construction of all access roads into the villages was carried out by the Kutubu Special Purposes Authority (KSPA) just recently under the chairmanship of Norman Ba'abi. "Employment impact is a consequence of the project. The company is here to make money and few years down the line, the oil will run out...the Government must intervene. These roads need sealing for the future generation to access," Mr Bob said. He said: "The real beneficiaries of landowner companies are only those who sit on the boards as directors and shareholders, while the clansmen only receive help with school fees and other necessities when they ask."

PNG LANDOWNERS: SOMARE OFFERED BRIBE TO DROP CASE

Plaintiffs against Ramu mine allege \$14 million offer

By Staff Reporters

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 14, 2010) - THE Prime Minister Sir Michael Somare is alleged to have offered a substantial amount of money to have disgruntled landowners drop their court challenge which has stopped development of the deep sea tailing placement project in Basamuk by Ramu NiCo Limited (MCC). The offer is alleged to have been made to Sama Mellambo, who is one of the plaintiffs in the court case, during a closed door meeting held with Sir Michael at the Madang Resort on Monday morning. Mr Mellambo when responding to questions put to him by this paper yesterday confirmed that an offer had been made to him for K40 million to withdraw the case. He said he had received a call while he was at home, from a person whom he did not name, and was told that the Prime Minister was in town and wanted to meet with him. He said a vehicle was sent to his family home and because there was nobody else to go with him, as a witness and for court purposes should the need arise, had opted to take his wife along with him.

He said at the hotel they were instructed to wait until the PM was ready. At 11am, he and his wife were ushered into one of the conference rooms where they met Sir Michael. Mr Mellambo said during the exchanges he was presented with a document containing social and economic development projects to the tune of K40 million and asked to "sign off" on it. He said the projects would cover all four impact areas. "I was put in an awkward position and I don't know why I was being asked to sign off on the deals when rightfully these were matters that should be dealt with by the respective landowner chairmen. Because the issue of the Ramu Nickel Foundation (RNF) was brought up I thought I should pursue it in the discussions as this is something that is well overdue. "I am fighting for my land and my people and I would like this to be made clear and this to be respected," he said. Mr Mellambo said because the projects were part of the project agreement and would include a number of areas and involve the RNF he had asked for Madang Governor Sir Arnold Amet and Raicoast MP James Gau Gelak to be at the meeting and to also have a look at the document. He said he was told there would be a follow-up meeting next Wednesday.

Following the meeting with Mr Mellambo, Sir Arnold and Mr Gau had called a press conference during which Sir Arnold said that he Mr Gau were helping with talks with landowners, civil society leaders, ward councillors and the LLG presidents and church leaders who were open to transparent dialogue. He said that they were also in the process of getting the company involved, government, Environment plan, Mineral Resources Authority and the Mineral Resources Development Corporation to explain to the people about the DSTP. During the conference Mr Gau said that when he met Mr Mellambo, he was critical about the DSTP but he said that Mr Mellambo told him that the reason behind the people taking out a court injunction was the Government's failure to honour its commitments which the PM personally committed to, including the establishment of the RNF to be funded by the Government for K20 million.

Mr Gau said that among other things, the landowners were denied spinoff benefits too, prompting the court injunction as well. He said that the Government was in negotiations with the landowners to settle the matter of court in "the Madang way". He said that they had reached an understanding with Mr Mellambo to resolve this issue and also to advise the plaintiff's lawyer to settle the matter out of court. Mr Gau said that Mr Mellambo had given an undertaking that as long as the Government honoured its commitment, he would withdraw the case. Mr Mellambo is just one of the five plaintiffs who have taken out a court injunction stopping work on the DSTP.

Prime Minister leads talk on nickel project settlement

National 13.7.2010

THERE is every likelihood that an out-of-court settlement will be reached on the current court case which has stopped the development of the deep sea tailings placement (DSTP) project in Basamuk Bay, Madang, by Ramu NiCo. Prime Minister Sir Michael Somare flew to Madang yesterday to meet with the principal plaintiffs and reach an understanding with landowners who had taken the injunction to stop work on the DSTP project. The meeting between Sir Michael and principal plaintiff, Sama Melambo, lasted an hour. It was organised by Madang Governor Sir Arnold Amet and Rai Coast MP James Gau.

Sir Arnold and Gau said outstanding land-owner issues, which had also contributed to the injunction, were discussed and general agreements reached on solving them. They included spin-offs for landowners and K20 million for the proposed Ramu Nickel Foundation. The two leaders said they were confident that all outstanding grievances would be resolved in time for an agreement to be signed next week to settle the matter out of court. Ramu NiCo executive vice-president Gu Yuxiang said the company had been losing K10 million a day since the injunction was effected on May 9.

New government to review decisions: Morauta

National 13.7.2010

By JEFFREY ELAPA



OPPOSITION leader Sir Mekere Morauta said a new government, which the opposition will help to form, will review recent decisions by the National Alliance-led government. He said in a statement yesterday the opposition would be asking the new government to seek legal advice as to how the re-appointment of Sir Paulias Matane as governor-general could be reviewed so that a lawful election as provided for by the Constitution would always be adhered to. Sir Mekere said the opposition and public view was that no proper election took place in Parliament and the two grand chiefs should have followed the law. "It is a sad day for Papua New Guinea when the two grand chiefs are seen to be breaking and disregarding the nation's Constitution.

"The issues we want to see a new government correct is the recent amendments to the Environment Act that was shoved through Parliament, an amendment that took away landowners' common law and constitutional rights to seek legal redress for environmental damages even if the damages were due to negligence of companies," he said. Sir Mekere said the amendments had put the commercial interests of companies, particularly foreign companies, ahead of the interests of the people and the

nation. "Protection of the environment is essential for the people's livelihood, food supply and welfare. "Therefore, it is irresponsible for the government to destroy the people's lives for short-term financial interests. "For Prime Minister Sir Michael Somare to say that the amendments were essential for him to keep his promises to his Chinese friends, regarding the Ramu nickel project, is simply outrageous. "This issue alone should hang the man politically," he said.

Australia: Chinese company cleared to buy into Woomera project CLANCY YEATES

July 10, 2010, Sydney Morning Herald

THE federal government will allow a Chinese company to take a significant stake in mining assets in the Woomera prohibited area weapons testing range in South Australia. The Treasurer, Wayne Swan, said yesterday he would allow Taifeng Yuanchuang International Development to buy a 19.9 per cent of the small iron ore miner IMX Resources and 49 per cent of one of IMX's assets, the Cairn Hill project. National security concerns had been raised as a risk to the \$47 million deal since it was announced in January. Mr Swan said yesterday he was satisfied the deal would not harm the national interest, provided two conditions were met. First, Outback Iron, the holding company for Cairn Hill, would have to enter into a revised agreement with the Commonwealth regarding access to land in the Woomera area.

Second, the Department of Defence would also have to be satisfied that the deal was in the national interest. Mr Swan's approval was granted after the close of yesterday's trading session, in which IMX shares fell 2.5 per cent to 39c. It comes after Mr Swan blocked the Chinese government-owned Minmetals from buying the Prominent Hill copper and gold mine - also in the Woomera area - citing national security concerns. In contrast to Minmetals, Taifeng is privately owned. OZ Minerals holds an 11 per cent stake in IMX, which is valued at about \$90 million. The federal government last month released guidelines for foreign governments seeking investment in Australia. A key message was that investment by foreign governments would receive less scrutiny than investment from commercial companies operating at arm's length from government.

PNG ADVISED TO LOWER GAS REVENUE PROJECTIONS

IMF says government spending too high

By Eric Tapakau

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 9, 2010) – The International Monetary Fund is advising the National Government to lower its assumptions of normal mineral revenue to 3 percent between now and 2014 when the first gas from the PNG LNG project goes on sale. While the fund commended the Government for maintaining a medium term fiscal framework, it said recent slippages in the implementation of the framework had undermined its stabilisation objective. "Spending from accumulated mineral revenue above the framework's limit imparted a fiscal stimulus in 2009 larger than warranted. Although the 2010 budget reduces the stimulus, the planned level of spending is likely to be too expansionary given the expected strength in private activity," the fund said.

The fund said further, spending from trust accounts outside the budget would add to demand pressures and that delaying some infrastructure spending would ease overall demand pressures and help ensure that good value was achieved from this spending. "The construction phase of the Liquefied Natural Gas (LNG) projects will increase the difficulty of maintaining macroeconomic stability and enhancements to the Medium-Term Fiscal Strategy (MTFS) could be helpful," the IMF

reported after its consultation with Government officials. "With LNG projects underway, now is the time to develop a sovereign wealth fund (SWF) to manage.

The best way forward is a financing fund that directs all public spending through the budget, thereby enhancing macroeconomic stabilisation and helping to ensure high quality spending aligned with development objectives. "To maximise the long-run development impact of LNG income, domestic absorption capacity will need to guide the rate of drawdown. Further, to minimise the potential for currency appreciation that would undermine the welfare of rural populations that depends on agriculture exports, the fund's resources should be invested offshore. To effectively achieve its objectives, the SWF needs to be integrated into the macro framework and thereby supported by other fiscal institutions, such as the MTFs and the Fiscal Responsibility Act."

Ramu: Australian law firm to help

Post-Courier 9.7.2010

SLATER and Gordon – the prominent Australian law firm that successfully challenged BHP over the Ok Tedi Mine waste management system – is being consulted regarding the Government's "undemocratic" amendment of PNG's Environment Act by the Somare government. The move is being spearheaded by a coalition of NGOs and PNG students associations in Australia who yesterday called on Australian Foreign Minister Stephen Smith to address the issue before his government aid to PNG could be effective. "Stephen Smith must address the undemocratic amendments to the Environment Act for Australian aid to Papua New Guinea to be effective," said coalition spokesperson Pru Bodsworth. She said the benefits of Australian aid to PNG would be meaningless in light of the amendments to the Environment Act passed on May 28. "These amendments take away the traditional landowners of Papua New Guinea's common law rights to protect their land from environmental harm," she said.

Ms Bodsworth, of the Justice for PNG Coalition and former AusAID Australian Youth Ambassador for Development based in Alotau, stated: "These amendments set a precedent for the creation of ad-hoc and unscrutinised laws to create legal immunity and to remove the accountability of foreign companies." The Justice for PNG Coalition were currently seeking legal advice from Slater and Gordon as to whether these amendments were constitutionally valid, "We have significant concerns that the new laws amount to a breach of the PNG Government's responsibility under the Development Partnership Agreement with the Australian Government," she said.

The controversial amendments to the Act, passed in a 73 to 10 vote in Parliament on May 28, were rushed through with no prior disclosure; no consultation with interested parties or the wider community; and were not subject to any scrutiny or debate by MPs. "These amendments give the Environment Secretary power to grant environmental approvals for mining projects without any consultation," she said. "The preamble to the new act states that the laws were implemented because of the risk that legal action presents to all major mining and petroleum resource projects (such as Exxon Mobil LNG)." The amendments had been made prior to production from the \$16 billion PNG LNG project, being promoted by Stephen Smith as having the potential to assist PNG in achieving economic sustainability.

Lihir Gold trading on Toronto bourse ceases

National 8.7.2010

LIHIR Gold Ltd will stop trading on the Toronto Stock Exchange as of close of trading on Monday because of the low level of transactions on there. This also follows moves by Australian gold giant, Newcrest Mining, to buy out Lihir. LGL board of directors approved the delisting of the company's shares from the TSX recently which was also necessitated by the small share ownership by Canadi-

ans whose holdings would be transferred to any of the stock exchanges in the US or the Australia Stock Exchange. A statement by LGL said it also applied to the Ontario Securities Commission for an order that it no longer be a reporting issuer in Ontario province. When granted, LGL will not report to Canadian securities agencies.

Meanwhile, Newcrest last month completed its due diligence and was well into its proposed merger arrangement with LGL. The merger will become the Asia-Pacific's largest gold producer and the fourth largest gold producer in the world with a market capitalisation of A\$25 billion (K50 billion) and assets in five countries including the big gold mine on Lihir island - the flagship of LGL. A statement from Newcrest said the merger is expected to be completed in September, subject to independent experts analysis on whether the scheme was in the best interests of both the LHL shareholders and LGL's shareholders approving transaction. Newcrest also said Lihir had also ceased any discussions with third parties about a competing proposal and required the immediate destruction or return of any confidential information to such parties.

MP Basil: Social mapping vital

Post-Courier 8.7.2010

The Member for Bulolo Sam Basil will be embarking on a major social mapping exercise in Wau-Bulolo district. The resource developers are also having difficulties trying to identify landowners, and having land disputes in court and the Land Titles Commission hearing is lengthy and time consuming. "It is a common practice for disputing parties to run to the courts and it is increasing with time and something has to be done at the district level to help the situation," Mr Basil said. With past and recent ethnic clashes involving the Watuts and Biangais, Pateps Mumengtein Kumalu and Bangalum of Mumeng LLG, Buangs of Buang LLG and Labu's of Wampar LLG, Mares of Wampar LLG and Timini of Mumeng LLG many lives and millions of kina worth of properties have been lost. "With the population growth coupled with new mining activities, Bulolo like other districts will head for disaster," Mr Basil said. He said appropriate actions must be taken from stakeholders at the districts to address such issues by making available proper social mapping information.

Mr Basil said social mapping is to be a priority to complement any resource development in his electorate, as part of the process of landowner identification and mobilisation of landowners. He said this had been a problem in the past and had contributed to law and order problems in Bulolo. Mr Basil said: "I want to make sure resource owners benefit from the mining developments in my electorate and they should not be left to wait for funding, when there are land disputes over land in mining, forestry and agricultural tenement." As part of the process of government approvals, "I will seek endorsement of my Joint District Budget Planning and Priorities Committee for this task to start". Social mapping is defined as the systematic collection of information on customary social groups and the tracts of land with which they are associated. It is a method for understanding the custom and practice of land owning communities without begging questions about customary land tenure. Mr Basil said social mapping could be seen as a process for land investigation and landowner identification.

PNG EXPERT WARNS AGAINST GAS PROJECT 'HANDOUTS'

Excessive commitments to landowners risky

By Eric Tapakau

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 7, 2010) – Government departments involved with the liquefied natural gas (LNG) projects should refrain from making excessive commitments with landowners and avoid the "free handout" mentality, the Bank of Papua

New Guinea has warned. BPNG Governor Loi Bakani issued the warning in the bank's Quarterly Economic Bulletin (QEB) for the March quarter. He said the Government would have to introduce a Supplementary Budget with new financial plans if it had to meet these outstanding commitments. "While high mineral export prices will lead to higher corporate taxes for the Government, the unsettled commitments to various landowners have exerted pressure on the 2010 Budget,"

Mr. Bakani said. "If revenue is not sufficient to meet these outstanding commitments, the Government will have to introduce a Supplementary Budget in 2010 with new financing plans. This has the implication of an increase in the Government's total debt. The Government, through departments involved in the LNG project, should refrain from making excessive commitments with landowners and avoid the 'free-handout' mentality." Outstanding commitments in the form of memorandum of agreement (MOA) funds and other commitments made during the license based benefits sharing agreement forums last year are into millions of kina and Bakani's warning comes when landowners are also desperately trying to get access to business development grants (BDG) to start their businesses.

Bakani said on the other hand, the construction work on the LNG project could lead to an increase in imports, which could offset the surplus in the current account. These LNG project imports will be financed through debt and equity in the capital account. Economic indicators available to the Bank of Papua New Guinea point to a slow down in the pace of growth in domestic economic activity in the first quarter of 2010. A decline in the total level of employment in the private sector, a deficit in the balance of payments and lower increase in commercial bank credit extended to the private sector were signs of the slow down in overall economic activity. The annual rate of headline inflation eased to 5.0 per cent in the March quarter from 10.2 per cent in the corresponding quarter of 2009.

Australia: Mine boss attacks tax deal

Post-Courier 8.7.2010

Queensland billionaire Clive Palmer has continued his attack on the federal government's compromise plan on taxing resources, saying it sets a dangerous precedent for foreign investment. The federal government would leave a legacy of destroying overseas investment in Australia if it implemented its minerals resource rent tax (MRRT), Mr Palmer said. Under the compromise tax plan agreed between big miners and the federal government last week, the contentious 40 per cent resource super profits tax was dumped in favour of the MRRT, set at a rate of 30 per cent. Smaller miners with profits below \$A50 million a year will not be liable for the new tax, which will kick-in when profits exceed about 12 per cent, up from about six per cent under the RSPT.

Commodities other than iron ore and coal will be exempt from the revised tax. "Foreign investors across all industries will now be questioning future opportunities in Australia out of fear of an unforeseen tax hike," said Mr Palmer, a Liberal Party donor. "It defies explanation as to why such a profitable, investment heavy industry such as mining coal and iron ore is being the sole recipient of an additional tax." Mr Palmer's company, Resourcehouse, owns coal and iron ore assets. "If the government singles out coal and iron ore profits for a tax hike, what's to say they won't turn on other commodities and then other profitable industries like banking or telecommunications," he said.

AUSSIE MINING GIANTS IGNORE PAST SCRAPES IN PNG

BHP Billiton, Rio Tinto drawn by rich resources

By Harlyne Joku

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 7, 2010) - Two controversial Australian mining giants who abandoned operations at Bougainville copper mine and the Ok Tedi mine in the Western Province due to the Bougainville crisis and environmental damages are still keen on

mineral exploration and mining operations in the country. BHP Billiton (Australia) and Rio Tinto (Australia) have purchased geochemistry and geophysics datasets of PNG's Central highlands mineral contents that show that PNG has some of the highest rated gold, copper and nickel deposits compared to the rest of the world. Their purchase of the data indicates that they are still interested in further exploration and mining activities in the Papua New Guinea Highlands. The two companies are among nine other leading mining companies from Europe, America and Asia who have purchased the datasets release by the European Union funded Geomap survey.

The other companies that have acquired the database are; Harmony Gold (South Africa), Newmont (Canada), Anglo American (South Africa Great Britain), Marengo Mining (Australia), Barrick (Canada), Khor Eng Hock & Sons (China), Pacific Group Australia. Minerals Resources Authority (MRA) managing director Kepas Wali said the production of the European Union's Geomap project database would encourage mining companies to invest in PNG. MRA chief geologist John Aspden with the EU's Geomap project showed a power point presentation last Friday of the data collected at the survey which indicates that PNG's central highlands has grades of high gold, copper and nickel. The Geomap project is funded by the European Union from a grant of K50 million.

Environment Minister: roadshow on Act planned

Post-Courier 6.7.2010

By *JONATHAN TANNOS*

A ROADSHOW-level awareness program will be carried out in the Madang Province on the Environment Act amendments anytime now. This is according to Environment and Conservation Minister Benny Allen, purposely to dispel misunderstanding and misinformation over the controversial changes and opposition. Mr Allen announced the awareness program during the recent Parliament sitting following delivery of a further statement to clarify the Government's motives for making the changes to the Act. Mr Allen said the awareness campaign would be aimed at showing how the changes had better defined and clarified environmental permits, supplemented and fully effected standards compliance by permit holders, assisted courts to better interpret environmental laws in the national interest, eliminated third-party litigators and maintained large investor confidence. He said the changes also protected the rights of landowners and their interests from being misled into taking unnecessary actions against legitimate resource projects.

"The amendments seek to stop a person who is not a legitimate landowner, to take court action against a large resources project and challenge the validity of an environment permit with the intention of frustrating works and activities that are carried out in accordance with such permits," Mr Allen said. "The Government is concerned that people may be used by outside interests to further the agenda of outside interests against large resource projects." In light of that Minister Allen emphasised that the rights of landowners to compensation for damages caused to their environment by resource related activities were covered under the provisions of the Environment Act 2000, Mining Act 1992 and the Oil and Gas Act 1998. He added that landowner rights seeking compensation for losses or environmental damages remained untouched under the three Acts.

Forgotten people want benefits

Post-Courier 6.7.2010

By *MOHAMMAD BASHIR*

They number less than 1000 and were perhaps one of the most forgotten people in the country. With nine clans under one tribe, the Irakorahi tribe live on both sides of Gulf and Huli in the resource-rich Kutubu and Gobe areas. The PNG LNG project pipeline will run through about 50km of their customary land from Gobe to Kikori via Gobe. Despite the oil project being in their area for the past 19 years, there is practically nothing to show on the ground. These forgotten groups of peo-

ple still live like their forefathers and use the noise of planes and helicopters that hover over their heads to work out what time of the day it is. They say rice and tinned fish are still luxuries to them. Most of them can't even speak Pidgin, let alone English. There is hardly any educated men and women from the area but they have been the most humble people in that part of the world. The only benefit they derive is the royalties from PDL2 and PDL4 where their clans are spread.

Others who live on the Gulf side do not benefit at all but are hoping that with the LNG project pipeline, they will participate meaningfully. They have not been the type to grumble over benefits in the media but rely on the goodwill and blessings of God for their sustenance while the Southern Highlands and Gulf provincial governments give no priority to them. In fact the two governments pass the buck on each other. One of the few people who worked in the oil project was Benedict Onabi who worked as a community liaison officer for Oil Search. "Mi harim krai blo balus na helikopta, mi save em moning or apinun (When I hear the noise of the planes and helicopters, I knew it was morning or afternoon," Mr Onabi, who is the treasurer of the Irakorahi Development Association (IDA), said yesterday to stress the backwardness of his people.

The pipeline project segment #5 will impact Uri, Fasu to Kantabo regions and surrounding villages. Construction will start from the Gulf border at Epo Creek through Tamadigi and UDT6 Gate and the people want to be principal participants and seek partnership with reputable contractors during early works. IDA chairman Soni Kanu and general secretary Noah Beako Fuhai called on the Government to release their BDG grants so that they could pursue their business interest. They also want the developer to recognise and work with IDA and its business arm for the better of legitimate landowners. Mr Fuhai said ECP contractor Curtain Clough JV trespassed into sacred sites on their land and they want K15 million in compensation.

Editorial

Crack down on greed and guns!

Post-Courier 5.7.2010

A SECOND shootout at our capital city airport has to make the bells of panic stations ring around the nation. The first one, several weeks ago, involved a gold buyer being ambushed in the domestic terminal. Now a full-scale gun battle has broken out in peak hours, Friday at about 9am, with landowner groups reportedly clashing over one taking control of an authority. A car belonging to businessman and TV personality Justin Tkatchenko was caught in the crossfire between landowners and police and was riddled by bullets. Two men received wounds. This happened as landowners and police and reporters were preparing to board a plane to visit the resource area. This is a huge concern, not only for travellers at the airport but also for police and other security agencies and for all residents of the capital city and other parts of the country. Talks being held at an upmarket hotel in Kokopo in the past few days were also reportedly beset by landowner tensions. Do not forget the unforeseen anger that led to four deaths in a Motuan village recently.

It all comes back to that ancient principle of greed. Where people see riches waiting to be dug up or plucked from somebody's hands, there will be dispute. It is no fault of the companies which are in the throes of spending billions of kina in the hope of earning many more billions from the gas resource. It is all down to the bickering rival groups who want control of the institutions that stand to profit from the petroleum riches that are being drained from their land. It is obvious that our Government has been too quick to do the deals in hotels and faraway places without giving thought to the grassroots level, where people are seeing dollar signs and, as has happened in other places with "goldrush fever", are doing incredible things to get what they can. We need all our security agencies to band together to hit this source of civil trouble immediately. Search these people rigorously every time they go to public places and make it plain that bearing of arms will not be allowed. Do it

now and do it often, we say. The greed of a few cannot be allowed to endanger the safety of the rest!

Dumping system ‘harmful’

Post-Courier 5.7.2010

By *JOSHUA ARLO*

The approved permit given to the Ramu Nico (MCC) Management Limited for coral blasting to construct the deep sea tailing placement system (DSTPS) was made without proper assessment of the potential risks to the environment, a court was told on Friday. This showed that the Government had failed to properly assess the impacts of whether this course of dumping of mine waste is harmful and will interfere with the eco-biological fish and fauna life in the waters at the mine site. These were some of the arguments put by landowners and landowner groups around the project site who are fighting for a permanent injunction against MCC’s proposed mine dumping plan and its construction. The landowners also argue that the permit does not authorise the environmental harm that will be caused by dumping the mine waste in the sea, and that so far there have been breaches in some of the conditions of the permit in which MCC has failed to follow to the letter as to no septic tanks constructed for its workers and no proper drainage systems on the project site to remove human waste which is being dumped straight into the sea, untreated.

Tiffany Nonggorr for the landowners argued that if MCC could not follow these simple conditions, how could it monitor the dumping of tonnes of mine waste into the sea. Mrs Nonggorr submitted that DEC also neglected to monitor these simple permit conditions, and the landowners failed to see how it could monitor the mine waste being dumped into the sea. She also argued that there were scientific research reports that showed such proposed tailing dumping would cause harm to the environment and the lifestyle of the local people. She urged the court to look at the issue of harm being unlawful, not the fact whether the permit approving the dumping was lawful or unlawful. She said there was no evidence of further research on this issue before DEC approved the permit.

MCC argues the permit was approved and there was no serious issue for the matter to linger in court. MCC submitted that the DSTPS was the best option of mine waste dumping after looking at all other dumping systems. MCC told the court that Mrs Nonggorr had “glossed” over the facts, making them “quite laughable” and that there was evidence of further research which showed there will be no harmful risks imposed using this proposed system. MCC stated that acid used in the mining process that will be dumped is “deactivated” and “so it is nonsense that tailings discharged in the sea is harmful”. While the Supreme Court considers whether or not to permanently extend the interim injunction, the issue raised by the landowners is yet to be heard in a substantive trial before the National Court.

Australia: Gillard reigns with new mining deal

Post-Courier 5.7.2010

PERTH: Julia Gillard passed her first major test as prime minister, thrashing out a compromised mining tax deal with global majors BHP Billiton Ltd, Rio Tinto Ltd and Xstrata. The federal government replaced its contentious 40 per cent resource super profits tax (RSPT) with a minerals resource rent tax (MRRT) at a rate of 30 per cent. Smaller miners with profits below \$50 million a year won’t be liable for the new tax, which will kick-in when profits exceed about 12 per cent, up from about six per cent under the RSPT. Commodities other than iron ore and coal will be exempt from the revised tax. The biggest critics of the tax, the Minerals Council of Australia, said exclusion of all mineral commodities except coal and iron ore recognised a principle it supported, namely differentiating rates across commodities to ensure international competitiveness.

A big winner was the growing coal seam gas-to-liquefied natural gas sector, which along with all Australian oil and gas projects, including the Woodside Petroleum Ltd-led North West Shelf, will be subject to the existing petroleum resources rent tax. The tax will not be applied retrospectively, so existing projects where investment decisions have already been made will not be adversely affected. The government will also tax existing projects at market value. Also, investments made from July 1, 2012 can be immediately written-off, rather than depreciating the expenditure over a number of years. "This means that many mining projects will not be subject to the tax until they earn enough profit to recoup their up-front capital expenditure," Russell Garvey, director of corporate and international tax for accounting giant BDO International, said

Petromin, Mitsui sign deal to develop local gas sector

Post-Courier 5.7.2010

Papua New Guinea's national oil, gas and minerals company, Petromin PNG Holdings Limited, has signed an agreement on Friday in Port Moresby with Mitsui & Co Ltd, Japan's major trading company. The agreement means both companies will jointly undertake feasibility studies designed to identify and establish new PNG businesses based on the country's gas resources. Petromin managing director Joshua Kalinoe and Shintaro Ambe, managing officer of Mitsui's Infrastructure Projects Business Unit, said in a joint statement that Petromin and Mitsui want to see downstream businesses established which will create long term employment opportunities for Papua New Guineans.

PNG has highest grades of gold, copper in the world

Post-Courier 5.7.2010

By Harlyne Joku

Papua New Guinea's Central Highlands has the highest and most attractive grades of gold, copper and nickel compared to the rest of the world according to Dr John Aspden, the chief geologist of MRA (Mineral Resources Authority). Dr Aspden revealed this in a power point presentation at the MRA headquarters last Friday evening. Dr Aspden heads the geological survey sponsored by the European Union (EU)'s Mining Sector Support Program GEOMAP. He said data collected in the past three years in the Central Highlands had shown incredibly rich and highly elevated deposits of gold, copper and nickel. Eight of the world's leading mining companies including the British mining giant CRA's Rio Tinto who still own the mining prospecting licences for the Bougainville copper mine and Barrick Gold, have purchased the data from MRA, Dr Aspden said. The data costs K5000. "It has been an extremely successful exercise," Dr Aspden said.

The exercise involved an aerial geophysical and geological mapping surveys and collection of samples from 5000 sites. "Their values are remarkably high. It's quite incredible, almost all of Central Highlands samples collected show that the region is sitting on elevated deposits of gold and copper," Dr Aspden said. MRA's managing director Kepas Wali added that the minerals industry would continue to make a huge contribution to PNG's economy. He said the data produced by EU's Geomap project will attract investors and also provide the type of information they require for further mineral exploration and mining operations. According to the third quarter of the 2009 Bank of PNG Economic Bulletin, total mineral exports in that quarter amounted to K2,344.7 million which is 61.2 per cent of the total merchandise exports. Mr Wali said the mineral industry would continue to generate revenue for PNG from its mineral exports and more new mines would open up. The Geomap project comes from a grant from EU worth about K50 million.

PNG: Housing woes in cities on the rise

National 2.7.2010

By JEFFREY ELAPA



PAPUA New Guineans are facing a massive housing crisis which the government needs to resolve quickly. The inflating cost of housing has forced people to live in settlements under poor conditions while a few bureaucrats and advisers are living in luxury from tax payers. In Port Moresby, the standard medium rental for a low-cost housing with electricity and water is K500 per fortnight, while housing in settlements range from K300 to K350, a comparatively excessive rate for medium wage earners whose average income is K700 per fortnight. The remaining K200 is budgeted for food and for transport fares which is now going at 80t per trip in the city, leaving the poor employee nothing for two weeks until the next fortnight. This has tremendously affected the lives of the middle-class public servants who are forced to live on borrowed money from financial institutions as well as money lenders.

A friend shared his experience living in a settlement and on borrowed money despite his position as a deputy assistant secretary of a government department. This experience is the same for the many working-class people who are forced into the slums and settlements where there is no electricity, water or proper sanitation. Some of the highly-populated settlements in the city are Morata stages 1-3, Erima, 2-Mile, Sabama, Kone, Burns Peak, 5, 6, 8 and 9-Miles and Baruni to name a few. The government is a signatory to some of the UN's international conventions such as the millennium development goals which targeted 2015 for the eradication of poverty. The government is also a signatory to some other international protocols and conventions on human rights, but yet it has done nothing to address the ever increasing demand for affordable housing. Under the National Housing Commission (NHC) Act of 1996, the state, through the NHC, has the responsibility to provide affordable housing to the many low and medium-income earners. Top bureaucratic and board members have been collaborating and compromising to sell the state properties to foreigners.

An investigation conducted by the Public Accounts Committee and the Auditor-General's office into the management of NHC last year found about 7,500 houses transferred to tenants while another 7,716 houses still awaiting formal transfer through the homeownership scheme. However, the report found and recommended that the NHC was a defunct, non-performing entity with no ability or will to fulfil its roles and that it was an insolvent corporation. The report by the committee was tabled in Parliament on March 2 but the debate was postponed and it is now on notice papers. There are other serious allegations labelled against the NHC, like the appointment of the NHC board which did not adhere to directives and recommendations. The survey also found an average of 10-15 people living in one house while illegal makeshift houses were also mushrooming. It also found

that reserved for developments are now occupied by illegal houses and the authorities like the National Capital District Commission had been issuing eviction notices and bulldozing them.

Australiens Regierung einigt sich mit Bergbauindustrie auf Kompromiss

Volksblatt. Die Tageszeitung für Lichtenstein, 2.7.2010



CANBERRA - Australiens neue Regierungschefin hat eine erste gefährliche Hürde gemeistert. Mit einem Kompromiss brachte sie die Rohstoffbranche dazu, eine Supersteuer auf Gewinne zu akzeptieren. Der Streit darum hatte ihren Vorgänger zu Fall gebracht. Nach monatelangem Protest habe die Bergbauindustrie Kompromissvorschlägen der Regierung zugestimmt, teilte die neue Premierministerin Julia Gillard am Freitag mit. Konzerne, die Kohle und Eisenerz fördern, müssen ab 2012 eine Steuer von 30 Prozent auf Gewinne ab einer Rendite von zwölf Prozent zahlen.

Gillards Vorgänger Kevin Rudd wollte 40 Prozent kassieren, und das ab einer Rendite von mehr als sechs Prozent. Betroffen sind rund 320 Firmen, die mehr als 50 Millionen australische Dollar (45 Mio. Franken) Gewinn im Jahr machen. Unter Rudds Plänen wären 2500 Firmen zur Kasse gebeten worden. Die Labor-Regierung will damit unter anderem die staatliche Pensionskasse stützen und wie versprochen innerhalb von drei Jahren aus den roten Budgetzahlen kommen. Die Opposition will die Steuer kippen, wenn sie die in Kürze erwarteten Wahlen gewinnt.

Revolte gegen Rudd

Der Streit um die Steuerpläne war einer der Knackpunkte, über die Rudd vergangene Woche spektakulär stolperte. Die Industrie protestierte mit einer millionenschweren Kampagne und drohte mit einem Investitionsstopp in der Höhe von 20 Milliarden Dollar, der tausende Arbeitsplätze gekostet hätte. Die Regierung knickte ein, eine parteiinterne Revolte brachte Rudd zu Fall. Als Stellvertreterin Rudds hatte Gillard die Pläne mitgetragen. Als Regierungschefin ging sie sofort mit ihrem Kompromissvorschlag auf die Branche zu. Dies könnte sich für Gillard auszahlen: Sie beendet den

Streit mit einem Gegner, der ihre Wiederwahl hätte gefährden können. Die Bergbau-Multis wie BHP Billiton, Rio Tinto und der Zuger Konzern Xstrata versprachen denn auch eine konstruktive Zusammenarbeit.

Australia: Gillard to finalise deal with mining giants

Post-Courier 2.7.2010

CANBERRA: Julia Gillard is set to finalise a deal with miners on the contentious resources tax, ending a two-month fight that has threatened Labor's re-election chances. The prime minister was scheduled to return to Canberra last night to meet with mining executives in Parliament House, in what looks to be her first major achievement since coming to office a week ago. She arrived back in the national capital after spending the day at the funeral of fallen soldier Ben Chuck in north Queensland. Her deputy Wayne Swan and Resources Minister Martin Ferguson had been in Canberra finalising negotiations with mining giants BHP Billiton, Rio Tinto and Xstrata. The government is understood to have offered concessions to the mining industry as Ms Gillard strives to have a deal ready for the upcoming election. While the government would not confirm any details of the parties reaching an agreement on the tax, reporters spotted two drinks trolleys laden with champagne, wine and beer being wheeled into the cabinet room about 5.30pm yesterday.

Earlier yesterday Mr Swan indicated the government's willingness to negotiate with miners. "I don't intend to put any boundaries around those discussions," the treasurer told Fairfax Radio Network. The government appears to have given ground on where the super profits tax would cut in. The former Rudd government initially set the threshold at the 10-year bond rate, now hovering at 5 per cent. But Fairfax reports agreement has been reached where the tax would cut in at the long-term bond rate plus seven percentage points. Under this deal, the super profit threshold would be 12 per cent. The level is higher than the 10 per cent threshold of the petroleum resource rent tax, introduced in 1987, which is based on the 10-year bond rate plus five percentage points. Queensland Premier Anna Bligh has previously lobbied the federal government to amend the resources super profits tax so that the uplift is similar to the petroleum tax. Former prime minister Kevin Rudd had maintained the government would not budge on its 40 per cent headline rate for the resource super profits tax. But the Gillard government has signalled it could compromise on this point, Fairfax said.

Energie: Das Zauberwort lautet Flüssiggas

Asien will seinen Energiehunger verstärkt mit verflüssigtem Erdgas stillen. Rohstoffkonzerne bohren immer mehr Lagerstätten in Australien an. Auf Barrow Island nimmt das größte Förderprojekt der Welt Gestalt an. Es soll eines Tages mindestens acht Prozent des globalen Bedarfs an Flüssiggas decken.

Von Christoph Hein, Perth, Frankfurter Allgemeine Zeitung 2.7.2010

Auf Barrow Island wird das größte Rohstoffprojekt der Welt verwirklicht: Bis zu 1.400 Meter unter der Oberfläche werden insgesamt elf Gasvorkommen angebohrt

Die Insel ist klein. Doch die Erwartungen, die auf ihr ruhen, sind riesig. Bis vor wenigen Monaten war Barrow Island 50 Kilometer vor der nördlichen Küste in Westaustralien nur Ornithologen, Naturschützern und einigen Rohstoffexperten vom fünften Kontinent ein Begriff. Das windige Eiland liegt vor weitgehend unbewohntem Festland. Nun nimmt dort das derzeit wahrscheinlich größte Industrieprojekt der Welt, ganz sicher jedenfalls das größte Rohstoffprojekt, Gestalt an. Rund 160 Kilometer vor der Küste liegen Gasblasen, die ausreichen sollen, eine Millionenstadt über 800 Jahre

mit Energie zu versorgen. Auf dieses Gas setzen nicht nur die Australier, denen es ihr Wirtschaftswachstum über Jahrzehnte erhalten soll. Auch die Asiaten wollen dank des Flüssiggases von Barrow Island ihre Energieversorgung sicherer, aber auch umweltfreundlicher machen. Riesige Tanker sollen das auf 161 Grad unter null heruntergekühlte Gas von Australien nach Japan und China verfrachten. Mindestens 8 Prozent des Weltverbrauchs an Flüssiggas soll das Gorgon-Feld eines Tages liefern. Die beteiligten Unternehmen investieren 43 Milliarden australische Dollar (30 Milliarden Euro).

Referenzprojekt für das Trio der großen westlichen Ölkonzerne



„Größte Herausforderung, an der sich Logistiker jemals versucht haben“: Chevron-Manager Krzywosinski (rechts) und Australiens Premierminister Rudd

Damit kommt dem Projekt eine große Bedeutung zu. In seinem „Outlook for Energy“ erklärt der beteiligte amerikanische Ölkonzern Exxon-Mobil, schon 2030 läge der Energieverbrauch der Welt wohl 33 Prozent über dem heutigen Niveau. „Die meisten Beobachter gehen davon aus, dass die Energienachfrage in Asien-Pazifik noch dramatischer zulegen wird. Unseren eigenen Berechnungen nach wird die Energienachfrage in der Region innerhalb der nächsten 25 Jahre um 65 Prozent wachsen.“ Chevron hält 47 Prozent des Gemeinschaftsunternehmens, das das Gorgon-Feld ausbeuten soll; Exxon-Mobil und Shell kommen auf jeweils 25 Prozent. Neu hinzugekommen sind mit Osaka Gas (1,25 Prozent), Tokyo Gas (1 Prozent) und Chubu Electric Power (0,417 Prozent) drei spätere Großkunden aus Japan.

Auch wenn sie das nicht öffentlich sagen, so ist das Gorgon-Feld für das Trio der großen westlichen Ölkonzerne auch ein Referenzprojekt. Unternehmen wie Exxon oder Shell rechnen insgeheim damit, sich für die Ausbeute in der Antarktis in einigen Dekaden zu qualifizieren. Denn auch die Umweltschutzrichtlinien, die Australien für das Nutzen des Naturparks Barrow Island verhängte, sind beispiellos. Die Verwaltung hat angekündigt, mehr als 40 eigene Quarantäne-Offiziere an den Ausgangshäfen der Fracht für das Projekt in Asien und Europa zu stationieren, damit schon beim Einschiffen keine ungebetenen Gäste wie Ameisen, Frösche oder Ratten mit an Bord gehen. Große Maschinenteile werden vollständig eingeschweißt, um das Einnisten von unerwünschtem Getier zu verhindern - allein diese Verpackung kann schnell 25.000 Dollar und mehr kosten.

„Die Komplexität und die schiere Größe sind beispiellos“

Bis zu 1400 Meter unter der Wasseroberfläche werden insgesamt elf Gasvorkommen des Gesamtfeldes angebohrt. In Rohren strömt das Gas dann in die Fabrik auf Barrow Island. Nach heutiger Planung wird sie zunächst bis zu 15 Millionen Tonnen Flüssiggas jährlich erzeugen. Daraus könnten auf Dauer 25 Millionen Tonnen werden. Um es zu verfrachten, wird das Gas extrem heruntergekühlt. In Kühlleitungen wird es dann zu einer gut zwei Kilometer langen Verladepier gepumpt. Damit dort die neuen Supertanker anlegen können, wird für sie ein Kanal zwischen Festland und Insel ausgehoben. Die Tankschiffe mit den markanten weißen Kesseln an Deck bringen das Gas zu den Kunden. Zu ihnen zählen schon heute die Staatskonzerne Petrochina International und Petronet LNG of India. „Die Komplexität und die schiere Größe des Gorgon-Projektes sind beispiellos“, heißt es bei Chevron.

Kein Wunder, dass die Asiaten Schlange stehen, um Flüssiggas aus Australien zu kaufen. Der Rohstoff gilt als die am schnellsten wachsende Energiequelle der Zukunft. Global soll die Nachfrage bis 2030 um 50 Prozent wachsen - in Asien-Pazifik aber in derselben Zeit um 150 Prozent. Dann soll Flüssiggas die Kohle als zweitwichtigsten Energieträger nach Öl abgelöst haben. Bis heute unterzeichneten die asiatischen Käufer von Japan über China bis Indien Jahrzehnte laufende Abnahmeverträge für Gorgon-Flüssiggas über mehr als 200 Milliarden Dollar - 100 Milliarden Dollar mehr werden erwartet.

Entscheidende Auswirkungen auf den Umweltschutz

„Weil Flüssiggas rund 60 Prozent weniger Kohlendioxid ausstößt, wenn es zum Gewinnen von Elektrizität genutzt wird, hat sein Gebrauch entscheidende Auswirkungen auf den Umweltschutz. Denn allein in Asien wird sich die Energieerzeugung in den nächsten zwei Dekaden verdoppeln“, rechnet Rex Tillerson, der Vorstandsvorsitzende von Exxon-Mobil, vor. Die Kollegen von Chevron haben ausgerechnet, dass der Einsatz des Gorgon-Gases im Vergleich zur Nutzung von Kohle die Emission von Treibhausgas um 45 Millionen Tonnen senken wird. Flüssiggas ist Mode - auch deshalb arbeitet die Industrie derzeit auf der ganzen Welt an entsprechenden Projekten mit einem Volumen von mindestens 200 Milliarden Dollar.

Den meisten Australiern ist all das Musik in den Ohren. Ihnen kommt die Nachfrage nur recht. „Gorgon wird ein wichtiger Pfeiler der australischen Volkswirtschaft für mehr als 40 Jahre sein“, macht Chevron ihnen das Projekt schmackhaft. 64 Milliarden australische Dollar soll das Gasprojekt vor der Küste innerhalb von 30 Jahren zum Bruttoinlandsprodukt des fünften Kontinents beitragen und Steuern von mehr als 40 Milliarden Dollar erzielen. Auf dem Bau sollen in Spitzenzeiten mehr als 10 000 Arbeitsplätze entstehen, mehr als 100 Millionen Mannstunden sind veranschlagt. Schon jetzt sind Arbeitsverträge im Wert von mehr als 20 Milliarden australischen Dollar vergeben. 3.500 Jobs soll Gorgon auf lange Sicht sichern.

„Tabus gibt es nicht“

„Aufgrund seiner abgeschiedenen Lage, des schlichten Volumens und der Komplexität der Ausrüstung, die nach Barrow Island gebracht werden muss, ist Gorgon die größte Herausforderung, an der sich die Logistiker in der freien Wirtschaft jemals versucht haben“, sagt Roy Krzywosinski, Chef von Chevron Australia. Die Logistik für den Bau des Riesenprojektes liegt in Händen der australischen Niederlassung von Schenker, einer Tochtergesellschaft der Deutschen Bahn. Die Fracht für Gorgon wird auf Spezialschiffen, in Containern, auf riesigen Lastwagen, mit der Bahn oder auch in der Luft herangeschafft.



„Der Bau des Gorgon-Projektes ist weltumspannend. Vieles wird in Europa gefertigt, dann in Fabriken und Werften in Korea, Indonesien oder Malaysia zusammengesetzt und von dort nach Australien verschifft. Wir bauen deshalb Teams in 14 Ländern auf - von Deutschland über Thailand und Korea bis nach Kanada“, sagt Ron Köhler, Chef von Schenker in Australien. Allein von Südkorea aus werden 210.000 Tonnen Fracht zur Weiterverarbeitung in andere Länder Asiens gebracht, weitere 140.000 Tonnen gehen direkt nach Australien. „Tabus gibt es nicht - wenn etwas notwendig ist, wird es gemacht“, sagt Köhler.

Die einzige größere menschliche Siedlung

Noch ist offen, ob Gorgon ein Vorteil oder ein Nachteil für Karratha ist. Die junge Stadt in der Region Pilbara am Erzhafen von Dampier - des Rohstoffzentrums in Westaustralien - ist auf Tausende Kilometer die einzige größere menschliche Siedlung. Ihr Name stammt von den Ureinwohnern. Es gibt ein Kaufhaus, die Temperatur steigt im Januar auf mehr als 36 Grad. Im August feiern die Einwohner das FeNaClNG-Festival - benannt nach den chemischen Kürzeln für Eisen (Fe), Salz (NaCl) und Flüssiggas (LNG). Von Karratha aus fliegen Öl- und Gasunternehmen ihre Mitarbeiter zum derzeit größten arbeitenden Gasprojekt, dem North West Shelf, sowie zum Pluto-Gasfeld, zu den Eisenerzlagern von Konzernen wie Rio Tinto und BHP Billiton - und nun eben auch nach Barrow Island. Ein einfaches Haus im abgelegenen unwirtlichen Karratha kostet schnell 850.000 Dollar, wenn man es kaufen will. Die Miete beträgt mehr als 2.000 Dollar - in der Woche.

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

Opposition leader: ‘Environmental vandals’

National 1.7.2010

By ALISON ANIS

OPPOSITION leader Sir Mekere Morauta has labelled Prime Minister Sir Michael Somare and the government as “environmental vandals”. “They are putting their interests above the interest of the country in passing the amendments to the Environment Act. “The law is not in the natural interest of the people who are dependent on the environment for their livelihood,” Sir Mekere said. “The prime minister and his government had become environmental vandals engaged in environmental vandalism,” he told a press conference last week. He said it was clear the law served the interest of foreign investors and “there is now growing opposition nationwide against the amendments”. “Ask this question: How many people in the rural areas are dependent on the environment for their livelihood and will continue to live in that environment for many centuries to come?”

“Somare and his government are destroying the environment for businesses that are finite in their terms. “Forestry companies would not be here for long but in the process, he (Sir Michael) had helped to destroy the environment where people would live for many years,” Sir Mekere said.

“It is vandalism of the highest order by a government which had completely lost the people’s interest. He urged all landowners to come together and challenge the decision and fight for their rights. “I am glad to hear that Western Governor Dr Bob Danaya is taking legal action through the provincial executive council on the issue,” he said.

Editorial

Good move on gas cash to villages

Post-Courier 1.7.2010

IT sounds radical, the announcement that grants and royalties for landowners will be handed out in the villages of the resource areas. After all, we have become used to the reality of landowners becoming permanent residents of Port Moresby hotels to camp and insist on being paid in the capital city. For years people claiming to be the right and proper recipients have been clogging up Waigani and Newtown corridors and entrances, insisting on “their money”. Staff of institutions like the Petroleum Department, Mineral Resources Authority, Finance Department and the Mineral Resources Development Company, have become weary and frightened with the persistent shows of vehemence and demands from persistent “landowners”. Now it appears that Southern Highlands Governor Anderson Agiru has succeeded with his plan to ensure that payments to landowners are made back in the resource areas, on the land from which the valuable stuff is derived.

Is there anything more logical than that? Did it take a rocket scientist or an educated, commonsense governor to unearth that approach after many years of wealth being spilled on the floors of night-clubs and hotels and guesthouses around Port Moresby, rather than being spent on building good houses back in the village and starting spin-off businesses near the gas and oil wellheads? Landowners who met in Port Moresby yesterday voiced their support for the Agiru move and challenged others to return to the village where they would have to prove their case in front of their own people. They encouraged Mr Agiru to push ahead with the plan and not to fear retaliation by those who could lose out if they were not genuine landowners. This is the sort of approach our nation needs if the full benefits of the LNG project is to flow through to the affected people and to spread the benefits in the rural areas. The city of Port Moresby is getting more than its fair share of LNG wealth, from the construction contracts and jobs. What the Government needs to do is get tough and ensure that the landowner benefits go to people who are living on the land that the wealth is derived from, not con artists squatting in the city.

Bougainville: Ex-crisis fighters lose out on oil tanker export cash Post-Courier 1.7.2010

By *GORETHY KENNETH*

THE ex-combatants and youths involved helping the oil tankers visiting Bougainville claim this is their fast means of getting money for school fees and other financial needs because they have been neglected by authorities and the government. Panguna Landowner Association executive Lawrence Daveona in an interview advised those engaged in these illegal deals are numbering 50 from all over Bougainville and would have expected a payout of about K30,000 to K50,000 if the oil tanker UBT FJORD was not intercepted, arrested and stopped in the PNG waters. Mr Daveona had a meeting with those involved, advising them of the consequences they might face but his message went unheard. These locals have been identified, and the international partners engaged in these illegal deals. They said they got into the oil shipment and sales business thinking that from the money received from the sale of oil, they would get their wages paid which amounted to between K30,000 and K50,000. The stopping of this oil shipment has deprived them of a chance to earn some money to help them with their families’ daily needs.

They told Mr Daveona that they were not benefiting from any services from the Autonomous Bougainville Government nor were they finding any easy means to get financial assistance and that is why they resorted to scrap metal and heavy fuel oil sales. "I told them that because they hated BCL, the PNG Government and the Panguna landowners their leaders have convinced them one way or the other to forget these authorities and go about their business operations, taking the easy way out," Mr Daveona said. "Another important truth that we must learn to accept is that BCL and the National Government, whether you and me like it or not, have the sole rights over any of the assets of the Panguna mine that are situated on the BCL leases.

"No-one on Bougainville or any foreigner overseas has any right whatsoever to connive with our people here and remove any of these assets without first consulting BCL and the National Government," he said. "Yes, in Bougainville and in particular in Arawa, Kieta and Panguna and I can say this to any other parts of Bougainville, despite the law being there, there is no order. A lot of you, our young people, are saying that because you fought and many died during the crisis, you can do whatever you please and that the law does not matter. "This is an illusion. We must change our way of thinking and doing things if we want to progress Bougainville towards what you fought for, that is, an independent Bougainville. "We do not have much time left before the 'Referendum on Independence' in 2015 and we cannot do it the way you carry on doing things here," Mr Daveona said.

Gas benefits to be paid to landowners in villages

Post-Courier 1.7.2010

By *ERIC TAPAKAU*

MEN, women and children in the Hides area are "over the moon" as they prepare to see the money from their vast gas resources paid directly to them in the villages. The landowners also fully backed Southern Highlands Governor Anderson Agiru's move to change the system of paying gas benefits such as business development grants at the licence areas rather than the traditional mode of payment that has been made in Port Moresby. Hides 4 or Hides petroleum development licence 7 (PDL7) had a meeting at the Hides wellhead area to make their stand clear that they wanted to see payments made in the villages rather than in hotels in Port Moresby. They also supported the decision to park business development grants in 17 trust accounts until all requirements to set up regional landowner companies had been properly followed.

"We fully endorse the decision by Governor Agiru and State Enterprises Minister and acting Minister for Finance and Treasury Arthur Somare to pay landowner funds to landowners in the licence areas and not to landowners in Port Moresby," the landowners said after their meeting that was attended by landowners from the Hides gas conditioning plant, Komo Airstrip and Hides gas plant. "We also endorse the Government's decision to pay 30 per cent of business development grants for Benaria pipeline, Angore PDL-8, Juha PDL-9, Hides PDL-7, Hides PDL-1 to the PNGT LNG Project upstream landowner umbrella company - Hides Gas Development Company Limited." They said the meeting opened an avenue where all men, women, youths and children had the opportunity to call on the Government to take all cheques for payments to the licence areas which would bring more money into the pockets of the affected families.

"This way we will really see who these landowners who have been criticising the Government for hijacking the process are," the landowners said. "We are happy with how the Government and the Southern Highlands MPs including Governor Agiru have been handling the MOA funds to date." They said they were behind Governor Agiru and assured him that they would be in the villages to receive the first payments and they advised Mr Agiru, not to fear paying the funds in the licence areas. "We call upon all the landowners who submitted proposals for business development grants to come back to their licence areas," they said. "Governor Agiru should not fear paying the monies in the licence areas because we are with him and the payment should be made based on the payment

mechanism adopted at the licence based benefits sharing agreement forum.” They said they were committed to see first gas flow from Hides by 2014.

Ramu: Madang residents protest

Post-Courier 1.7.2010

By ROSALYN EVARA

MORE than 500 people - including tertiary students - took to the streets of Madang yesterday to protest the changes to the environmental law. The protestors turned up in droves as early as 8am at Laiwaden Oval armed with placards and banners carrying all sorts of messages, mostly expressing their disgust not only over the changes but at leaders including those from the province who had supported it. The event went ahead after 9am despite another attempt by Madang Governor Sir Arnold Amet, who had turned up at the oval, to again caution their actions would be deemed illegal. Sir Arnold, the former chief justice, said he understood that he could not stop them but urged they respect the rule of law, particularly as the matter was before the courts. Further they should be wary of what they say. This however did not go down well with the protestors, some of whom shouted back at him telling him it was their right before making their way out of the oval and onto Modilon Road enroute to the Sir Bato Bultin Complex.

Police on Tuesday after advice from Sir Arnold had also advised the protestors against going ahead with the march. However, again this did not deter the protestors. Madang provincial police commander superintendent Anthony Wagambie in a statement yesterday said while he had advised the public against staging the event the public who had congregated at Laiwaden in huge numbers did not look like they were going to back down. Supt Wagambie given this scenario had to make a quick decision and allowed it to go ahead with police escort and supervision. He said as law enforcers their primary duty is to protect lives and property and from his assessment, if police had moved them forcefully there would have been bloodshed and mayhem. He said on the issue of the matter being “subjudice” (in contempt of a current courtation) he stressed the police role to protect and that it be best left to the lawyers to address. “If proper written advice and instruction was given out earlier, this would have may be made a very small difference. “However as I have stated, the organisers were very unyielding in having the march.

“I must state here that all means were used to have the march cancelled. After it was forcefully staged, I made assessment on the ground and provided police to supervise the whole event. “There was no threat to the whole of Madang town, including the shopping centre, due to heavy police presence. The whole episode was under control by police,” he said. The protestors had initially planned to march from Laiwaden to the Sir Bato Bultin complex - where they had expected to vent their frustrations to Sir Arnold. However this did not eventuate as the Governor had made it clear that the matter was “subjudice.” The protestors instead were redirected by police to the area outside the provincial administration headquarters where for more than three hours they vented their frustrations. While they had demanded the presence of the governor, he did not turn up.

George Ireng, who was one of the organisers of the event, said while it was disappointing there were no leaders to listen to the grievances of the people, they (protestors) could be proud they had achieved something. “The Justice Minister Ano Pala, the Government has said it would be unconstitutional to be doing what we just did and that we would be breaking the law but we can take to the streets because it is our right. Even the governor said no to this march but we achieved something by taking to the street. While they (leaders) may not be here that is okay because if we wait for them they will not make a difference. “The media is so we will have a media conference and get our message out to the world,” he said. The protest was orderly and many who spoke commended the organisers for the initiative. The event ended about 2 in the afternoon.