Press review:
Mining in the South Pacific

Vol. 11, No. 2, March – April 2019, 94 pages

Compilation:
Dr. Roland Seib, Hobrechtstr. 28, 64285 Darmstadt, Germany
http://www.roland-seib.de/mining.html

Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

Radio New Zealand: http://www.radionz.co.nz/international

PNG Post-Courier: http://postcourier.com.pg/

PNG National: http://www.thenational.com.pg/

Bougainville admonished by O'Neill over planned mining change
Radio New Zealand on 29 April 2019

Inside the pit of abandoned Panguna mine in Bougainville Photo: supplied

Peter O'Neill in a letter to President John Momis last month said the changes have the potential to cause discord and conflict. Mr Momis said the law change will allow landowners to retain control of minerals once they have been mined. But landowning groups, especially the Osikaiang group at the site of the key Panguna mine, allege this is an attempt to shut them out along with their preferred joint venture company, RTG. James Onartoo of Bougainville Indigenous Rights Advocacy has accused Mr Momis of deliberately trying to spread misinformation on the matter. He said the proposed amendment removes the protection of customary landowners' rights and attempts to replace them with vague benefits and entitlements. But Mr Momis in his response to Peter O'Neill said his government has since conducted extensive consultation on the new legislation.

New Tahiti mining code to fix gaps

Radio New Zealand on 29 April 2019

The French Polynesian government has revisited the proposed resumption of phosphate mining by stating that a new mining code will fix gaps in the current one. It issued a statement a day after the lands minister Tearii Alpha was asked questions in the assembly by the opposition over claims by the company Avenir Makatea that a new code was prepared by 17 April. While the minister sidestepped several questions, the Presidency said the existing code of 1985 is obsolete as back then there was little interest in mining and concerns for the environment were paid less attention to than now. Avenir Makatea wants to extract 6.5 million tonnes of phosphate over 27 years from Makatea which was already mined from 1906 to 1966 when it was stripped of millions of tonnes of phosphate sand. In 2017, the government gave conditional approval to Avenir Makatea's bid, saying a mining licence hinged on a survey of those concerned. A petition had been signed by more than 230,000 opposed to renewed mining on the atoll. The statement said any mining activity needed to be approved by the assembly but critics said they feared the government would pass it as an annex to a tax laws to avoid its debate.

New Caledonia nickel project triggers local protest

Radio New Zealand on 27 April 2019

There has been a protest at the Vale nickel plant in the south of New Caledonia over the latest awarding of major new contracts. Accoring to local media, the protest was led by a group of local businesses feeling rebuffed in favour of external providers for a $US600 million plant upgrade. Vale this week signed $US300 million worth of contracts for work on the so-called Lucy project which involves new waste treatment and storage methods. Up to 600 specialists are expected to arrive within the next few weeks to start earthworks for the site. The expansion by Vale marks a turnaround in its plans after considering mothballing the $US8 billion plant at Goro in view of a nickel price slump. The decision to invest is seen as a sign of optimism that nickel will be in higher demand for use in batteries of electric vehicles.

Wafi-Golpu selling idea deep-sea tailing project safe

By EREBIRI ZURENUOC, April 26, 2019, The National Business

THE awareness on deep-sea tailing placement (DSTP) by the Wafi-Golpu Joint Venture team provided vital information for the people, says Labuta Local Level Government president Tups Waho. Waho of Nawaeb district in Morobe said the awareness had been allowing people share their views on the project. “The future of Labuta lies in the five-year development plan which must be captured in the proposed mining development plan,” Waho said. “Two of the important impact projects covered in the five-year development plan are fisheries and eco-tourism because ward one to ward 13 are in the coast. “There are a lot of fishing communities, and many locals use fishing as the means to generate income, and as a protein for their food.” Labuta said people were still concerned about chemicals from the DSTP which might harm them.


Boys at an awareness on deep-sea tailing placement by the Wafi-Golpu Joint Venture team at Talec village Good Friday.

DSTP engagement leader Andy Maie told Talec villagers tailings would only be harmful once it came into contact with air. “Our two-year study show that the deep-sea in the Huon Gulf peninsula is suitable for the proposed tailings displacement at depths of more than 200 metres,” he said. “There is no risk of current upwelling and no fish life living beyond that 200-metre depth,” he said. “The discharge will flow into the Markham canyon, to join the sediment discharge from the Markham and Busu rivers that flow towards the 9km deep New Britain trench. “There are plans for monitoring stations to assess the sediment flows from rivers, monitoring of the ocean currents, fish sampling, water quality, and other studies.”

Sir Mek denies PNGSDP shareholding

Post-Courier, April 26, 2019

Member for Port Moresby Northwest, Sir Mekere Morauta, has refuted Prime Minister Peter O’Neill’s claim that he and BHP Billiton created PNG Sustainable Development Program (PNGSDP) as a private company with him as one of four shareholders. Instead, Sir Mekere said it is a deliberate lie manufactured by a man desperately trying to repair his public image following a comprehensive win by PNGSDP in the Singapore Supreme Court recently. “The statement that I am a shareholder of PNGSDP is a naked, diabolical lie,” Sir Mekere said. According to him, PNGSDP was established by the State of Papua New Guinea, BHP Billiton and Inmet, the shareholders of Ok Tedi Mining Ltd in 2000, to hold the BHP shareholding (then 52 per cent) gifted by BHP. He said the PNGSDP was established as a not-for-profit company, limited by guarantee. It has no shareholders and in such company structures, used by charities, NGOs, sporting groups and other similar organisations, shareholders are replaced by members. “I am a member of PNGSDP, not a shareholder.

“Members do not derive any benefit from a limited guarantee company, as shareholders would from a limited liability company. The program rules, set jointly by the government of PNG and BHP, prescribe that the benefits from PNGSDP flow only to PNG and Western Province. “Singapore documents purportedly showing I am a shareholder are pro-forma documents that do not provide for companies limited by guarantee. “They do not provide for members instead of shareholders, as happens in many jurisdictions," Sir Mekere clarified. He also explained that the objective of the PNGSDP was to invest two-thirds of the future dividend flows from the shares into a long-term fund to be used after mine closure for sustainable development in Western Province and one-third of the dividend income was spent on development projects throughout the country, including Western Province.

"I want to assure the people of Western Province that their money in the long-term fund is safe and will continue to be safe, while it is managed by an independent PNGSDP. "It was my instruction to the advisory team when PNGSDP was established that the company was to be protected from political influence – from the tentacles of octopuses. "The Singapore Court decision proved the independence of PNGSDP. "I am proud that I led the fight and won it for the people of Western Province," Sir Mekere said.

New mining code imminent in French Polynesia

Radio New Zealand, 26 April 2019

Tearii Alpha Photo: AFP

The lands minister Tearii Alpha told the assembly that the existing code was outdated but declined to detail what changes were envisaged. Mr Alpha spoke on behalf of President Edouard Fritch who was asked an oral question by the opposition after the head of the company Avenir Makatea recently said he had been assured by Mr Fritch that a new mining code would be ready on 17 April. The question by Eliane Tevahitua asked if the government to what extent it acceded to the exploration bid by Avenir Makatea, given that the current code requires the consent of landowners for mining to restart. She also sought, unsuccessfully, to establish if the authorities have had access to studies on the possible presence of cadmium, uranium or other mineable minerals. The minister declined to answer to what extent the government would take into account a petition signed by more than 230,000 opposed to renewed mining on the atoll. Avenir Makatea wants to extract 6.5 million tonnes of phosphate over 27 years from Makatea which was already mined from 1906 to 1966 when it was stripped of millions of tonnes of phosphatic sand.

More than 40 million people work in artisanal mining-report

Peter Hobson, Reuters, 25 April 2019

Alluvial miners at work on Bougainville

More than 40 million people around the world work in artisanal and small-scale mining where minerals including gold, diamonds and cobalt are dug up often by hand, a report by the World Bank and development organisation Pact said on Wednesday. Increasing demand for metals and rising prices have triggered a boom in small-scale mining in recent years, mainly in poorer countries in South America, Africa and Asia. These mines are a vital source of income for communities, but many operate outside the law and leak chemicals into rocks, soil and rivers. Working conditions can be appalling, and the metal and stones dug up are often smuggled across borders on a vast scale, sometimes by criminal operations. Billions of dollars worth of gold is being smuggled out of Africa, a Reuters investigation found this week. The World Bank and Pact said too little was known about how many people worked in small mines and previous estimates, which were often far lower than 40 million, tended to be partial or rely on outdated data.

“It’s time to shine a light on this vital sector so we can accelerate investments in people and communities for greater equity and sustainable economic growth,” Riccardo Puliti, the World Bank’s head of energy and extractives global practice, said in a statement. The report said 16.3 million people worked in small-scale mining in South Asia, of which 12 million were in India, and 9.8 million people in East Asia and the Pacific, of which 9 million were in China. Another 9.9 million people worked in sub-Saharan Africa, the report said, with 2 million in the Democratic Republic of Congo and between 1 and 1.5 million each in Sudan, Ghana and Tanzania. Just over 2 million people work in the industry in Latin America and the Caribbean, with 1.9 million more in the Middle East and North Africa and 100,000 in Eastern Europe and Central Asia, it said. Thirty percent of the workers globally were women, the report found. Minerals mined in small-scale and artisanal mines include gold and diamonds, used for jewellery and investment, and tin, tungsten, tantalum and cobalt consumed in industry, electronics and batteries that power electric vehicles.

Morauta calls PNG PM a 'desperate liar'

Radio New Zealand, 25 April 2019

Mr O'Neill said this week that BHP Billiton and Sir Mekere had set up the SDP as a private company with four shareholders, including Sir Mekere. But Sir Mekere said this is a deliberate lie from a man desperately trying to save face after the SDP had a comprehensive win over the PNG government in the Singapore Supreme Court. The court this month quashed the PNG government's claim to the Singapore-registered Programme with assets worth about $US1.4 billion. Sir Mekere also accused Mr O'Neill of lying to the Singapore Court through the state's affidavit, saying he had a document giving the state the power to control SDP. The veteran MP said the prime minister then failed to produce the document as evidence to the Court, and the court decision exposed him as the liar he is.

Sir Mekere Morauta Photo: Post Courier

He said Mr O'Neill has long wanted to get control of the $US1.4 billion in SDP's Long Term Fund. This fund was established by the State of Papua New Guinea, BHP Billiton and Inmet, the shareholders of Ok Tedi Mining Ltd in 2000, to hold the BHP shareholding (then 52 percent) gifted by BHP. The object of PNGSDP was to invest two-thirds of the future dividend flows from the shares into a Long Term Fund to be used after the mine closure for sustainable development in Western Province. One-third of the dividend income was spent on development projects throughout the country, including Western Province. Sir Mekere said PNGSDP was established as a not-for-profit company, limited by guarantee, and has no shareholders.

PNG landowners take gas project dispute to court

Radio New Zealand on 25 April 2019

Landowners in Papua New Guinea's Gulf province say they are taking their dispute over a major new gas project to court. The government this month agreed terms for the $US13 billion Papua LNG project, based on the Elk / Antelope gas field in Gulf Province, to be led by French company Total. But the *Post Courier* reported that landowners from Baimuru district claim the agreement was signed without compliance with the Oil and Gas Act. At a media conference in Port Moresby, a group led by former political leaders from the province warned they would launch a legal challenge to the agreement. They also said that the planned signing of a project memorandum of understanding between the State and the provincial government would be illegal. Gulf Province governor Chris Haiveta told the newspaper that the cabinet was to deliberate on the MOU before signing today in Kerema but it has been deferred.

Deep sea mining boss says new law could be adopted next year

Reuters, 24 April 2019

China and a quest for battery minerals have injected momentum into a long U.N. process to agree a law on deep sea mining, which could be adopted by the end of 2020, if the political will exists, the head of the International Seabed Authority (ISA) said. So far the U.N. body, headquartered in Jamaica, has drawn up regulations on exploration, but not exploitation for international waters. The priority of talks this year, which took place in March and will be held again in July, is to agree the text of rules on exploitation, although even then it could take years for any mining to take place. "As late as last year, countries reaffirmed the target of 2020," Secretary General Michael Lodge told Reuters in a telephone interview. "I think it's possible if there is the political will to do it." Of the more than 160 ISA member states, China is the most active, Lodge said, although there is also interest from European countries including Belgium, Britain, Germany and Poland, as well as from the Middle East.

"Governments are getting behind it. The sea bed will be a key source of minerals to combat climate change," Lodge said. Asked about environmental risks, Lodge said only a very small percentage of the overall seabed was likely to be mined. "Governments are getting behind it. The sea bed will be a key source of minerals to combat climate change". Many climate campaigners are worried, however, saying that the deep sea is one of the last pristine areas of the planet and that species we barely understand could be at risk. Lodge said environmental objections could hold up talks. He also said some countries whose economies depend on mining on land may be less keen to see competition from the deep sea, although even if a law is adopted by the end of 2020 on exploitation, it would take years to get projects running.

Many of those sceptical about deep sea mining doubt it can be economic. Anglo American sold its stake in deep sea mining company Nautilus Mining after complaints from shareholders that it was not worthwhile. Miner-trader Glencore has a small, undisclosed stake in private Canadian company DeepGreen, which would eventually give Glencore 50 percent of any copper and nickel output collected from deep sea nodules. Over the five years of discussions so far on an exploitation law, Lodge said the pace of activity had accelerated. Figures for 2018 are not yet available. For 2017, he said exploration in the promising Clarion Clipperton zone, which spans 4.5 million square km (1.7 million square miles) between Hawaii and Mexico, had totalled 900 days at sea.

‘PNG needs a robust, transparent Sovereign Wealth Fund’

Post-Courier, April 24, 2019

SHADOW Treasurer Ian Ling-Stuckey says the booms and busts of the resource sector have damaged the economy for too long. But he said there are ways to minimise the damages by smoothing the ups and downs of revenue and foreign exchange flows from resource projects. And one effective way is to have a good sovereign wealth fund (SWF). However, he said any SWF must be robust and transparent, adding “there are good SWFs, and there are bad SWFs”. “We don’t want the current SWF where Prime Minister O’Neill can raid PNG’s resource flows and divert the moneys to his besties,” said Mr Ling-Stuckey. “PNG has been burnt in the past through the abuse of PNG’s first SWF. This was called the Mineral Resource Stabilisation Fund. While this fund worked well initially, it had a loop-hole that meant its funds were raided in the late 1990s. We should never make this mistake again.”

Mr Ling-Stuckey quoted an analysis by Professor Satish Chand for the National Research Institute highlighting the form of SWF passed by the Parliament in July 2015 had serious defects. Prof Chand concludes: “The withdrawal formula fails to achieve the stipulated aim of macro-economic stabilisation and could do the very opposite.” Mr Ling-Stuckey said the opaqueness of the formula for withdrawals from the SWF is to the cost of transparency that is necessary for public scrutiny. “These are major defects of the current SWF that Mr O’Neill is so keen to put in place but could do more damage to PNG than good,” he said. “The fund allows Kumul Petroleum Holdings Limited

(KPHL) to retain half of the dividends and other moneys from the PNG LNG project and any future Papua LNG project.

“These funds don’t come into the budget process. There is no healthy budget policy competition to judge whether such funds should go for health, education and infrastructure, or instead should fund the government buying into schemes such as the extraordinary Oil Search share fiasco which cost PNG more than K1 billion or the Nautilus fiasco which has cost another K400 million in losses.” He said even the Final Budget Outcome indicates that KPHL has deliberately withheld K248 million in 2018 “to pursue State’s equity participation in the emerging petroleum and gas projects”. “However, in the recent announcement on the poor fiscal terms for the Papua LNG project, Prime Minister Mr O’Neill and his Treasurer stated that PNG’s 22.5 per cent would be entirely financed by a special financing facility. So where has the K248 million gone? And with the recent games in the publication of Kumul Petroleum Holding’s annual reports, we know there is a total lack of transparency in how such funds are used,” Mr Ling-Stuckey said.

He quoted the FBO stating: “KPHL accounts are not included in the government’s accounting framework for budget purposes.” “Unfortunately, the revised SWF pushed through by Prime Minister O’Neill allows for him to divert funds away from budget priorities such as health, education and infrastructure and give it instead to his pet projects. “This was highlighted as a major concern in earlier analysis by the NRI and other independent observers. PNG needs a more robust and transparent SWF than the current design,” he said.

O'Neill hits out at opposition amid war of words over PNG SDP

Radio New Zealand, 24 April 2019

Papua New Guinea prime minister Peter O'Neill announcing new development projects in Madang 13 February 2019 Photo: Loop PNG

Another war of words over SDP has erupted after a recent Singapore High Court ruling quashing the PNG government's claim to the Singapore-registered Programme with assets worth about $US1.4 billion. SDP was set up as a divestment vehicle for Western Province's lucrative Ok Tedi copper and gold mine, and has a long term fund for the people of the province. The opposition leader Patrick Pruaitch accused Mr O'Neill of trying to derail social and economic development programmes sponsored by SDP in Western Province. "PNGSDP is a model entity that operates like a sovereign wealth fund. It has done an excellent job in nurturing its long-term fund which now stands at over K4 billion," Mr Pruaitch said. "PNGSDP has been transparent in its operations and has published fully audited annual reports since its establishment in 2002." Mr Pruaitch alleged the Prime Minister wanted to control and squander the lucrative long-term fund.

But Mr O'Neill said characterisation of the fund as a type of charitable fund was a lie. He warned that the SDP is a private company that is not accountable to anyone in Western Province or any government oversight agency. Mr O'Neill has indicated the government would appeal the Singapore court ruling. "Our Government will continue to pursue this matter to ensure control of the funds is given to the people of Western Province, and to bring to justice those who have acted in a criminal manner. BHP Billiton's divestment in 2001 followed legal action by Western Province landowners over extensive and long lasting environmental damage caused by the mine operations, particularly its riverine tailings disposal system. "The environmental devastation that came from the Ok Tedi mine, under the control of BHP as one of the world's largest companies, killed and poisoned thousands of our people, "Mr O'Neill explained.

"The PNGSDP money was supposed to help rebuild lives and must be given to the people of Western Province." The prime minister has focussed on the involvement with SDP of his political rival, opposition MP and former prime minister Sir Mekere Morauta. "A recent companies search confirms that Mekere Mourata, and three other individuals, are shareholders of this private company in Singapore," the Prime Minister said. Mr O'Neill claimed there was no trust arrangement on behalf of the people of Western Province or the Western Provincial Government. "This all goes against the promise Mekere Morauta made that PNGSDP would be established to hold shares in trust for communities in Western Province. "The Leader of the Opposition should research these facts, and stand up for the rights of the people of Western Province instead of supporting the people behind these criminal acts." However, the Singapore High Court found that PNG's government had failed to prove that it controlled a charitable trust that entitled the state to intervene and control SDP.

"This is a blatant money grab by Mr O'Neill who has spent millions in public funds to pursue this case in Singapore," Mr Pruaitch said. Mr Pruaitch said he concurred with the view of the four Western Province MPs that the Prime Minister should stop attacking PNGSDP. He urged the government to work with that organisation and the Provincial Government "to ensure that the interest income from the Long-Term Fund is spent to achieve development and change in Western Province. Meanwhile, Mr Pruaitch has defended SDP against government criticism about its development achievements in Western Province. He said among the many things SDP has done, it had spent tens of millions of dollars to upgrade dozens of schools. It had also repaired and upgraded the telecommunications network so almost everyone in the province now can access 4G phone and internet services.

Letter to the editor

Environmental failure at Wild Dog mine

Post Courier, 23 April 2019

Beyond reasonable doubt, the element of environmental risk was present in both the exploration and development stages of the Wild Dog mine. This mine was developed at the very summit of the highest peak in ENB with the presence of this significant environmental risk, and to the detriment of the livelihoods of the people at the foot of Mt Sinivit as well as within its vicinity and right down to the coast. What rational justification was used by the (relevant government agencies) and the landowners to agree for the mine to be developed given the geographical risk to the river systems? Mineral deposits in the mining lease area comprised of the oxide and the sulphide zones both of which were not technically viable to be developed at such steep slopes with very high loss of height. Juxtaposed against these is a high mountain backdrop (with huge physical divides) that forms the catchment of the river systems on all sides. These areas contain critical ecosystems and life support systems. The mine heap-leach areas were pitched on narrow patches of no more than 20sq m, at most, in both zones, with no fenders, that were susceptible to climate extremes.

This mine was developed on “persistence in error” by the developer who refused to draw inference from negative signs and technicalities. The developer should have waylaid the “sunk-cost effect” in favour of the critical environment. It is very disturbing that the (relevant government agencies) have been sitting on this environmental problem since the developer abandoned the mine during its operation. The cyanide heap-leach method should never have been allowed to be used up there by the developer. The developer abandoned huge open pits, heaps, and the ponds of cyanide which are a risk to the whole environment. Some of these heaps and ponds have cracks caused by earthquakes. The recent rains caused the cyanide vets to overflow into the drains that fed the sources of streams and creeks that tributed to the two large rivers of Nengmutka and Rapmarini which are major tributaries of Waragoi river.

Once the toxics leak, it can result in total collapse of ecosystems and life support systems that are being used by the people(I don’t want to mention the deadly strength of cyanide against the volume of water in the rivers) . This mine was at a critical location and dangerously and carelessly developed out of economic greed. Five long years have lapsed after the developer left with evidently nothing done to date to contain the leakage risk. These relevant government agencies have just woken up from their slumber to sanction a disaster and environmental assessment to be carried out. The funds being spent on rebuilding the road up to the mine to enable the assessment to be carried out could have been spent on other impassable roads in the Bainings).Is this how long bureaucratic red tape can last in our government system, even if it meant so many people dead from a cyanide disaster over five years?

This kind of irrational behaviour by govt agencies could prove fatal for the communal environment and costly to the lives of the people. The lack of action by government agencies has resulted in people(men, women, and children) risking their lives by going up there to the mine site(after the developer left) to take whatever is useful to them, thus having direct contact with cyanide and other toxic chemicals. Leach pad liners were even taken by people, posing serious risks to themselves! The government’s complacency and ignorance of problem risks and for taking no leakage deterrent measures conjures up the reality of its ignorance of the height of thresholds for pain of the people and the environment when inflicted for economic reasons other than for their own benefit and upkeep.

Government agencies must ensure economic development is balanced against the natural environment, not the other way around! This is an aspect of sustainable development!.
The problem at Wild Dog is not ISEP, rather, it is everybody’s. And I’d rather the so-called Sinivit Mine Landowners Association stops talking about mine reopening and look more closely at ensuring the sustainability of the sources that support the livelihoods of its members and make sure these sources are not compromised. **Alois Balar**

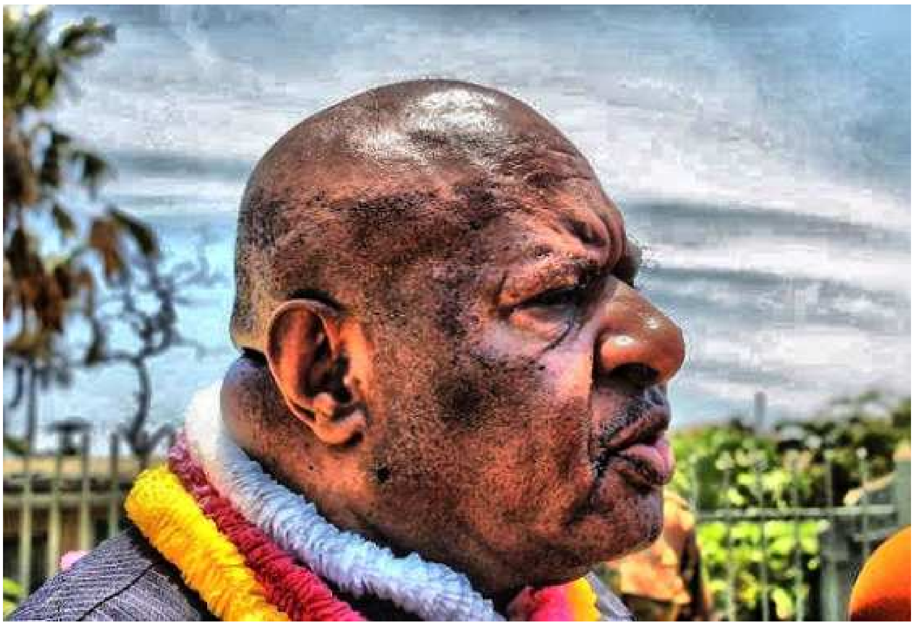
New Caledonia's SLN cleared to export nickel ore

Radio New Zealand, 17 April 2019

SLN, which is New Caledonia's biggest private sector employer, has been running at a loss but has survived thanks to huge loans three years ago from its French parent company Eramet and the French government. The sale of ore from its mines to Japan and China is expected to boost SLN's revenues as it implements a restructure aimed at reducing the costs of producing nickel. The pro-independence members of the collegial government opposed SLN's bid, arguing that high quality ore should be processed in New Caledonia and not abroad. However, their policy is for low grade nickel ore to be used at smelters abroad where New Caledonian interests hold a majority. Earlier this month, the head of Eramet warned that SLN was on track to bankruptcy next year if it failed to stem its losses.

Papua LNG: An Open Letter to Dr Fabian Pok by Hela Governor Philip Undialu

Philip Undialu MP, PNG Blogs, April 16, 2019



I have some real issues for your clarification and they are;

1. Why did State ignored recommendations or proposal by State Negotiation Team or SNT backed by Ashurst, KBR, Wood Mackenzie, and signed a completely different agreement? I have confirmed with some SNT members and let's not fool fellow leaders, professionals and our people in general.
2. Why did State signed an agreement when Total failed to submit important requirements of law? I have confirmed that the from Acting Secretary Petroleum to Chief Secretary as Chairman is real, there exist such a signed letter and State brushed that and signed.
3. Why did State ignored StateSol advice on serious implications? His media statement this week Wednesday confirms that Gas Agreement is subject to Total fulfilling necessary requirements. What do you think those necessary requirements are? And are those requirements not necessary to be complied with first? Why did we ignored advise for six months adjournment?
4. Why did State ignored 3 consecutive letters from Governor of Central Bank not to sign the Agreement until our Monetary regulatory requirements are complied with? In the letter, he warned that he let go the the first LNG project though fundamentally flawed GA but will not be allowed again.
5. Why did State give Tax Exemptions having known we lost K6.0 billion from PNGLNG? PNG stand to loose another K6b or more because of the GST and other exemptions.
6. Corporate Tax used to be 45% since first Oil Project in 1990 but reduced to 30% under PNGLNG. Why did State ignore SNT reccommendation to bring back to 45%? A lost of 15% is a serious question State need to be responsible because we will again loose Billions of Kina every year.

7. If we can reduce Tax exemptions and reduce Corporate Tax, why didn't we ask for exemptions on Sunk Cost as recommended by SNT? As announced by DPM , we will pay our sunk costs after first sale of gas. Remember, any capital cost you want to pay after project construction will apply Premium costs ranging 10-30% on the principle amount.
8. On one end, we talking about better deal on DMO but I think developers playex dump fool on us. Why I say this? Because currently for NiuPower and Dirio Power, we are paying gas price at 9% Japanese Crude sales price or US$5/mmbtu. The Papua LNG agreed pay around US$5/mmbtu. That is, 9% of JCS is same as $5. Therefore, i think we have been fooled.
Why did we ignore SNT recommendation for 2% JSC and went for $5/mmbtu or 9% JSC which means the same thing?
9. Why Central Provincial Government, very host of pipeline and LNG facilities NOT invited to be a party to the agreement?
10. Did we agreed for 2% Gross Wellhead Value payment for Royalty and development Levy? Under the PNGLNG, they are literally deducting 1.6% and paying only 0.4% because of deductions such as Opex, Capex, and Premium on Capital cost. Over the last four years (2014 -2017) we lost K1.2billlion. Did we ever leant from that?
11. The SNT team had a clause called “Lessons Learned from PNGLNG”. One of the lessons learned was the confirmation that PNG lost K48 billion from construction phase to operation phase. What actions have we taken to correct that?
12. State need to explain to the parties affected by PNGLNG project wether or not there will be any implications as Papua LNG likely to share common facilities.
13. I heard that the Financial Model doesn't even incorporated financing and refinancing in their Open Book Economic Model. The numbers used in the economic model is only Class IV - ORDER OF MAGNITUDE COST ESTIMATE of +- 50 %. The likely high case cost estimate for the overall project will be plus 50% of the current estimate of US $13 billion.
14. The Foundation Volume is rumoured to be stated as 10.3 tcf, when their outdated proven reserves is only 6.7 tcf. Where will the extra 3.4 tfc of gas will come from. What's the Basis? For any Petroleum project, the Foundation Volumes determines everything from Field Development Plan to Cost Estimate, Financing. Etc. Also clarify how the treatment of P'nyang and PNG LNG gas will be like if there's shortfall on committed gas supply for Papua LNG.

Project impact statements given

April 16, 2019, The National Business

PANAUST Ltd (PanAust) subsidiary Frieda River Ltd (FRL), the Mineral Resources Authority (MRA) and the Conservation and Environment Protection Authority (Cepa) have presented a copy of the Sepik Development Project environmental impact statement (EIS) to the West Sepik and East Sepik administrations. According to a statement from PanAust, near-project communities will receive their copies at the community leaders’ forums which will be held over the coming week. Cepa will conduct a full consultation with communities along the project’s proposed Vanimo-to-Frieda River road corridor and along the Sepik River following the delivery of the EIS. The consultation process and delivery of the EIS to key project stakeholders demonstrates that FRL remains committed to working with communities and the government to progress the necessary permits and approvals for the nation-building Sepik Development Project.

FRL formally submitted the EIS to Cepa on December 12 last year. The EIS and a feasibility study formed the updated proposal for development for the project that was delivered to the MRA the same month. The Sepik Development Project will deliver a long-life hydroelectric power facility and world-class copper-gold mine. These two commercial projects will be enabled by the third party development of an international maritime port, public roads, a regional airport and telecommunications services. The project will improve transport and connectivity, facilitate the delivery of services to remote communities and boost domestic and international trade and investment. The Sepik Development Project aligns with, and will help realise the government's development plans as outlined in its Vision 2050 goals and Development Strategic Plan 2010-2030 and eschews an enclave approach to mining development in which economic benefits are constrained.

It builds on recent infrastructure developments in West Sepik, including the construction of a road linking Vanimo to Green River, the planned Port of Vanimo redevelopment, and responds to stakeholder feedback received since the lodgement of the 2016 special mining lease application for the Frieda River Project which contemplated a standalone mine development. The Sepik Development Project is projected to deliver significant direct and indirect local employment, business opportunities, attract foreign investment and boost trade and commerce. Host communities, especially in rural areas, will benefit from access to improved transport, telecommunications, health, education and government services that will support a higher quality of life and greater social participation. More broadly, training and employment of Papua New Guineans will provide the skills and capacity to support the nation's future development and prosperity. Project planning has sought to avoid, minimise and offset environmental impacts. The EIS incorporates comprehensive environmental baseline data which was collected over a period of 10 years.

The project's hydroelectric facility will involve a dam that will be engineered to store water for reliable, low-cost hydroelectric power generation and permanently contain process tailings and waste rock from the copper-gold mine to protect downstream water quality in the Sepik River. Environmental management strategies will be guided by standards implemented by PanAust. An independent advisory committee will be established to assist in addressing the environmental and related social impacts of mining activities upon the local and downstream communities. The committee will be established prior to the commencement of construction and will comprise prominent PNG citizens and local and international technical specialists. The committee will provide direction and technical oversight for monitoring and investigations of the environmental and social impacts in the mine area and downstream and will improve public understanding of the mine's impacts and independently review environmental performance and accountability.
The findings of the committee will be made public.

Gas project pressure rising for PNG's government
Johnny Blades, Radio New Zealand, April 16, 2019

Exxon Mobil PNG's LNG plant near Port Moresby Photo: (C)2014 {Richard Dellman/Advantage-PNG}, all rights reserved

The government last week agreed terms for the $US13-billion Papua LNG project, based on the Elk / Antelope gas field in Gulf Province, to be led by French company Total. Two days later, PNG's Finance Minister James Marape resigned, citing a breakdown of trust in prime minister Peter O'Neill and the government's handling of landowner participation in oil and gas developments in the Highlands. Along with claims about feasibility, the resignation adds to a sense of uncertainty over the Papua LNG developer which traces right down to the grassroots. A village leader in Gulf Province said local people had not been briefed yet on what having the project on their land meant for them.

For Solomon Lae, a chief in Kapai Aikavalavi village, the lack of consultation reflects how the nation's political leaders have long milked the benefits of the country's resources. "We have never had the opportunity to be clear on exactly what is going to happen in the province," he said. "There are no public servants who can be able to tell the people, the illiterate, the silent majority, what's going to happen in the gas and oil industry. It's a new elephant for us." Mr Marape, the former finance minister, is the MP for Tari in Hela province, the hub of the PNG LNG Project the country's first gas development. Ten years after its project agreement, many of Mr Marape's constituents are frustrated with the government because they are yet to see promised benefits from the venture.

ExxonMobil officers receive a petition from landowners in Hela Province, Papua New Guinea. Photo: Supplied

Meanwhile, the 'clan vetting' process in Gulf Province to establish the rightful landowners to receive benefits and royalties is still not complete. According to opposition MP and the member for Kerema in Gulf Province, Richard Mendani, instability in the government's ranks is linked to the way it is rushing through the new gas project without properly consulting all stakeholders. "The current government is under pressure to improve on this performance. There's a lot of talk and a lot of political movements within Waigani," Mr Mendani said. "I'm so surprised that the current government, the PM and Total have, without any proper consultation, gone in and signed off the project agreement." But PNG's Treasurer Charles Abel said the agreement was only one part of the process and that landowners would later be part of discussions for the Benefit Sharing Agreement.

"The signing of the gas agreement, it just establishes the broad fiscal terms to enable the developer to obtain financing and give them comfort to spend a bit more money into the Front End Engineering Design process," he explained. "In the intervening period, they've got to complete all the landowner registration and more of that work has been done." The state has a 22.5 percent interest in the Papua LNG Project, of which two percent is on behalf of landowners, with a two percent development levy for the provincial government and local level administrations. According to Mr Abel, other features of the project's terms include a corporate tax rate of 30 per cent, and obligations to supply PNG's domestic gas market at a discount price. Compared to the PNG LNG Project, which began exports five years ago, there are significant improvements from a landowners' perspective, Mr Abel said.

LNG Project facility, Hela Province, Papua New Guinea Photo: RNZI / Johnny Blades

This time the government has been granted a waiver on immediate payment of its share of project costs, while the venture's benefits are carefully structured, ensuring revenues even when commodity prices are low, he said. "The landowners are getting a better benefit but the state is not unduly putting itself into a difficult financial situation," the treasurer said. "When the oil price collapsed, there was very little benefit from the PNG LNG Project, and yet we were lumped with all the obligations to meet all the obligations we made to the landowners and then we hadn't even done the (clan) vetting exercise properly. So, we've learnt from this process." Chief Solomon Lae, however, is doubtful the government has changed its approach from other resource extraction projects.

Papua New Guinea Prime Minister, Peter O’Neill, meets Total’s Vice-President Mr. Arnaud Breavillac. Photo: Supplied

"Our people in this country, they never learn from the previous experiences. Southern Highlanders are waiting ten years and are yet to receive royalties," Mr Lae noted. "The leaders of this country, they're elected to represent our people. But that is never the case. They're milking us. Daylight robbery." But Prime Minister Peter O'Neill has said the Papua LNG Project's expected investment of nearly $US13 billion will benefit local communities and create jobs. He told local media that the domestic supply obligation was an important step for resources development in the country. "The petroleum and energy sector looks very bright in PNG," Mr O'Neill said.

However, explosive claims have surfaced from a former senior technical officer at the Department of Petroleum that the Elk / Antelope gas field is a very marginal resource, lacking gas volumes to sustain a major project. This was related in a review by a team of geoscientists and engineers, presented to the O'Neill government and its Papua Project partners, Total, ExxonMobil and Oil Search, in 2017. Despite this, the government is proceeding with the Papua LNG Project, in which it has a significant financial stake. For over five years, the prime minister has been determined for the venture to go ahead. The government's controversial purchase of a ten percent stake in Oil Search in 2014 was an executive decision said by cabinet members to have been made Mr O'Neill without their support. It sparked a fallout at the time with his former Treasurer, Don Polye, who was sacked for opposing the decision. Mr O'Neill is facing a potential motion of no-confidence next month in parliament, and will be looking to stem the tide of discontent within his government.
Pressure over this gas project is rising, as is the political heat in PNG.

Oil Search outlines Papua LNG terms of agreements

Posr-Courier, April 16, 2019

The recently signed Papua LNG gas agreement between the state and developer Total SA marks a significant step for development, says Oil Search managing director Peter Botten. Mr Botten said this is because the Papua LNG gas agreement includes several important provisions, which together with the fiscal arrangements, results in what the company believes to be a fair split of the project’s expected returns to the benefit of all stakeholders. He said these includes a five per cent Domestic Market Obligation (DMO), ensuring that a significant volume of gas is available for local use, a National Content Plan, which outlines how the local workforce and businesses will participate in the development, and a deferred payment mechanism for the Government’s share of past development costs, easing the up-front financial contribution associated with its equity back-in to the Project.

“Following this landmark agreement, the contractor selection and engineering contracting process for the upstream development will commence shortly,’’ he said. ‘‘Our focus has now turned to finalising the P’nyang Gas Agreement between the State and the PRL 3 Joint Venture, which is targeted to be signed during the second quarter. “Good progress has also been made on the commercial agreements which will allow the FEED phase of the integrated downstream three-train development to commence.’’ A new Joint Venture Operating Agreement, which will govern the development and operating phase of the Project, has been executed between the PRL 15 Joint Venture partners, while three integration agreements – the Facilities Access Agreement, Downstream Operations and Cooperation Agreement and the Cost Sharing Agreement, which collectively underpin the Papua LNG Project’s access to the PNG LNG Project site and infrastructure – are very close to completion.”

He said negotiations for the proposed farm-in of Santos into PRL 3 have progressed during the quarter and the parties anticipate being in a position to execute a binding agreement in the second quarter. “Once executed, this will result in greater alignment of the equities in PRL 3 and the PNG LNG Project, helping to facilitate the development of P’nyang through the PNG LNG infrastructure by minimising any commercial issues between the joint ventures,’’ he said. The Papua LNG, PNG LNG and P’nyang Joint Ventures are targeting a final investment decision in 2020, which would place the proposed three-train development on track to commence deliveries of LNG in 2024. “All stakeholders are committed to meeting this market window, when significant new LNG supply is required to meet demand growth and requirements for replacement of expiring contracts.’’

PNG LNG employs 82 per cent of locals

April 15, 2019 The National National

ABOUT 82 per cent of the 2600 employees of the PNG LNG project are Papua New Guineans. ExxonMobil PNG public and government affairs manager Robert Aisi said the locals, both men and women, were employed based on individual merits. Aisi, who was a PNG ambadassor to the United Nations for 13 years, said 22 per cent of the local employees were women. "The local employees come from almost every part of the country," he said, adding that their enthusiasm and dedication to their work were most commendable. Aisi said the PNG LNG operator, ExxonMobil, had demonstrated to the world what the locals and PNG could achieve. Speaking at the 65th convocation of the Institute of Banking and Business Management, he said ExxonMobil continued to provide equal employment opportunity to help improve the living standard of Papua New Guineans. "PNG LNG and ExxonMobil are creating a great legacy for this country. They continue to build an internationally skilled capacity of locals," he said. "More than K800 million have been invested on infrastructure, developing social programmes and enhancing skills and knowledge of the locals.

Coal too dirty for our good

The National, April 15, 2019

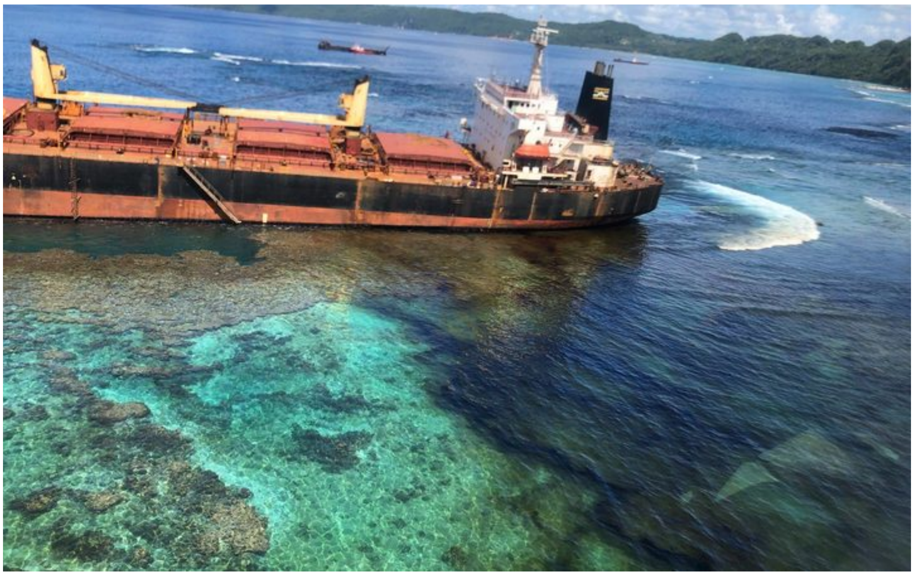
COAL is a cheap hydrocarbon fuel and can be used in the production of goods and services, such as electricity. However, this cheap hydrocarbon fuel is also the No.1 cause of environmental pollution and other issues. Coal mining and its use in Papua New Guinea should be banned. The following direct and indirect costs of coal use support the ban.

- Coal is an unsustainable source of energy and it cannot be replaced once it has been used;
- carbon emissions from mine blasts and machinery used in mining coal will cause irreparable environmental damage;
- environmental damage and carbon and heat emissions from coal mining and the industrial use of coal will contribute to global warming and exacerbate the problems we are facing with adverse weather conditions and rising sea levels globally;
- adverse weather conditions damage roads and highways which are expensive to build, repair and maintain. They also cause major traffic delays at sea ports and airports affecting international trade and the movement of people locally and internationally;
- adverse weather conditions are causing extensive damage to food gardens and cities and towns, as well as dislocating residents of cities, towns and villages, causing hardship and inconvenience;
- it is costly to provide assistance to people affected by natural disasters, which are being made worse by global warming;
- coal mining will result in the loss of the value of forests to local communities because when communities lose their forests they also lose food, shelter, and other things they depend on as people of the land; and,
- Smog produced from the industrial use of coal in cities will increase respiratory and lung problems. Of course, the medical cost of treating the diseases is another consideration against the use of coal. PNG has so much natural resources that can be harnessed to produce cheaper, dependable and clean electricity. Coal is not one of them.

Act to be reviewed
April 15, 2019, The National Main Stories

PRIME Minister Peter O'Neill says the Government will review the Oil and Gas Act to protect the interest of the people especially landowners. He was responding to the call by North Fly MP James Donald who suggested last week the two per cent stake as equity for landowners in projects such as the US$13 billion (K43.77) Papua LNG must be increased to between 10 and 12 per cent. "We will review the Oil and Gas Act," O'Neill said. O'Neill also assured the Gulf provincial government and landowners that they would be given a fair treatment in the allocation of additional shares in the Papua LNG project. The country's second LNG project is expected to provide job opportunities to more than 20,000 people during the construction phase. O'Neill said the country would no longer have foreign currency issues when exporting resources.

Logging and mining threatens Solomons social security - academic
Radio New Zealand, April 15, 2019



MV Solomon Trader oil spill on Rennell Island, Solomon Islands. Photo: The Australian High Commission Solomon Islands

Environmental damage from extractive industries was in the spotlight again in February when a cargo ship loading bauxite on Rennell island, ran aground on a reef in Lughu Bay, spilling more than a hundred tonnes of heavy fuel oil into the ocean. After weeks of delays, international salvage crews have contained the spill but a massive clean-up operation is still underway with the assistance of Australia and New Zealand. Questions of liability, inadequate legislation and corporate responsibility have been pored over again and again, with the maritime incident being described by the country's prime minister as the worst man-made environmental disaster in recent times.

University of Queensland senior research fellow Simon Albert has spent the last 15 years trying to help both the Solomon Islands government and local communities with environmental management and protection. Dr Albert said with most Solomon Islanders living in rural areas, the environment is their social security and safety net but it's being destroyed by logging and mining. "There isn't a lot of effort put into a broader environmental management framework to look at the barriers and interventions that can prevent the Rennell situation from occurring," he said. "To think of the environment in the Solomons, I often think about it as a form of social security or welfare," "So it's the intactness of the Solomons' environment that provides that backstop or that security for people to turn to when they face economic challenges."

Change mining laws to give ownership rights

Reuben G. Elijah, Post Courier, 15 April 2019

Landowners suffer the consequences of mining while outsiders take the benefits

The laws on mineral rights must be changed to give real ownership rights to the inhabitants upon where the resources are found and extracted. The mining law gives rights of ownership to the state, and the state, in turn, delegates that ownership right to the developer. After the developer fully exploits the resources and destroys the surface land and all its natural surroundings, it gives it back to the state who then hands it over to the local inhabitants in its useless destructive form, expecting that the inhabitants will use it for subsistence survival. In the whole equation, benefit proceeds are divided as 80 per cent to the developer and 20 per cent to the state. For the landowner inhabitants, there is nothing.

All that happens is that out of the state's 20 per cent, a mere 2 per cent is given as a 'token' to the local inhabitants. So you see, there are ethical questions to ask on the formulae of benefits. This also clearly shows that local inhabitants (people) are not recognised as stakeholders at all. The evidence of such unethical law and its aftermath consequence can be seen on Misima Island, after the so-called gold mine project from 1989 to 2004. Our policy experts have to start thinking seriously and to give good advice to our parliamentarians to change the mining laws and the benefit formulas.

PNG Western province MPs welcome Singapore decision

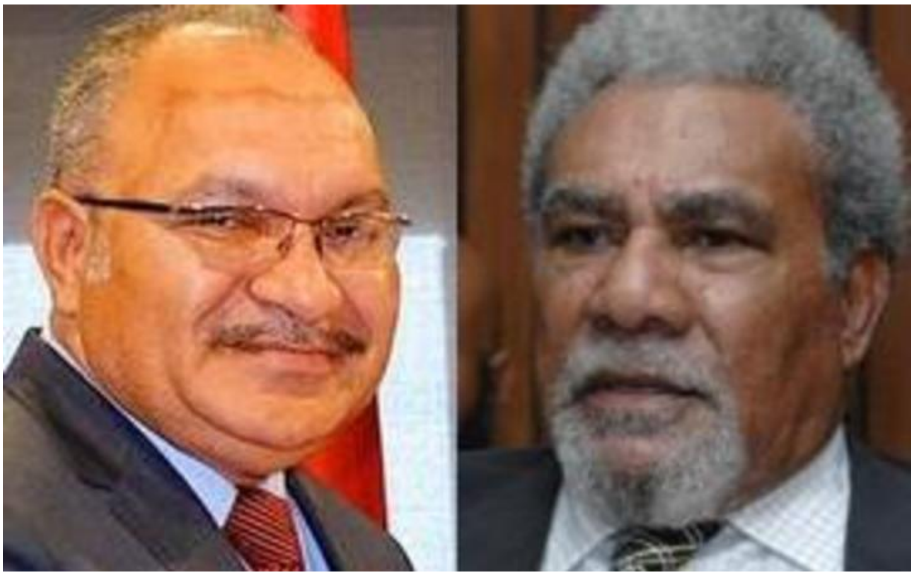
A landmark court ruling will help spread more than $US1 billion worth of investment in Papua New Guinea's Western Province, the region's MPs say.

Radio New Zealand, April 15, 2019

The ruling by the Singapore High Court quashed the PNG government's claim to the Singapore-registered PNG Sustainable Development Program (SDP). SDP was set up as a divestment vehicle for the province's lucrative Ok Tedi copper and gold mine. The government said it would appeal the ruling, which locked it out of the company that has assets worth about $US1.4 billion. The decision was welcomed by Western Province's four MPs, who said it would ensure the assets went to the people.

In a letter, the MPs, including Governor Taboi Awi Yoto, said the court decision protected SDP from outside control, including political interference. The letter published on Saturday was also signed by Middle Fly MP Roy Biyama, South Fly MP Sekie Agisa and North Fly MP James Donald. "The government should accept the decision and stop wasting money on further legal action which will not only be fruitless but will also continue to cost both the government and the company millions of kina in legal fees," it said. The MPs also urged Prime Minister Peter O'Neill, who has ordered a commission of inquiry into SDP, to accept that the company "does not belong to the national government". "We urge the Prime Minister to stop attacking SDP and to work with the directors and the provincial government to ensure that the interest income from the Long Term Fund is spent to achieve development and change in the Western Province."

Villagers in PNG's Western Province gather around an empty market place normally filled with fresh produce. Photo: RNZI/ Courtesy of Sally Lloyd



Peter O'Neill and Sir Mekere Morauta. Photo: PNG PM's Office / Post Courier

The MPs also congratulated former prime minister Sir Mekere Morauta, who is a member of the SDP board and is credited with taking measures to protect the company from government control. They added that now the court case was over, SDP should bring its management back to PNG from Singapore and work with the people of Western Province to increase its spending and visibility in the area. "People are dying from preventable diseases, children are not being educated properly, other services such as road accessibility, power, water, banking and communications are inadequate, our infrastructures is falling apart, law and order is failing, and we have so many other problems."

Outrage: deep-sea mining poses an existential threat
Stephanie Hessler, The Architectural Review, 11 April, 2019


Seabed mining machines

The greed for ever more and ever cheaper minerals drives seabed mining – but at what cost? At the height of the Cold War, in a top-secret mission titled Project Azorian, the CIA tried to retrieve Soviet submarine *K-129*, which had sunk in 1968. Under the auspices of the billionaire Howard Hughes, in 1974 a US ship was sent to recover the vessel with the hope of gathering valuable intelligence. The Agency needed a cover-up story to deflect from its actual target, so the public was told that Hughes' ship was a commercial deep-sea mining vessel.

After a series of mishaps, however, journalists broke the story in 1975, and the CIA aborted the mission. It is no surprise that a cover-up story was used to distract the public from the actual aims of the mission. Misinformation is often paired with greed. The greed for ever more and ever cheaper minerals, used in devices such as the computer I am typing on, but also in 'green' technologies, drives seabed mining. Today, the minerals ostensibly targeted by the CIA mission have become subject to real prospecting. In oceanic resource grab, imperial and colonial asymmetric power relations of the past are reinforced. And so is the ecological and social havoc it will cause.

The scientific and technocratic apparatus surrounding the world's hydrosphere is largely governed by research institutes and companies of the Global North, which have at their command the know-how, technologies and financial means to engage in these highly complex and costly projects. The insights emerging from research at, for example, the Norwegian University of Science and Technology (NTNU) in Trondheim, are employed by businesses such as the Canada-registered international company Nautilus Minerals. 'The first company to commercially explore the seafloor for massive sulfide systems, a potential source of high grade copper, gold, zinc and silver', as its website reads, Nautilus struck a deal with the Papua New Guinea government to mine minerals in the country's national waters.

Mining in international waters, beyond a country's exclusive economic zone (EEZ) of 200 nautical miles or up to the margin of the continental shelf, is unlikely to begin in the near future. However, the International Seabed Authority (ISA), a UN body to administrate resource extractions in international waters, has started distributing claims to prospecting countries such as France, Germany, Japan, Singapore, Russia and the UK, as well as the Pacific Island states of Kiribati, Nauru and Tonga. The claimed areas are in the Clarion- Clipperton Zone spanning 4.5 million km2 in the North Pacific Ocean, an area deemed to hold vast and unmatched potential for minerals. As of today, the holders are entitled to explore, not yet exploit. Yet this is the first move towards extraction in the so-called ‘Area’ beyond national jurisdiction defined by the UN Convention on the Law of the Sea as the ‘common heritage of humankind’.

Long-term effects of deep-sea mining are devastating. Extractivist enterprises are likely to cause unprecedented damage to marine environments in directly affected zones as well as in neighbouring areas. In Papua New Guinea, where extraction in national waters is about to commence, land-based mining is already threatening ecosystems, lifestyles and health as well as economic and political self-determination. The deal with Nautilus Minerals bears the promise of short-term profit, but neglects the long-term ecological, social and economic consequences. It demonstrates the foreign dependency of economically deprived regions such as Papua New Guinea, pointing to the distributed complex of infrastructural and legal systems that the architect and researcher Keller Easterling has called ‘extrastatecraft’.

Not only resource extraction, but also tensions caused by territorial claims today gain further urgency. As sea levels rise, the baselines of island states such as Kiribati face dramatic change. International bodies discuss whether baselines should be frozen and, if so, when to set the starting date. This not only affects future access to essential foods such as fish, but also raises questions of nationhood and land rights. Does a country with no surface area above water cease to exist? What happens to the spiritual legacy, the graves and sacred sites, if they are submerged in water and disappear?

Deep-sea exploration and exploitation prospects utilise tropes reminiscent of the ‘new frontier’ rhetoric in previous imperialist endeavours. Using concepts of distance – often employed in colonial projects and environmental extraction alike – seabed mining will supposedly take place ‘far away’: deep below the ocean surface and in geographically remote areas. Clearly, the oceans are an intricately connected complex ecological system, and impacts in the seabed will not remain isolated and contained. And, importantly, such viewpoints are blatantly Eurocentric, begging the question: remote for whom? Technologies such as underwater cameras and scuba diving equipment have made what lies below the ocean surface visualisable, revealing the diversity of subaquatic life. This could contribute to the protection of the oceans.

Yet as depictions of the sea have moved from the impenetrable surface of a monstrous Leviathan to a space that can be seen, studied and conquered, techno-scientific advancements have also contributed to its exploitation. As anthropogenic actions affect ecosystems above and below water, often with the aim to extract resources and ameliorate human livelihoods, these projects deplete rather than augment, and close in rather than expand life worlds.

MP Donald calls on govt to review oil, gas act

The National, April 11, 2019

NORTH Fly MP James Donald, pictured, has called on the Government to review the Oil and Gas Act before it signs agreements on petroleum resource development. Donald said certain provisions of the Oil and Gas Act 1998 did not serve or protect the interests of Papua New Guineans, especially the project area landowners, and should be amended. For example, he said the legislation failed to provide for the landowners, provincial governments and local level governments to be involved in the consultations and negotiations right up to the finalisation of the agreement. Donald said they were key stakeholders even though they only owned a 2 per cent stake in equity when it came to benefits distribution. “The landowners are given 2 per cent under the current act, which is less when what they should be rightfully getting – 10 to 12 per cent equity or more,” Donald said.

"So really when you look at it closely, it (the current Act) is of no real benefit to Papua New Guinea landowners, the host provincial governments and local level governments." He said the 2 per cent equity for landowners should be increased. "Why continue to keep a law that does not serve our people's interest?" Donald said. He called on the ministers for petroleum and energy to work on amending certain sections of the legislation before going ahead with agreements on gas development. He said if not amended, the current legislation would only cause problems for future projects. "In my view, our government should review and amend the law to give better deal for our people in terms of resource ownership by law because they deserve better from their government," he said. Meanwhile, Donald has written to the Constitutional and Law Reform Commission to support him in sponsoring a Private Member's bill to review and amend certain provisions of the Oil and Gas Act.

Kikori MP opposes coal mining

Loop Business, April 11, 2019

MP is against coal mining and has no interest in having it in the Kikori District

The Member for Kikori Open has expressed disgust and total dissatisfaction with the manner in which Mayur Resources has failed to consult him or his office regarding their coal development ideas in his district. Soroi Eoe, who is also Minister for Community Development, Youth & Religion, said since Mayur Resources began operations in country and more so in their plans for the Kikori District, in Gulf Province, "the company hasn't initiated any dialogue with my office nor had the courtesy to consult me on my views regarding coal development".

"The cheap energy argument pushed by proponents (including national politicians) for coal development in my district need to be weighed against other relatively cleaner and healthier options that are available – alternative energy sources that my District is richly blessed with, such as: Small-Medium Hydro, Wind and Solar energy," said the MP in a statement. "Furthermore, on behalf of my people and the State, I am involved right now in the process of and negotiating a decent DMO (Domestic Market Obligation) component in the Papua LNG project agreement and I cannot entertain coal development for energy use at the same time on exactly the same strip of land. This makes little sense. "I am against coal mining and have no interest in having the project in the Kikori District."

PNG government says it's secured a better deal for Papua LNG project
By Liam Fox on Pacific Beat, ABC 11 April 2019

The Papua New Guinea government says more benefits will flow from the country's second major liquefied natural gas project after hard lessons were learnt from the first. This week it signed an gas agreement with the joint venture partners of the $US 13 billion Papua LNG project. It includes an obligation to provide gas to the domestic market at a fixed price, guaranteed tax revenues and a 2% production levy. The Prime Minister Peter O'Neill told local media it was a "much better deal" than the agreement for the PNG LNG project, which began production in 2014 but has failed to deliver the predicted revenue. Economist Paul Flanagan, director of PNG Economics, says it is a better deal but not by much. "The only additional impost seems to be this 2 per cent new production levy which is not as significant change really," he said.

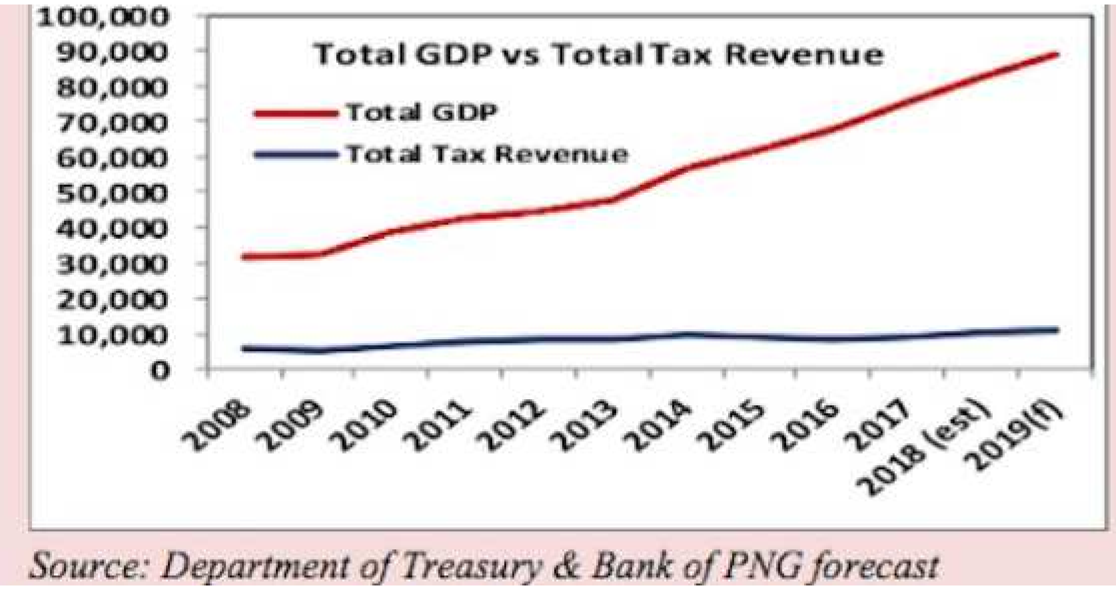
Papua New Guinea minister resigns over vast gas contract
AFP, Daily Mail, 11 April 2019

One of Asia's most impoverished nations, Papua New Guinea is rich in natural resources including large gas fields.

Papua New Guinea's finance minister resigned on Thursday, days after the country signed a multi-billion dollar gas contract with energy majors Total and ExxonMobil. James Marape, who also leads the government in parliament, resigned citing the failure of the government to ensure national firms and locals benefit from the contract. On Tuesday Prime Minister Peter O'Neill announced the $13 billion project that includes the extraction, pipelines and an upgraded LNG facility to ship the gas overseas. The leading companies involved are France's Total, US firm ExxonMobil and Oil Search, a firm partially owned by the Papua New Guinea government.

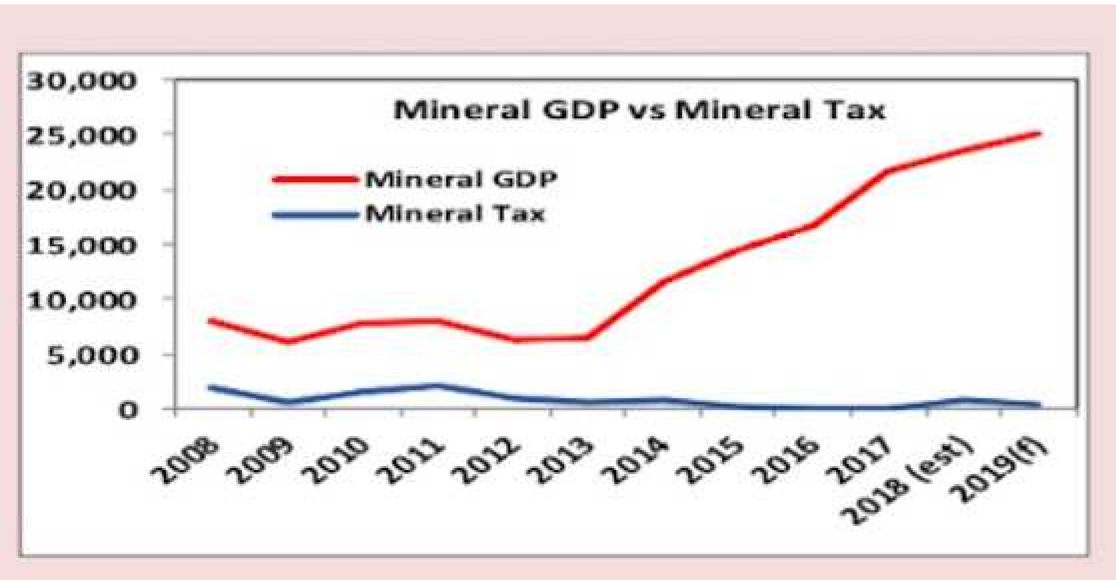
"This decision is not easy to make," Marape said in a statement obtained by AFP, adding that trust between him and the prime minister was at its "lowest." "Whilst we don't have any personal differences, we do differ on some work and policy related matters," he said, citing the need for more local "participation in our gas, oil sector" and mining industry. Marape's departure could prompt further cabinet resignations that are problematic for the government and may spur local protests against the gas projects. He represents a district in Hela Province that an oil pipeline traverses. The project would almost double Papua New Guinea's gas exports, but local communities have complained bitterly about not getting benefit from similar deals in the past. One of Asia's most impoverished nations, Papua New Guinea is rich in natural resources including large gas fields.

Bank of Papua New Guinea urges tougher stance on new resources projects
David James, Business Advantage, 10 April 2019



PNG's economy has surged but tax revenue has not. Source: Department of Treasury and BAPNG

The March *Monetary Policy Statement* from the Bank of Papua New Guinea has urged the government to rethink the way it negotiates tax concessions and exemptions with new resources projects. Adopting a strong stance, it points to how previous agreements have been a factor in foreign exchange shortages and adverse trends in government finances. The statement says that the 'current policies in relation to the extractive industries give a lot of tax concessions to the project partners for the development of major projects in PNG.' These tax concessions, it says, has resulted in less availability of foreign exchange and has not strengthened tax revenues. PNG in 2018 had a large current account surplus, indicating greater trade and finance outflows than inflows.



Mineral GDP has risen, but tax from mining has fallen. Source: Department of Treasury and BAPNG

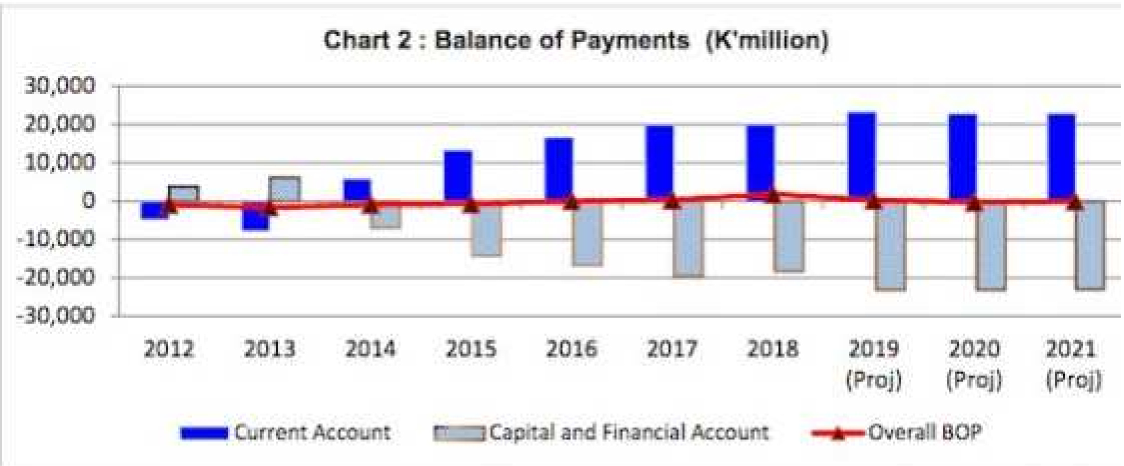
This would normally result in strong demand for the kina, but it 'did not translate into sufficient increase in inflows to the foreign exchange market'. A trade performance that normally would have meant foreign exchange was easy to obtain, did not have that effect because of exemptions and concessions to resources projects. 'If a significant portion, or all, of the export receipts were brought into the country, it would more than adequately cater for all the demand for foreign currency in the foreign exchange market,' the Monetary Policy Statement (MPS) said. 'This is not happening because most of the export earnings in foreign currency are held in offshore foreign currency accounts.'

Backlog

The statement does note, however, that the situation in the foreign exchange markets is improving. 'The outstanding backlog declined significantly from K1.739.3 billion in December 2017 to K445.4 million at the end of 2018, and to K320.1 million in February 2019. 'The average time taken for the orders to be served has declined from 5 months to less than 3 months over the same period.' But it says that the State Negotiation Team (SNT) should 'push for the country's national interest' when negotiating with developers, pointing especially to the Papua LNG and Wafi-Golpu projects. The Bank of PNG proposes:

1. The introduction of a Capital Gains Tax on real property including mining and petroleum licenses
2. Reform of the current Extractive industries fiscal regime
3. Review of tax incentives
4. Meeting of Domestic Market Obligations (DMOs) to secure gas for domestic uses
5. Third Party Access to allow development of other resources

The *MPS* points to 'serious concerns' about the 'broad exemptions and concessions' given to the PNG LNG Project. The report said it 'rendered the Central Bank ineffective in the enforcement of certain provisions of the Exchange Control Regulation, and consequently the PNG economy has missed out on foreign exchange inflows, tax receipts, and other matters of national interest.'



Source: Bank of PNG

PNG is in the black on trade flows (current account) but in the red on financial flows (Capital and Financial account). Source: BAPNG

Budget deficit

In 2018, there was a budget deficit of K2.048 billion or 2.5 per cent of nominal GDP, according to the report, which expressed concerns about the level of public debt. 'Over the last seven years, the budget deficits under the Government's expansionary fiscal policy have been financed by increased borrowing, as revenue did not grow sufficiently to meet increased expenditures. 'As a result, total public debt continued to increase in 2018 to K25.606 billion, or 31.1 per cent of GDP, and is planned to increase further in 2019. 'The continued high budget deficits and debt level are a cause of concern for fiscal sustainability and its impact on macroeconomic stability.' Annual headline inflation has declined from an average of 5.4 per cent in 2017 to an average of 4.5 per cent in 2018.

It is forecast to be 3.5-4 per cent for 2019. The Bank said it expects to keep interest rates steady for the next six months. The kina depreciated against the US dollar from US$0.3095 at the end of December 2017 to US$0.2965 in the March quarter, reflecting high import orders. Against the Australian dollar, the kina appreciated from A$0.3967 at the end of December 2017 to A$0.4195 in the first quarter of 2019.

New mining laws in French Polynesia imminent - miner
Radio New Zealand on 9 April 2019

A mining company in French Polynesia claims the government plans to introduce a new mining code next week. Avenir Makatea is planning to mine Makatea island for phosphate and use the funds to rehabilitate it and bring former residents back.


Makatea in French Polynesia Photo: Amelie David

Director Colin Randall said he had been assured by French Polynesian President Édouard Fritch that a new mining code would be ready on 17 April. It's unclear how the laws will regulate phosphate mining but Mr Randall is hopeful they will allow him to push ahead with his plan. "This will also create employment, but more importantly for the land owners of Makatea you'll end up with a sustainable development and they can decide what they want to do with their land," Mr Randall said. A government spokesperson declined to comment. Makatea was ravaged by phosphate mining from 1906 to 1966 when it was stripped of millions of tonnes of phosphatic sand. More than 3000 people lived on the island at the mining industry's peak but now there are barely 50 residents and it's riddled with more than a million holes from the extraction.

Sabrina Birk, a member of two associations opposing Avenir Makatea's mining plan, said landowners had bad memories of mining on the island by another company. "Back then, their lands were expropriated, they had nowhere to stay, their lands were taken from them and used by this mining company and they were just given pennies, nothing for the destruction of their homeland," she said. Mr Randall said he acknowledged the pain of the past for landowners but said opposition against his plan had been caused by misunderstandings.

"For the land owners of Makatea you'll end up with a sustainable development and they can decide what they want to do with their land," he said. Avenir Makatea wants to extract 6.5 million tonnes of phosphate over 27 years from old mining areas on the island and presented its plans to a mining and minerals regional conference held in Auckland last week. According to a copy of the company's pitch, it would sell product under the Moana Phosphate brand which has been certified organic for importation into US and Canadian markets. If mining goes ahead, 50 percent of Avenir Makatea's profits would go to the government and landowners, who would also be given a rental property and royalties, Mr Randall said. He claimed a majority backing from 105 landowner families from Makatea and said if favourable mining laws go through, he would hold public consultations as well.

Colin Randall of Avenir Makatea Photo: Amelie David

Ms Birk, who wants Makatea to be turned into an eco-tourism sanctuary to raise funds for rehabilitation, isn't alone in her opposition to mining. An online petition against Avenir Makatea's plans has been signed by more than 230,000 people over the past two years. "They know it will destroy, it will bring dust. Phosphate dust can be very toxic and dangerous. It will bring noise which will scare all the birds and everything," Ms Birk said. Avenir Makatea's plan appears to rest on winning local support but already there is clear evidence of distrust between the two sides. Mr Randall said Avenir Makatea's old surveying equipment has been donated to locals to set up climbing for tourists. But Ms Birk said locals contested this, claiming the company never helped them out.

Rupe is endemic to Makatea Photo: supplied Te Rupe no Makatea

PNG agrees terms for second major gas project

Papua New Guinea's government has agreed terms for a new multi-billion dollar natural gas project led by French company Total.

Radio New Zealand on 9 April 2019

Ravuvu Business Park, overlooking Fairfax Harbour, is part of an industrial growth zone associated with the petrochemical sector, north-west of Papua New Guinea's capital Port Moresby. Photo: RNZI / Johnny Blades

A memorandum of understanding for the new Papua LNG project was signed last year, but today's agreement fleshes out the costs and profit sharing for the state, developer and provincial governments. According to Prime Minister Peter O'Neill, the project's expected investment of nearly US$13 billion will benefit local communities, and add around three percentage points to the nation's GDP. *AFP* reports him saying the project would create employment for about 20,000 people during construction. The state will have a roughly 22.5 percent stake in the project. Construction is expected to begin in 2021 and the first cargoes are expected to ship in late 2024.

Exxon Mobil PNG's LNG plant near Port Moresby Photo: (C)2014 {Richard Dellman/AdvantagePNG}, all rights reserved

According to government, the Papua LNG project is expected to double PNG's liquefied natural gas exports. It includes gas fields, a pipeline and new liquefaction units at a facility west of Port Moresby. The project will supply gas from Gulf Province's Elk-Antelope gas fields for two new processing units at ExxonMobil's plant that services the landmark PNG LNG project which began production in 2014. Exxonmobil and its LNG Project partner Oil Search are also partners in Total's project. Total said the Papua LNG project will enhance PNG's position to boost its sales of liquefied natural gas to the powerhouse economies of Asia.

Oil Search, Total, Exxon sign long-awaited gas deal with PNG

Reuters, 9 April 2019

A logo is pictured at French oil and gas company Total gas station in Marseille, February 11, 2015. REUTERS/Jean-Paul Pelissier

Australia’s Oil Search, France’s Total SA and Exxon Mobil on Tuesday signed a deal with Papua New Guinea that will allow work to start on a long-awaited project which could help double the nation’s liquefied natural gas exports. Oil Search said in a statement that the agreement would allow the parties to start activities related to so-called Front End Engineering and Design (FEED) such as contractor selection for Papua LNG - a project led by Total, with Exxon and Oil Search as minority partners. “FEED is expected to result in a Final Investment Decision in 2020, which will ensure that first production from ... LNG trains is available in 2024,” said Oil Search’s managing director, Peter Botten. Oil Search had initially hoped the project, to fuel an expansion of Exxon Mobil’s PNG LNG plant, would be approved in 2018, but talks with the government took longer than expected after an earthquake hit the country.

The project intends to develop the Elk and Antelope gas fields to feed two new processing units, or trains, to be built at the PNG LNG plant run by Exxon Mobil. The Total-led Papua LNG project is also looking to sign-off on the development of a third new train to be supplied from its existing PNG LNG fields and the new P’nyang field. All together, the developments are expected to double the PNG LNG plant’s output to around 16 million tonnes a year, with analysts estimating the overall expansion will cost around $13 billion. Shares of Oil Search and sector peers such as Santos were over 2 percent higher against a slightly lower benchmark index.

Former MP objects to mine’s extension

April 8, 2019, The National Business

BARRICK Niugini Ltd continues to face more objections against it continuing to develop the giant Porgera gold mine in Enga. Former Lagaip-Porgera MP and Barrick geologist Opis Papo, representing 22 clans along the Porgera River, said he was not given the opportunity to speak and object during last Tuesday's warden hearing in Porgera. Enga Governor Sir Peter Ipatas last week said Barrick's special mining lease (SML) should not be renewed when it expired in August. Papo said in a statement that the hearing at Paiam station was marred with violence caused by illegal miners, purported to be engaged by certain groups. He said he earlier wrote to chief warden Andrew Gunua registering his objections as well as those of the clans he represented. Papo said as a member of four clans – Bipe, Mayuni, Pene and Eno – and with power of attorney given to him in 1995 by 22 clans of the Porgera River area, he objected as required under section 107 of the Mining Act, 1992.

Uni students report on Frieda mine awareness

April 8, 2019, The National

EAST Sepik students attending the University of Papua New Guinea completed a Frieda mine awareness report last week. The report is from an awareness campaign against the proposed Frieda mine that was carried out by the UPNG Avisat Students Association comprising of students from Ambunti, Gawi and Angoram in East Sepik. Association president Dipson Ban said they carried out a two week awareness from Dec 9-21 last year from Iniok, Tunap Hunsten LLG to Avatip, Ambunti LLG of East Sepik. Ban said they covered villages that were vulnerable to the proposed mine, educating people to understand and to make wise decision to save the Sepik River. "The awareness campaign was intended for the benefit of everyone in the community and not only Sepik river people. "Understanding ecosystem for the benefit of food security, sustainability of the culture which is our main identity and protecting our only life." The awareness was the initiative of UPNG Avisat Students Association and supported by sponsors including Mariwia Ltd, Hungo Ltd plus contribution from various Sepik communities. "The final report will be presented to East Sepik government for policy purposes," Ban said.

PM to appeal Ok Tedi ruling

By GYNNIE KERO, April 8, 2019, The National Main Stories

THE Government will appoint a Commission of Inquiry into the PNG Sustainable Development Program, after the Singapore High Court rejected its quest to control the company's assets. Prime Minister Peter O'Neill told The National that the Government's stand had always been that the company's funds in a trust account in Singapore should be given to the people of Western. He said the court ruling implied that the company was a "private trust". "What about the rights of PNG and the people of Western? These funds must be given to Western province as required under the agreed terms (with the company's co-founder BHP Mineral Holdings)," he said. "I will appoint an independent Commission of Inquiry in two weeks to establish the facts once and for all. In addition we will appeal the court's decision as the court acknowledged that there was an arguable case." According to The Strait Times, the PNG Government lost its battle to wrest control of the company with assets worth about US$1.4 billion (K4.2 billion) spawned from a deal reached with BHP Minerals Holdings, the "largest mining company in the world".

Justice Vinodh Coomaraswamy ruled in favour of the PNG Sustainable Development Program company, saying the PNG Government had failed to prove it had a deal with BHP Minerals Holdings, for joint control to develop PNGSDP assets. It also failed to prove that there was a charitable trust that allowed the State to "intervene". "I have found that neither the agreement nor the trust exists. The pleaded breaches of the agreement and the trust must correspondingly fail," he said. The ruling means that the company is free to carry out its objectives under the control of its independent board, according to the 2001 contractual framework, without interference from the Government.
"I acknowledge I found the (PNG) State's narrative compelling and its logic attractive. But the es-

sential problem is that this narrative stands alone and is unsupported by the evidence," the judge said.

He said none of the State's witnesses pointed to the existence of a partly oral agreement, much less to the terms of that agreement. The court found that in the context of a "sovereign nation" and "the largest mining company in the world", it was likely that the parties would have entered into written contracts "definitively and exhaustively setting out the precise terms actually agreed, instead of exposing their minds to the vagaries of memory and ambiguity inherent in a partly oral agreement". The team defending the company was led by Senior Counsel Philip Jeyaretnam from Dentons Rodyk and Davidson. The Government was represented by WongPartnership's Senior Counsel Alvin Yeo. The company (PNGSDP) was incorporated in Singapore in 2001 with two shareholders – the Government and BHP Minerals Holdings. It was meant to enable BHP to divest its shares in mining company Ok Tedi Mining to PNGSDP.

Both parties intended that PNGSDP hold BHP's shares in Ok Tedi Mining and apply the derived income to promote sustainable development in PNG. BHP owned 52 per cent and the State 20 per cent of the mine. The judge noted there were several reasons PNGSDP was incorporated in Singapore and these include its robust corporate governance regime. In 2012 and 2013, PNGSDP made material changes to its corporate governance framework which diluted the state's powers of control and oversight over the company. The PNG government sued to reverse the changes. It argued that it would not have agreed to form PNGSDP if the company was free to cast off the state's rights of control and oversight. PNGSDP countered that the structure of the parties' written agreement left no scope for such a critical aspect of PNGSDP's corporate governance framework to be left "entirely undocumented in that suite of contracts and to be the subject of an oral agreement".

Call in PNG for oversight of SDP after Singapore ruling

Johnny Blades, Radio New Zealand, 8 April 2019

There's a call for Papua New Guinea's Sustainable Development Programme (SDP) to consider creating an oversight mechanism. This comes after PNG's government lost its battle to seize control of the company's long-term $US1.4 billion fund for PNG's Western Province.

Ok Tedi mine, Papua New Guinea Photo: Dev Policy

The fund is based in Singapore where the Supreme Court last week ruled that the government had "failed entirely" in its claim over the company. SDP was established in 2001 when BHP Billiton divested its majority share in the lucrative Ok Tedi copper mine in Western Province to SDP. The divestment followed legal action by Western Province landowners over extensive and long lasting environmental damage caused by the mine operations, particularly its riverine tailings disposal system. In 2013, the government expropriated Ok Tedi Mining Ltd from the SDP, and sought control of the SDP's long-term fund for the province parked in Singapore. The government argued that it could never have agreed when SDP was established to relinquish any rights of control or oversight. But in his judgement, Justice Vinodh said there was no agreement or charitable trust that would share the company's assets with the government.


Martyn Namorong, a Papua New Guinea writer and social commentator. Photo: RNZ / Johnny Blades

PNG commentator Martyn Namorong welcomed the ruling, noting suspicion about the government's bid to access the SDP fund. "Governance or oversight could have been used as a way of getting a leg-in to then have political interference in the utilisation of the funds," he explained. "I am very pleased with how the initial fund creators thought through all of these political risks, and managed to set down really strong rules that enables the independence of the fund beyond political risk or other social risks including pressures from within Western Province." But the case highlighted how the SDP board was very powerful and not accountable to anyone, he said. "That scares me because maybe now we might have a sympathetic board, or a decent board. But later on, we don't know who is going to be on that board and what type of people they are," Mr Namorong said. "So I think the current board members should be thinking of creating an oversight mechanism or something which maintains the independence of PNG SDP but allows some sort of feedback from the PNG government and of course the people of Western Province through their elected representatives."

Claiming that the PNG state had a right to manage the fund, PNG's prime minister Peter O'Neill previously alleged the SDP board was influenced by foreign interests. Mr O'Neill repeatedly clashed with his political rival, former PNG prime minister Sir Mekere Morauta, over the O'Neill government's nationalisation of the Ok Tedi mine and the move to access the fund. Sir Mekere, who is a member of the SDP board, said the long-term fund was invested overseas, by law, to protect it from unscrupulous people, including politicians. However, SDP has been criticised by numerous PNG politicians for not doing enough to foster development in remote Western province. But Mr Namorong said it was not always well publicised that SDP had contributed significantly to development in Western Province.

"It's easy for people in Western Province to post on Facebook about PNG SDP not doing anything. But the irony is that they wouldn't be able to get on Facebook if PNG SDP had not invested in those mobile towers," Mr Namorong said. "They have made some very strategic investments in the province, and I think they really need to improve on their media and public relations in communicating their message on what they're doing in Western Province. They've done their fair share." While some PNG politicians were anxious to tap into the lucrative fund for development purposes, it was established as a long-term fund because the environmental devastation from the mine in Western Province is expected to last for hundreds and maybe thousands of years.

PNG loses Singapore court battle

Radio New Zealand on 8 April 2019

Photo: RNZ Pacific/ Koroi Hawkins

Papua New Guinea has lost a protracted battle to seize control of a PNG company registered in Singapore with assets worth about $US1.4 billion. Singapore's Supreme Court ruled last weeky that the PNG government had "failed entirely" in its claim over the PNG Sustainable Development Program. The programme was established in 2001 as a divestment vehicle for the PNG government and a major mining company. But the state's shareholdings were diluted in 2012 and 2013 and its oversight diminished, sparking legal action against the company, BHP Minerals. In his judgement, Justice Vinodh said there was no agreement or charitable trust that would share the company's assets with the government, as it has argued.

Scott Waide: Will PNG project reviews mean more benefits for landowners?

Scott Waide, April 7, 2019

Just into the fourth month of 2019, and resource projects in Papua New Guinea have come under scrutiny. Early last month, senior ministers of government, including Petroleum Minister Fabian Pok, traveled to Komo in Hela for meetings with landowners of the gas project. After 15 years, there is some progress. Or at least that's the positive spin to it. There appears to be some indication that royalties locked away due to legal battles and tangled by bureaucratic red tape were going to be paid – but only after landowner identification processes. Finance Minister James Marape told the media three months ago, that K300 million (NZ$132 million) is parked at the Central Bank ready to be released. But landowners or people claiming to be landowners had to follow a process of "landowner identification" in order to be paid the money. There is some hope of an end to disputes. However, the final settlement is still a long way off. That's the reality. Many of the elders died waiting for the royalty payments they were promised. Since becoming a new province, there is still a lot that needs to be ironed out. The Hela provincial government still has to work its way through layers of bureaucratic processes that continue to favour the Southern Highlands in terms of royalty payments from the gas project. It's all that and a lot more.

Background to complexities

Understanding the background to the complexities of the resource project in Hela means going back some 20 years when oil extraction ended and the promise of Papua New Guinea becoming the Saudi Arabia and Dubai of the Pacific faded as the crude oil taps shut off. It is against that backdrop that the neighbouring Enga province is now looking at the Porgera mine's renegotiation through a wardens' hearing. This is a process that is reopened after the end of a mining lease. Landowners and the Enga provincial government are looking at a bigger slice of revenues and benefits. What did they get over the last 30 years? That's a point of contention for pro-mining and anti-mining proponents. What is visible to the international community is the campaigns against alleged atrocities committed against local people in Porgera and the desperate push by locals to get what little crumbs they can from a mine that has existed for 30 years on their land. For the first time in more than three decades, it appears the national government is speaking a different language: One that calls for greater benefits into government coffers and landowner pockets. This rhetoric has come after 30 years of gold extraction, 500 shipments of liquefied natural gas and billions of dollars worth of round log exports.

Production-based tax

In Lae, during the opening of the Central Bank's Currency Processing Facility, Deputy Prime Minister Charles Abel talked about a production-based tax. Instead of a profit-based tax for resource projects which will be signed from 2019 onwards. The general thinking from the national government is that a profits based tax can be deceptive leaving the government with very little to collect if a mining company declares losses or breaks even. While Porgera discusses mine benefits, a similar process is happening in Madang. Triggered by an agreement between the Chinese and the PNG Governments, Ramu Nickel's expansion is in discussions ongoing between the government and the developer. The processes are long and drawn out. The risk is that without proper representation, landowners could be left with another raw deal for several more decades before another opportunity for renegotiation presents itself.

Solomon Islands graves destroyed by Chinese mining company

Michael Morrah, Newshub, 6 April 2019

A tribal chief in the Solomon Islands says he feels regret and shame after doing business with a mining company operating there. He says his people have not received adequate compensation from the mining and have suffered from environmental damage and the destruction of family grave sites. Joshua Na'siu is the chief of Aba'tai village on Rennell Island. He entered into a deal with the mining firm believing it would lead to a better life. He's now changed his mind. "I believe that there's nothing good in this mining," he told Newshub. "I'm very worried about my family and our tribes because I don't know how to sustain our life." On his doorstep is a mining ship chartered by the Chinese firm Bintan Mining. It's grounded and is leaking oil. There's been another sacrifice, one that's even more personal for Joshua. In a ute paid for by the mining company, he took Newshub to his old village - now just a crater in the red earth. "I'm very regret and also I can't believe it because most of their promises are not function well [sic]," he says. He allowed the company to dig up his gardens to mine for bauxite, used to make aluminium.

He says he got just SI$20,000 (NZ$3,600) in return, and as the excavators worked through the night, four of his family's grave plots were also destroyed. "They work overnight and the other day they told me that some machine already dig it," he says. He says he was compensated for the damaged graves. Bintan Mining has development projects to help support locals. A basketball court and church in one village was paid for by the firm. But there's little evidence of progress in other areas. Company manager Fred Tang refused an on-camera interview, but disputed the SI$20,000 figure, saying Bintan pays "much more than that". He said Bintan runs a "very decent business" and that "infrastructure will be implemented" in other areas. Na'siu doesn't have much hope. "You can see for yourself. Our living, our road. There are no big changes," he says. Na'siu's been trying to negotiate the construction of a kindergarten in his area. He'll continue to work with the mining company in the hope his people will eventually see some meaningful positive change.

New Ireland Forum to Focus on Experimental Seabed Mining and Logging

New Caledonia's SLN warned of collapse
Radio New Zealand on 5 April 2019

SLN smelter is in Noumea Photo: RNZ Walter Zweifel

New Caledonia's biggest private sector employer has been warned that if it fails to stem losses it is on track to bankruptcy next year. The SLN nickel company, which runs New Caledonia's oldest smelter in Noumea, keeps losing just under $US10 million a month and its parent company Eramet of France says time for it to keep operating is running out. The head of Eramet says if the planned restructure fails to yield the hoped outcome by the middle of this year, time will be up and SLN will hit the wall. Christel Bories says over the last seven restructuring efforts a hundred times more has been lost. SLN's plan to survive rests on being able to export more nickel ore, to increase productivy at its smelter and to get electricity at a lower cost. SLN has been hit by a series of strikes and sabotage at its mining sites over the past year.

Papua New Guinea state fails to wrest control of US$1.4b stake in PNGSDP
K.C. Vijayan, The Straits Times, 5 April, 2019

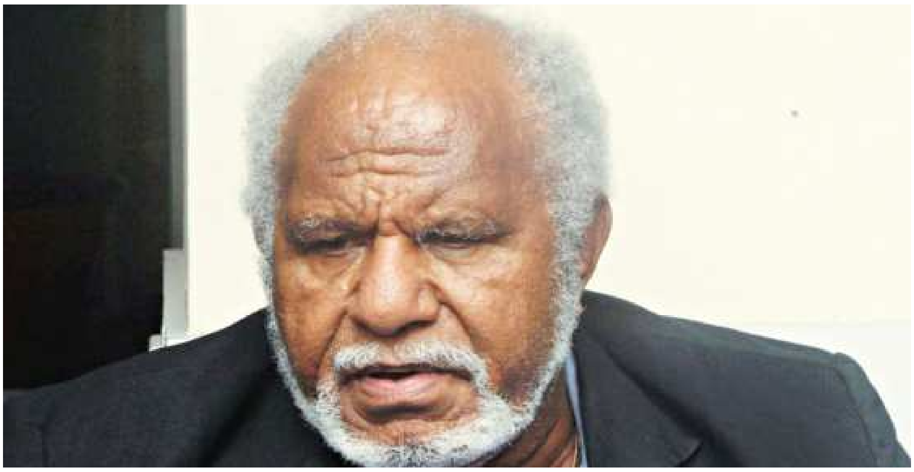
The government of Papua New Guinea (PNG) has lost its protracted battle in the Singapore High Court to wrest control of an entity with assets worth about US$1.4 billion (S$1.8 billion) that were spawned from a deal inked with the "largest mining company in the world". Justice Vinodh Coomaraswamy has ruled in favour of PNG Sustainable Development Program (PNGSDP) company, saying the state of PNG had failed to prove it had a deal with PNGSDP's co-founder BHP Minerals Holdings, for joint control to develop PNGSDP assets. It also failed to prove that there was a charitable trust that allowed the state to intervene. "I have found that neither the agreement nor the trust exists. The pleaded breaches of the agreement and the trust must correspondingly fail," Justice Vinodh said in decision grounds on Tuesday. The outcome means PNGSDP is free to carry out its objectives under the control of its independent board according to the 2001 contractual framework, without interference from the state.

Justice Vinodh, in his 149-page judgment, addressed each of the arguments made as he explained why the state had failed in its bid to wrest control of PNGSDP from its independent board. "I acknowledge I found the state's narrative compelling and its logic attractive. But the essential problem... is that this narrative stands alone and is unsupported by the evidence," he said. The court examined each key plank of the state's case and found in addition that none of the state's witnesses pointed to the existence of a partly oral agreement, much less to the terms of that agreement. The court found that in the context of a "sovereign nation" and "the largest mining company in the world", it was likely that the parties would have entered into written contracts "definitively and exhaustively setting out the precise terms actually agreed, instead of exposing their minds to the vagaries of memory and ambiguity inherent in a partly oral agreement".

The high-stakes court battle involved law heavyweights on both sides. Defending PNGSDP was a team led by Senior Counsel Philip Jeyaretnam from Dentons Rodyk & Davidson while WongPartnership's Senior Counsel Alvin Yeo led the team representing the PNG government. PNGSDP was incorporated in Singapore in 2001 with two shareholders: the state of PNG and BHP Minerals Holdings and was meant to enable BHP to divest its shares in mining company Ok Tedi Mining to PNGSDP. Both parties intended PNGSDP to hold BHP's shares in Ok Tedi Mining and apply the derived income to promote sustainable development in PNG. BHP owned 52 per cent and the state 20 per cent of the mine, which was rich in gold and copper and highly profitable. The judge noted there were several reasons PNGSDP was incorporated in Singapore and these include its robust corporate governance regime. In 2012 and 2013, PNGSDP made material changes to its corporate governance framework which diluted the state's powers of control and oversight over the company. The PNG government sued to reverse the changes.

It argued, among other things, that it would not have agreed to form PNGSDP if the company was free to cast off the state's rights of control and oversight. PNGSDP countered that the structure of the parties' written agreement left no scope for such a critical aspect of PNGSDP's corporate governance framework to be left "entirely undocumented in that suite of contracts and to be the subject of an oral agreement". It added that the common intention in PNGSDP's formation was to eventually make it a self-run and self-perpetuating organisation and the changes made in 2012 and 2013 were the next step in effecting the common intention. Justice Vinodh said the dispute is "about corporate governance of PNGSDP". He added: "For all the reasons set out, I hold the state fails entirely in its claim against PNGSDP. It is not entitled to the relief sought."

Madang Governor Says People's Livelihoods Should Be Paramount In Mining Agreements
Franklin Kolma, Post Courier, April 4, 2019



The People Of PNG's Livelihoods Need To Be At The Centre Of All Mining Considerations, Says Madang Governor Peter Yama.

THE people of PNG's livelihoods need to be at the centre of all mining considerations, says Madang Governor Peter Yama. Speaking to the media yesterday, he said that there was too much being said about how to build the economy and grow business and not enough thought being put into addressing the issues being faced by the everyday Papua New Guinean. He said that mines were playing a big part in the expansion and development of PNG and that there was nothing wrong with this, but added that there were certain instances of mining activities being carried out around the country that were being grossly one sided. “Mining activities are good for the country, but we have to ensure that they are carried out in a manner that is within the framework of the various agreements, within PNG laws and in a way that does not hurt the environment and the people who rely on it for existence.”

Mr Yama said that he was aware of certain mines that were causing widespread issues for natives of the surrounding areas and that he was working on a way to help alleviate the problems being faced by the local people. “Mining activities must always benefit the people in some way, either through infrastructure development, social improvement or other developmental upgrades. “They must also and more importantly, be absolutely safe and posing no harm to the surrounding environments and the flora and fauna that exists therein,” he said. He said it was high time the government and investors take more of an interest in ensuring the livelihoods of people were being bettered by mining giants rather than giving them “too much free room to operate.” said the Madang Governor.

Lead Objector To Barrick’s Application For SML Renewal Denied Voice

Kevin Teme, Post Courier, April 4, 2019

Chairman of Justice Foundation for Pogera, a not for profit organisation, Jonathan Paraia, who is the lead objector to Barrick (Niugini) Limited’s application for renewal on all its mining tenements in relation to Pogera Gold Mine, was turned down from giving his speech during the Mine Warden hearing in Pogera on Monday. It is believed Paraia was in the stage of explaining the majority of the landowners’ stance as to why Barrick should not be granted its application for extension of the Special Mining Lease (SML) and other related tenements when he was deliberately told to stop by the Mine Warden. The Mine Warden at that time was Andrew Gunua from Mineral Resource Authority (MRA), the relevant statutory regulatory authority that regulates the Mining Industry in the country. An attempt made to get in touch with the Mine Warden Andrew Gunua, MRA and Barrick representatives as to why Paraia, the lead objector of the SML was stopped during his speech was unsuccessful.

It is believed that majority of the landowners of the 24 SML clans and their agents who represents all landowners of Pogera SML area have objected that Barrick (Niugini) Limited will not renew its SML and other tenements. Barrick’s SML expires in August this year but it is believed the company has sent their applications to MRA for renewal. Meanwhile, a text message received from one of the

Mining Resource Authority representative stated that Paraia could not be allowed to continue to talk on that day because he got his lawyer to talk. “It is against the Mining Act 1992 section 108 sub section (a) and (c) for another person other than landowners themselves to talk during the warden hearing. Sub section 2 (a) and (C) talks about identifying landowners at the hearing, assess and record views of landowners.” The Mine Warden, Gunua in his response to one of the journalist that responded to this argument posted on social media stated that, “the lawyer is not a landowner and he was identified at the hearing as such. That is why Paraia could not be allowed to continue his speech.” “Furthermore, Justice Foundation Chairman Jonathan Paraia was given the opportunity to speak during the hearing however he abused the opportunity by speaking out of the intent of the hearing and provoked the other landowners.”

“The intent was for him (Paraia) to raise his views as to the work program for each tenement as explained by the developer,” Gunua stated in his response to the journalist (named), which the journalist posted on facebook. It further stated that as a result the Warden (Gunua) intervened to control Paraia even before he got his lawyer to talk. Paraia when asked about this said the whole scenario was a set up by Barrick to disturb the objections and views made by the majority of the landowners. “I represent the majority, 17 SML Agents out of the 24. The hearing today (on Monday) was for the Mine warden to hear the objectors’ views and not the parties that are in support of Barrick for its extension of SML license,” Paraia said. “The Mine Warden has failed his part and has compromised by allowing the other parties including Barrick’s senior community affairs Manager Timothy Andambo and others who were in support of Barrick to have more time to speak while I as the lead objector was turned down and not given enough time to explain why we, the majority of the landowners have objected for Barrick to renew its SML license. Even the microphone I was using to talk was put off,” Paraia said.

Bank of PNG supports government review of tax concessions

The National, April 4, 2019

TAX concessions granted to developers of major projects in the country have resulted in lower forex and tax revenue to the Government, Bank of Papua New Guinea (BPNG) says. In its Monetary Policy Statement released this week, Governor Loi Bakani said the current policies in relation to the extractive industries gave a lot of tax concessions to project partners for the development of major projects. Bakani said BPNG supported the Government’s medium term revenue strategy from 2018-22 to review tax concessions. “It is the Bank’s (BPNG) view that the Papua LNG and Wafi Golpu projects be included in this review so that much needed revenue for the Government can be raised,” he said.

The statement further noted that the increase in export earnings and the continued current account surplus has not translated into a significant increase in foreign exchange inflows into the foreign exchange market. In total, PNG’s export earnings should more than adequately cover all the demand for foreign currency. This however according to BPNG was not happening as various Project Development Agreements allow developers of the various extractive industry projects to have foreign accounts offshore. Most of the export earnings in foreign currency were held in offshore accounts and do not enter the foreign exchange market, the bank said.

Nautilus Minerals keeps PNG deep sea mining licence despite delisting

Nick Fogarty, ABC Pacific Beat, 3 April 2019

The government of Papua New Guinea says it has no plans to revoke the licence of Nautilus Minerals after it was announced the company will be delisted from the Toronto Stock Exchange. The embattled Canadian mining company was due to be removed from the TSX at the close of trading on Wednesday 3rd April (local time) after failing to meet the Exchange's listing requirements. The delisting follows a sustained period of financial trouble for Nautilus, which had plans for what would have been the world's first sea bed mining project, the Solwara 1 in PNG's waters between the islands of New Ireland and New Britain. Papua New Guinea has a 15 per cent equity stake in the Solwara 1 project. PNG's Minister for Mining, Johnson Tuke, said the government and the Mineral Resources Authority won't be revoking Nautilus' mining licence, as they haven't breached its conditions. "The government has a certain percentage in the mine and the operation at New Ireland," he told Pacific Beat. "But they've complied with the conditions of the licence.

"If they look for alternatives to come and revive the company, the operation, then they will do so at their own expense." Mr Tuke said the government would potentially be seeking financial compensation at a later date, but they're not currently exploring that option. Landowners and local and international anti-mining groups have been vocal in their opposition to the Solwara 1 project. Jonathan Mesulam from the Alliance of Solwara Warriors said the delisting showed that shareholders and investors didn't have confidence in Nautilus. He urged PNG's political leaders to sit up and take notice. "We are calling on … the national government to remove the licence from Nautilus Minerals and not to give any more licences to any other companies that are trying to come and do mining around the ocean, around the Bismarck, in PNG, and also the Pacific as well," he told Pacific Beat. Nautilus Minerals told Pacific Beat they're unable to comment due to its ongoing Sale and Investment Solicitation Plan (SISP).

National interest worries Bakani

The National, April 3, 2019

STATE negotiating teams (SNTs) involved in major projects have not fully pursued the national interest for all project development agreements (PDA) over the years, says the Bank of PNG. According to BPNG Monetary Policy Statement approved by Governor Loi Bakani, the SNTs with the support of technical expertise should effectively negotiate for national interest with the developers after wide public consultation and input. “The existing legislations and policies regarding development of the extractive industry do not clearly provide for national interest that is anchored in the national goals and directive principles under Section 25 of the national Constitution, to guide the Government in negotiating better terms of the project development agreements ,” he said. “With the proposed development of the Papua LNG and others in the future, the Government is obliged to negotiate mutually-beneficial tax concessions and other benefits.” The bank encouraged the Government to improve its capacity and governance framework, and financial policies as per the medium-term revenue strategy (2018 – 2022). This includes:

- Introducing capital gains tax on real property, including mining and petroleum licences;
- reforming the current extractive industries’ fiscal regime;
- reviewing tax initiatives;
- domestic market obligation to secure gas for domestic use; and
- Third-party access to allow development of other resources

Bakani said BPNG had serious concerns about the broad exemptions and concessions given to the PNG LNG project, pertaining to taxes, exchange control and foreign currency provisions as well as the confidentiality clause. “These provisions under the PNG LNG gas agreement rendered the Bank of PNG ineffective in the enforcement of certain provisions of the exchange control regulation,” he said. “Consequently, the Papua New Guinea economy has missed out on foreign exchange inflows, tax inflows, tax receipts and other matters of national interest. “The Government must not repeat this for the Papua LNG project and other future projects.”

Landowners Threatening To Derail Major Resource Extraction Projects
Mal Taime and Gorethy Kenneth, Post Courier, April 3, 2019

Landowners protest against Barrick Gold and the Porgera mine earlier in 2019

LANDOWNER groups are threatening to derail two major resource developments in the country. These are the Papua LNG in the Gulf of Papua and Porgera Gold Mine in Enga, where a Wardens Hearing on developer Barrick's bid for renewal of its licence was conducted yesterday with hundreds crowding the Paiam Oval in Porgera. The event nearly turned into factional disagreements which almost turned nasty before police cooled the situation to allow Chief Mining Warden Commission Andrew Gunua to hear the company and landowner representatives. Porgera Joint Venture executive managing director Tony Esplin, in presenting the company's application to extend its operations, appealed for the people's understanding saying PJV mining operations was for the people. Locals supporting PJV's extension bid wore yellow with banners saying "Barrick PJV to stay" while those opposed also came with banners. The fracas occurred when former Porgera Development Authority chairman Jonathan Paraia objected and said his faction would be represented by their lawyer.

Mr Gunua told Mr Paraia that he will conduct the warden hearing fairly and listen to all parties, but this did not go down well with Mr Paraia's faction. Meanwhile, in Port Moresby, a landowner group from the Gulf Province aggrieved by the Papua LNG announcements demanded in a letter to Prime Minister Peter O'Neill to defer the signing of the agreement for the Gulf (Papua) LNG project until all legal requirements are met. Failing that, they will go to court to stop the signing if no response is forthcoming by Thursday (tomorrow). They claim they are the legitimate landowners and only owners of the PRL 15 land sites where the wellheads are located. Executives of the Aumake Nairu Orumako Land Group, in a press conference claimed they own over 100,000 hectares of land in the Elk Antelope.

The incorporated landowner group (ILG NBR 513) chairman Apae Koivi and secretary Kepsy Koivi said from day one they have never been engaged in any negotiations pertaining to the Papua LNG despite them being the legitimate landowners. "Of course for the last three years we have not made any noise because we wanted to have all legal documents and instruments in place, and now that we have it in our hand, we are coming out," chairman Koivi said. "We the Aumake Nairu Orumako Land Group now have an ILG certificate from the Department of Lands which makes us the legal landowner group. We are not closing the Gulf LNG, no, all we want is deferral of the signing so we can iron the legal issues, and so that we can find out who has represented PRL 15 all these years," he said.

Nautilus CEO and Directors Abandon Ship

Globe Newswire, April 03, 2019

Nautilus Minerals Inc. announces that, effective March 29, 2019, four of Nautilus' five directors have resigned. Mr. John McCoach has also resigned as the Company's Chief Executive Officer. Mr. Tariq Al Barwani remains a director of Nautilus and has appointed the Company's CFO, Mr. Glenn Withers, as Managing Director of Nautilus. As previously disclosed on March 28, 2019, the Company will be delisted from the TSX effective April 3, 2019. As previously disclosed, Nautilus filed for, and was granted, creditor protection under the Companies' Creditors Arrangement Act by the Supreme Court of British Columbia. The Court approved a sale and investment solicitation plan ("SISP"). The SISP had been prepared with input from PricewaterhouseCoopers Inc., the Court appointed Monitor of the Company. Mr. Al Barwani said, "Nautilus is focused on maximizing the benefit for all of its stakeholders through the SISP. PWC is very capably overseeing the implementation of the SISP." Mr. Al Barwani added, "On behalf of the Company I would like to thank John McCoach and the other departing board members for their enormous contributions." The Company will report on the outcome of the SSIP in late June or early July, 2019. The Monitor will file periodic reports with the Court; they can be viewed at www.pwc.com/ca/nautilus-minerals

Solomon Islands: Oil stops spilling but environmental toll still being calculated

Catherine Wilson, Mongabay, 2 April 2019

A satellite image of Rennell Island in the Solomon Islands, where the oil spill occurred. Image courtesy of Google E-arth.

- On Feb. 5, a Hong Kong-based bulk carrier, the MV Solomon Trader, ran aground off a remote island in the Solomon Islands. It spilled heavy fuel across coastal waters, beaches and a sensitive coral reef system not far from a UNESCO World Heritage Site.
- On March 18, the Solomon Islands National Disaster Management Office reported that salvage experts have finally stabilized the beleaguered ship and stopped the fuel leak.
- An estimated 80 metric tons (88 tons) of heavy fuel oil escaped from the ship, but the government maintains that the full environmental impact of the spill remains to be determined.
- The Solomon Islands government, aided by Australia, began a cleanup operation in early March that continues.
-

An international effort to halt a massive oil spill from a wrecked ship in a far-flung province of the Solomon Islands in the southwest Pacific has finally succeeded. But the scale of damage to the marine and coastal environment near Rennell Island, where the incident occurred within a few kilometers of a UNESCO World Heritage Site, is still being reckoned. On Feb. 5, the Hong Kong-based MV Solomon Trader ran aground in bad weather, spilling heavy fuel across coastal waters, beaches and a sensitive coral reef system. Local experts decried the spill as potentially the country's worst human-made environmental disaster. "The full extent of the impact of the oil spill on the ocean and environment is yet to be determined. The investigation is ongoing and may take some time," Joe Horokou, director of environment and conservation at the Solomon Islands environment ministry, told Mongabay. However, the Australian Department of Foreign Affairs and Trade, which sent a team of marine and environmental experts to support the Solomon Islands' disaster response, offered a bit more detail. "More than 80 tonnes [88 tons] of heavy fuel oil has dispersed across the island's sea and shoreline, contaminating the ecologically delicate area," the agency stated in a March 25 press release.

A large oil slick emanates from the MV Solomon Trader after it ran aground near Rennell Island on Feb. 5. The oil has contaminated the ecologically delicate area in the Solomon Islands. Image courtesy of DFAT.

A remote and sensitive area

The Solomon Islands is part of the marine biodiversity-rich Coral Triangle and has one of the world's most important coral reef systems, home to 485 coral species and 1,019 fish species. The MV Solomon Trader was loading bauxite in Kangava Bay from a mine located on western Rennell Island for export to China when violent weather generated by Cyclone Oma drove it onto a nearby reef. The vessel's grounding caused extensive damage to its hull and fuel tanks, which were carrying some 700 metric tons (772 tons) of oil. Rennell Island, one of the country's outlying islands in its southern Rennell and Bellona Province, is geographically remote with little infrastructure and few services. The shipowner, Hong Kong-based King Trader Ltd., failed to respond quickly to the spill, and fuel continued to leak from the wreck for more than a month. King Trader claims that weather conditions remained too dangerous for salvage operations to start. On Feb. 16, the Solomon Islands requested help from the Australian government. By early March, the oil slick extended more than 6 kilometers (3.7 miles) along the island's shoreline, according to news reports.

A two-week pollution control operation by a Solomon Islands and Australian team began March 7. Eleven days later, the Solomon Islands National Disaster Management Office (NDMO) reported that salvage experts had stabilized the beleaguered ship and stopped the fuel leak. As of last week, booms were limiting the spread of oil into the deeper ocean, and a cleanup of the beaches and coast-line was underway in partnership with local communities. But the toll of the incident on the marine environment and human health is only just beginning to be tallied. Scientists report that oil spills can kill fish and invertebrates directly, while toxic compounds can curtail coral growth and reproduction and diminish coral and fish biodiversity.

There is no doubting the environmental sensitivity of the site of the shipping disaster. The southern third of Rennell Island, not far from Kangava Bay, comprising 370 square kilometers (143 square miles) of forest and a marine area extending 5.5 kilometers (3.4 miles) out to sea, was declared a UNESCO World Heritage Site in 1998. Then, six years ago, the site, which provides habitat for 10 endemic plant species, 43 species of breeding land and water birds, and 730 species of insects, was red-flagged on the World Heritage in Danger List. UNESCO identified a number of threats to its status from logging activities on the western half of the island and invasive species introduced by logging and container ships, as well as climate change and the overexploitation of marine resources. "The World Heritage Site is not affected by the spillage as the oil was mainly found in particular locations within the bay," Horokou told Mongabay. Nevertheless, the Solomon Islands government has asked the United Nations to provide more independent environmental testing.

An Australian Embassy official surveys oil spill damage to the shoreline of Rennell Island. Image courtesy of Australian Department of Foreign Affairs & Trade.

Local food and water

In the meantime, the spill has affected local communities' food and water security. "From now, people will rely on rainwater for drinking and daily household use as their source of water is being contaminated," Lawrence Nodua, a Solomon Islander volunteer with the U.K.-registered marine conservation NGO OceansWatch, told Mongabay. "Some families in Lavangu [village] in Kangava Bay are now running out of water." With almost no rainfall during the past month, people living in coastal villages near the spill are facing water shortages that could lead to a potential increase in cases of diarrhoea, according to the NDMO. Authorities have also warned them to stop eating locally caught fish and shellfish, critical components of their food supply. Solomon Islands authorities say that the shipowner and its insurer are responsible for addressing the environmental damage, although the environment ministry has stated that further actions to hold specific entities accountable, and potentially seek compensation, will not occur until government investigations into the incident and the scale of damage are completed.

Nevertheless, early this month, King Trader, while claiming that matters of liability are yet to be determined, apologized in a public statement, saying that "the insurer and owner of the grounded MV

Solomon Trader have offered a sincere apology to the people of the Solomon Islands following the bauxite carrier's grounding." "My government is prepared to go as far as putting the companies on a blacklist internationally if they do not take on their responsibilities," Solomon Islands Prime Minister Rick Houenipwela declared at a press conference March 7. "The ecological footprint of the whole bay is already devastated with much of it unlikely to recover," he added. "The impact on the marine life and the coral is already massive with much of it irreversible."

A weak state
The Solomon Islands is still recovering and rebuilding following a devastating five-year civil conflict that started in the late 1990s. The country's limited capacity and resources hamper its ability to respond fully to disasters, and it doesn't have sufficient legal protection and legislative powers to follow through in holding international entities accountable for loss and damage. The country is a vast archipelago of more than 900 islands spread over 854,000 square kilometers (330,000 square miles) with high exposure to earthquakes, cyclones and tsunamis. Government functions, such as coordinating a national response to disasters or overseeing the shipping industry and high-risk extractive activities like logging and mining, are hampered by limited transportation, unreliable communications and the absence of roads and infrastructure in many parts of the country. Inadequate laws also leave the country vulnerable. Prime Minister Houenipwelahas already called for a review and reform of the country's environmental and mining regulations, which do not provide for enforcing responsibility and securing compensation from companies involved in environmental destruction.

However, the country took a step in passing the Solomon Islands Maritime Authority Bill in August last year. The new legislation paves the way for setting up a regulatory organization mandated to develop nationwide shipping services and ensure compliance with international maritime laws. Currently, the Solomon Islands is not a signatory of key agreements, such as the International Convention for the Prevention of Pollution from Ships. The Indonesian mining company contracted to extract bauxite on Rennell Island that chartered the Solomon Trader, Bintan Mining Solomon Islands Ltd., has made no public statements in the wake of the spill. But mining ventures have a troubled history in Rennell and Bellona Province. Allegations of impropriety and irregularities in the awarding of a mining license to another Indonesian company active on the island, PT Mega Bintang Borneo Ltd., led to its license being revoked in 2014.

Extractive industries, and logging in particular, have been the focus of accusations of high-level corruption and environmental destruction in the Solomon Islands in recent decades. Political patronage of foreign companies, extensive kickbacks and the loss of revenue to hefty tax exemptions are well documented. But unlike its experience in logging, the country has few operating mines and limited experience in managing them. In 2012, the Solomon Islands became a candidate for implementing the rigorous Extractive Industries Transparency Initiative Standard, but withdrew in June last year. The initiative reports that the country needs to significantly boost its legal and regulatory framework and ability to control mining production, exports and revenues to restart the process. Meanwhile, local communities on Rennell Island remain in limbo. Unable to fish with their beaches polluted, they're waiting to find out how serious the devastation is and what hope remains for environmental recovery.

Sir Peter wants same Ok Tedi deal for Porgera landowners
By PETER ESILA, April 2, 2019, The National Business

ENGA Governor Sir Peter Ipatas says the Porgera mine special mining lease (SML) held by operator Barrick must be not be renewed when it expires in August. Sir Peter said yesterday that everything must be renegotiated. "We have to learn from the lessons of Ok Tedi," he said. "The Ok Tedi mine is 100 per cent owned by the country, the State and the people of this country." Sir Peter said Porgera must be looked at in a similar manner. "What will stop us from doing that? The people of this country cannot continue to be spectators. "That is the bottom line. "We have a five per cent equity in the project: 2.5 per cent held by the provincial government and 2.5 per cent by the SML landowners. "We have 30 years of experience in the mine. Going forward, this will not be like 1989 when we were not experienced with the mine in our province.

At the same time (1989), we didn't have the experience to negotiate certain terms of the mine agreement. Today, we are better placed. "I want to make a call on the operator, Barrick, and the State to understand that when the SML expires, we are not going to negotiate a renewal. "This is going to be a new negotiation. We have been patient for 30 years. The operators and the State must understand that we (Engans), as a people, must be given that opportunity (to renegotiate)." Mineral Resources Authority (MRA), in June 2017, received an application from Barrick seeking an extension of the SML for another 20 years. The current SML was granted on Aug 17, 1989, and will expire on Aug 16. Sir Peter said there was no point in a warden hearing in Porgera today, when the SML was coming to an end. The hearing was announced by MRA. "As far as I am concerned, and my government is concerned, the SML is coming to an end," Sir Peter said. "There is no common sense in taking about exploration licences. "The main thing is to discuss the end of the SML and the way forward. I want to call on State agencies to respect the people of this country. "For too long, we have been trying to entertain interests of outsiders."

Landowners Want Barrick Out

Kevin Teme, Post Courier, April 2, 2019

Police and military have been deployed to Porgera as protests against Barrick continue

The township of Porgera in Enga has come to a standstill as Porgera landowners were given the opportunity say whether gold miner Barrick (Niugini) Limited should extend its special mining lease (SML) or discontinue. With the SML expiring on the 19th August this year, majority of the landowners have urged Barrick to leave while there are loyal factions who want Barrick to remain and extend its SML for another 20 years. Vocal and outspoken chairman of Justice Foundation, a non profit landowners organisation Jonathan Paraia claimed a lot of damage have been done to the lives of the people including damage to the surrounding environment and the people were spectators to their own land. A claim also resonated by Enga governor Peter Ipatas who yesterday said: "People cannot continue to be spectators." "When are our government agencies going to support the interest of our people, provincial government and the State," Ipatas said.

Paraia has appealed to the government to amend the Mining Act to ensure landowners have benefits from equity distributions and they must be involved in decision making. There's been several issues raised by the Porgera Landowners when the mine has been operating for around 30 years and today is the moment the Mine Warden is in town to hear what the landowners stance is on the SML and what they feel about the developer. 17 out of 24 agents of the landowners have called for Barrick to move out while only seven are believed to favor Barrick to remain. Barrick has applied to renew the special mining lease and other tenements that it currently holds to operate the Porgera Gold Mine for another 20 years. However this will be decided with a strong recommendation and objection put forward by Justice Foundation.

The Enga Provincial Government has also objected to Barrick application for renewal of the tenements where the governor for Enga Peter Ipatas has stressed that his government will ensure that Barrick doesn't get renewal of the tenements, but for a fresh SML and related tenements to be re-negotiated and issued. "The project will continue but the people of the province and especially the SML landowners will now have the opportunity to put their views together to see a new agreement," Ipatas said yesterday. There are several objections which will be put forward today and currently the township has come to a halt as people are now marching into Paiam oval with banners and demonstration calling 'Barrick Out!' Meanwhile heavy police and military personnel are currently manning the Mining Warden's hearing.

Mining destroying land and wrecking locals' health in Solomon Islands
Michael Morrah, Newshub, 1 April 2019

The stricken Solomon Trader

Residents living near a UN world heritage site in the Solomon Islands say mining is destroying their island's environment and heritage, but they feel powerless to prevent it. Oil from a grounded mining ship has spoiled beaches and reefs on Rennell Island, and some residents say their children have suffered fevers and skin irritations. Resolve Salvage Master Stewart Miller says the daily journey by salvage experts to the stricken Solomon Trader includes "people from the United States, UK, Spain and Portugal" all helping to vacuum up oil that's still on the vessel. They're also training locals to help them clean up the blackened beaches. It's easy to see why the damage to this marine environment will be so significant. Old sheets of plastic covered in thick, tacky heavy fuel oil from the Solomon Trader, show how the oil attaches to the reef below. At low tide the evidence of that is clear, rocks and coral smothered by oil. But not all impacts are quite so noticeable; rainwater tanks, even those high on the cliffs above the vessel, are not safe. This causes some of the most vulnerable, like Abatai resident Ileen Tonga's children becoming ill with "fever, red eye, diarrhoea and headache."

Further up the road from the grounding is Lake Tegano, where families bathe and catch fish, and children play. It's a world heritage site and UNESCO says oil hasn't reached here, but it's yet to send anyone to do actual testing. Chinese firm Bintan Mining got approval to mine the area in 2014. Local teacher Sina Zeal says the firm offered landowners 20,000 Solomon Island Dollars, or $3,600

New Zealand dollars to dig up their family gardens, which many accepted and now regret. "They are taking out our soil, land, our heritage, everything. That $20,000 (Solomon Island dollars) is nothing compared to the soil they take." She says attempts at taking legal action have failed. "We're fighting against the government. They won't do anything." Incredibly, amid the current crisis, the Government has given Bintan two more prospecting licences on different islands. The Minister in charge refused to talk about it saying he was busy with the elections. The Government's said it's getting "virtually no economic return from the mining, describing that as "immoral and unacceptable", but it's done nothing yet to halt operations.

Nautilus Minerals to be booted off Toronto Stock Exchange

Creamer's Mining Weekly, 29th March 2019

Marine mining hopeful Nautilus Minerals will be delisted from the TSX on April 3, a decision from the Canadian bourse that the company has unsuccessfully appealed. Nautilus last month filed for creditor protection while it restructures. The company's two major shareholders have agreed to advance up to $4-million to fund ongoing expenses and restructuring activities. To date about $1.1-million has been advanced and Nautilus said on Thursday that it would draw down further amounts as needed. Nautilus is the first company to explore the ocean floor for polymetallic seafloor massive sulphide deposits, with a mining lease over a prospect known as Solwara 1, in the territorial waters of Papua New Guinea, where it is aiming to produce copper, gold and silver.

Solomon Islands oil spill victims need clean water

Radio New Zealand on 28 March 2019

Oil blackened rocks on the seashore of Rennell Island. February 2019 Photo: Australian High Commission in Solomon Islands - DFAT

Rennell Islanders in the Solomon Islands are relying on clean water shipments after a toxic oil spill near their home. Clean-up and salvage efforts are still underway in Rennell, after a mining ship grounded on a reef there in early February. A Honiara-based community member said locals got very sick in the first two weeks after the spill but have mostly recovered. Stephen Nikamatu'a said they are now in need of clean water sent from the capital. "The big issue we are facing back home, they say our water tanks have been contaminated by oil plus bauxite, so we tried to send some water last ship." Mr Nikamatu'a said the recent shipment has nearly run out and they are looking to send more water.

Revised Ramu NiCo deal signed

By DOROTHY MARK, March 28, 2019 The National Business

RAMU NiCo Management (MCC) and landowners of the mine's project impact areas signed the revised compensation agreement yesterday. MCC community affairs manager Martin Paining said the original agreement signed in 2000 was done to rush the project through. He said benefits of the landowners were not captured well. The agreement was done between Highlands Pacific and landowners before MCC took over from Highlands Pacific as developer of the Kurumbukari mine. Paining said it took more time and effort to revisit the agreement and make changes according to landowners' views, until the final revised agreement was put together. Kurumbukari landowners' association chairman Tobby Bare thanked MCC for finally making available the revised agreement. "It was long overdue," he said. "We landowners are now happy that it was now revised and signed."

Ramu NiCo Management vice-president Wang Baowen congratulated the four landowner association chairmen and their executives for successfully negotiating a good compensation package for their people. Wang said the compensation package agreement was a huge improvement from previous rates. "The company used to spend K600,000 annually in annual compensation payment in the old agreement," he said. "However, in this revised agreement, the annual land-use compensation payment will be more than K1.3 million." Wang said the agreement included consumer price index (CPI) adjustments and the latest valuer-general rates. "This is very good for the project landowners," he said. Wang said that demonstrated that MCC was genuine in ensuring landowners benefited properly from the project operation. He signed the agreement on behalf of the company. The four landowner association chairmen who signed were Basamuk Landowner Association chairman Sama Mellombo, Inland Pipeline Landowners' chairman Peter Tai, Coastal Pipeline Landowners' chairman Jeffrey Gamrai and Kurumbukari Landowners' chairman Toby Bare.

Seabed mining project in PNG appears dead in the water

Herdon Gazette, March 26, 2019

Environmentalists are celebrating signs that a deep sea mining project in Papua New Guinea appears to be dead in the water. Canadian company Nautilus was given approval by PNG's government to mine the seafloor of the Bismarck Sea between the islands of New Ireland and New Britain. Its Solwara 1 project faced deep opposition among local community groups because of the potential environmental impacts from what would be the world's first seabed mining project. But before starting mining, Nautilus' project support vessel has been sold to Indian company MDL Energy for repurposing. Helen Rosenbaum of the Deep Sea Mining Campaign said that without the vessel it was difficult to see Nautilus ever developing Solwara 1. Dr Rosenbaum said that given Nautilus' dire financial circumstances it was fair to say the game was over for the project. "There seems little chance of them re-paying their bridging loans when these become due in less than a month. "The people of the Bismarck Sea of Papua New Guinea have hopefully been spared an environmental disaster."

Catherine Coumans of Mining Watch Canada stated that "if Nautilus sinks, the amazing hydrothermal vents targeted for mining with their unique and diverse life forms will be given a reprieve. "As will the marine ecosystems and fisheries of the Bismarck Sea," Dr Coumans said. The news was also welcomed by Jonathan Mesulam from the Alliance of Solwara Warriors, whose New Ireland village is located 25 kilometres from the proposed mining area. "It will be good news for my people if Nautilus goes bankrupt, instead of bankrupting our sea," he said , adding that the community would "fight this project to the very end". The Alliance of Solwara launched a legal case against the project in PNG's courts last year. "We are concerned that the Papua New Guinean Government has attempted to have our legal case dismissed," Mr Mesulam said. "We are now talking to our legal team about filing substantive court proceedings against Nautilus and the State to stop the project. Supportive of the project from the outset, having granted Nautilus its licence in 2011, the PNG government purchased 15 percent of Nautilus.

Ramu NiCo rethinking expansion

The National, March 26, 2019

RAMU NicO Nico Management (MCC) in Madang will reconsider its decision on the planned K5 billion expansion programme, vice-president Wang Baowen announced last Thursday. He said the company was reconsidering its earlier announcement to expand the mine because of the costs involved. Baowen said the company was yet to finish some of its obligations in its memorandum of agreement which expired last year. He said the agreement must look after expectations and benefits of landowners, including stakeholders like the national government, provincial government, local level government and landowners.

Ramu NiCo Management, which runs the Ramu nickel and cobalt mine, announced a planned K5 billion expansion of the mine during Apec last year. The announcement has created controversy among the landowners and other stakeholders. Prime Minister Peter O’Neill and Madang Governor Peter Yama both said mine expansion would be guaranteed only after the current agreement was reviewed. Yama said the agreement review would ensure more benefits go to the landowners and stakeholders. “The Ramu nickel mine expansion will wait till we conduct the review,” O’Neill said when he visited Usino-Bundi district last month. Landowners of the Kurumbukari mining area at Enekwai threatened to shut the mine’s water supply in December when they heard about the expansion.

Solomon Islands oil spill has not reached protected area - UNESCO

Radio New Zealand, 25 March 2019

The UN's cultural body, UNESCO, says no oil from a disastrous spill in the Solomon Islands has reached a protected heritage site. The Solomon Islands government said last week it had contained oil flowing from a ship grounded off Rennell Island, where it has put about 100 tonnes into the sea. The ship is stuck in Kangava Bay, on the island's western side, close to a 37,000-hectare protected marine area in the east. But Robbert Casier, a specialist with UNESCO's World Heritage Centre, says the oil has not reached the World Heritage site in Rennell. "UNESCO continues to work with the national authorities to ascertain the status of the situation and the best mitigation measures to be taken, both for the site's Outstanding Universal Value and for the impact on the livelihoods of local communities who live inside the World Heritage site," he said in an email. Rennell is the largest raised coral atoll in the world, and contains diverse and unmodified forests, coral and species. UNESCO has listed it as a World Heritage site in danger since 2013.

Landowners share K1mil in dividends

March 25, 2019, The National Business

RAMU nickel landowner umbrella company Raibus Group paid out K1 million in dividends to its four landowner companies on Thursday. It was the first time that Raibus had paid dividends in its 12 years of operation. Chairman Steven Saud said the companies that received divident payments were Kurumbukari Ltd, Basamuk Enterprise, Maigari Ltd and Wassmatau Ltd. They represent the people of Kurumbukari mine, inland pipeline, coastal pipeline and Basamuk refinery respectively. Kurumbukari Ltd received 40 per cent, Maigari 20 per cent, Wassmatau Ltd 20 per cent and

Basamuk Enterprise 20 per cent. Saud said the payment was a milestone for the Raibus Group. He said Raibus had security, engineering, catering, real estate and labour contracts with Ramu nickel mine. Saud said the company had gone through a lot of struggles to manage the business and keep up with landowner demands. “However, with an overhaul in management, we managed to fix issues and improve,” he said. “As a result, we achieved this.” Kurumbukari Ltd chairman Tobby Bare, representing the four landowner companies, thanked Raibus for the dividend payment.

Anger after Solomon Islands miner involved in spill gets new licence

Radio New Zealand on 22 March 2019

Transparency Solomon Islands says it's concerned about new mining licences to a company at the centre of an environmental disaster. The licences given to Bintan Mining Solomon Islands are under fire amid a cleanup of an estimated 100 tonnes of its oil spilled into a marine reserve. Since a ship contracted by Bintan grounded on a reef off Rennell Island in early February, the company has faced widespread criticism. But on 8 March, just one day after Prime Minister Rick Hou threatened to put it on an international blacklist, Bintan was issued two mine prospecting licences. The licences, which were confirmed by the Director of Mines, Nicholas Biliki, are in the islands of Isabel and San Jorge in Isabel province.

Transparency Solomon Islands said Bintan's licences should be revoked because of the damage done on Rennell. "Why issue the Licence to a company we know how incapable and irresponsible the company is when it comes to risk sharing of benefits, management and capacity to deal with any disaster," the NGO said in a statement. Meanwhile, officials estimate it will take at least two months to salvage the grounded ship. Mr Biliki declined to be interviewed on Thursday but said he would issue a statement to local media. The Mining Minister, Bradley Tovosia, appeared to have disconnected his office phone after repeated calls from *RNZ Pacific*. Officials estimate it will take at least two months to salvage the ship, the *MV Solomon Trader*, with the spill contained only this week.

Clean up efforts after the oil spill off Rennell Island in Solomon Islands. Photo: Supplied/ Derek Pongi

Basil not ashamed to push for coal energy

Peter Esila, The National, March 22, 2019

ENERGY Minister Sam Basil says he is not ashamed to talk about coal being used to drive industrialisation in Papua New Guinea. “I am not ashamed to talk about all types and forms of energy, clean coal being part of it," he said. Basil was flanked by Gulf Governor Chris Haiveta and Mayur Resources managing director Paul Mulder. Mayur wants to build a coal power plant in Lae. The coal will be mined in Gulf. Basil said Australia and Indonesia both had over 70 per cent of their power mixes from coal. "Here we are, in a tiny, small nation, talking about clean energy while we allow those two big neighbours to smoke the atmosphere for us and our forest are being used as carbon sink," he said.

"In a few weeks' time, first week of April, the signing will happen. "PNG must not be fools in their own country while other countries are using activists to drive anti-coal campaigns," Haiveta said the commercialisation of Gulf coal would happen. He said coal was a base-load power while other energy sources like solar, hydro and wind fluctuated. "Coal has been the mainstay of the industrial revolution," Haiveta said. "What is the big hiccup? We need Papua New Guineans to have free power. If we are the landowners, give us free power." Mulder said the project would create jobs for local people. "We have a nation that has 13 per cent electrification," he said. "We have got a huge number of people who want jobs. They want manufacturing. When producing this power, we can use clean coal technology."

Letter to the editor

Strickland overflow

Post-Courier, 22 March 2019

Lake Murray the biggest lake in PNG is flooding with sedimentation from Pogera mine. The mine continues dumping its wastes through the Nagaip, Strickland and Maboi river systems. At this stage, there is a huge sedimentation deposit and build up in the Strickland river system causing river overflows into sides of the river which has caused Strickland river to change its course of flows into Maboi River, which links to Lower part of Lake Murray. Villages in lower Lake Murray such as Miwa, Kusikina and Levame are feeling the effects of such waste dumping by the mine. Western and Enga politian's remain silent over the issues affecting the lives of the people. Terry Topa, chairman of Beagua Resource Company has been complaining to relevant authorities and to an extent taking on Middle Fly MP to the site areas but up to this date, no response has been received. Problems currently experienced are sago swamps flooding and dying and gardens along the river system being destroyed and being washed away. Drinking water is currently a major problem.
Jay.losiah Echol, Lake Murray, WP

Letter to the editor

MRA on Porgera extension queried

Post-Courier, 22 March 2019

We refer to your press release titled "MRA explains assessment of porgera extension", which appeared on page 31 of yesterday's edition of the Post-Courier. Firstly, we thank you for clarifying the mining warden hearing process under the Mining Act, 1992, including some explanation on the Porgera tenements extensions application by Barrick Niugini Limited (BNL). However, we accept with bad taste your comments to the effect that you " urge all landowners, the provincial governments and local level governments to allow the warden hearing process schedule for April 2 and 3, to be completed without unnecessary interferences. This is so that we can advance quickly into the MOA discussions." Our reading of the above press release is that the Mineral Resources Authority (MRA) has pre-determined the outcome of the public hearing scheduled on the 2nd and 3rd of April 2019 at Porgera, in that our legal right to object to the Barrick's extension applications is seen by

MRA as unnecessary interferences and that advancing to the MOA negotiations is beneficial for all parties including the landowners.

We believe your press release is nothing but a deception, geared to protect Barrick's interest. We advise that we are not excited about advancing to the MOA discussions and forego our rights under S.107(1) of the Mining Act, 1992, because of the past (30 years) experience, whereby the State and BNL had failed to honour their obligations under the MOA and the MDC and, particularly when such failure had triggered the current international arbitration (US$13 Billion Claim) through Justice Foundation and other SML clans. It is a shame that state agencies such as MRA which was established to regulate the mining industry and to protect the interest of its own citizens, by policing the relevant laws (objection provisions under the Mining Act, 1992) will be undermined to promote and protect the interest of a wealthy and powerful mining company such as Barrick. We believe this is wrong and unlawful.

We further advise that the Tuanda ILG holds 608 hectares of the land in the Porgera special mining lease (SML) including land in the LMP 61. Our land has been completely destroyed by Barricks mining operations. Prior to the hard rock mining in 1989, the Tuanda clan land was used for subsistence gardening, hunting, alluvial gold mining, housing, pig rearing and trade store business. We were already well-off in terms of cash income from alluvial mining and thus we enjoyed good health and diet. And thus, we really did not need a gold mine. But now we are worse off than before, and on top of that we have lost our land and identity. We have been physically and economically displaced from our land passed on from generation to generation. The sweet promises made to us were fat lies. Finally, we have not been shown by Barrick nor the State, how Barrick will compensate us for the loss and damage we suffered for the last 30 years and more importantly, how they will improve the situation in the next 20 years. Thus under this circumstance, the Tuanda clan's 608 hectares of land in the SML and LMP now legally registered and held by the Tuanda ILG is not available for further mining when Barrick's SML No.1and LMP 61expires this year. We hope that you will understand our situation and act responsibly.
Sole Taro, Chairman Tuanda Incorporated Land Group Registration No.930

Governor Yama warns Ramu nickel mine

By MICHAEL LAI, March 21, 2019, The National Business

RAMU nickel mine will close if no proper agreement is negotiated to benefit the people of Madang, says Governor Peter Yama. He said the agreement that was signed in 2004 expired in November last year. Yama described the old agreement as "rubbish and the worst-ever State-negotiated mine with no benefits to the locals". He said the Ramu Nico management (MCC) had not paid any tax for 20 years. Yama told a press conference on Tuesday that the agreement would be renegotiated by all stakeholders including National Government, provincial government and the company. "Old agreement has no benefits to the locals in Kurumbukari and Basamuk," he said. "It does not include the concerns of other minerals, apart from nickel and cobalt, that have been extracted and exported.
"It (company) does not pay corporate tax and no goods and services tax, to generate revenue for the province.

"The signing of the Ramu nickel mining agreement in April 2004 in Beijing was ill-advised and totally wrong. I don't know how those public servants, including state-solicitor, were advising the government at the time. "It is totally rubbish and no way in the world can we accept such an agreement." Yama said the people of Basamuk must have spinoff benefits like good roads, housing, health centres, schools, water supply and electricity. "Right now, Raicoast and Usino-Bundi are the least-developed districts in the country, despite being host to the Ramu Nico mine and also the

Ramu Agri Industry for Usino-Bundi," he said. "That agreement is over and it is time for the new agreement.

"I have a team of professional advisers from the mining sector on board to work with the government and the company. "We will set up a new agreement in the interest of the people. "Prime Minister (Peter O'Neill) must get it done. We want him to call a meeting and get it done. "Ramu Nico has to come into roundtable discussion and get this agreement in place. If there is no agreement, Ramu Nico Company cannot continue to do mining. "They cannot continue to do production. "We are party to this agreement and we want the national Government to speed it up." Recently, O'Neill said that there would be no extension of the memorandum of agreement for Ramu Nico and there would be no agreement until the Government was sure there was fair benefit for the people and State. O'Neill said new terms and conditions will be negotiated before a new agreement was signed.

Framework ready to set up wealth fund: Abel

March 21, 2019, The National

Legislative framework is in place to establish the sovereign wealth fund (SWF), says Deputy Prime Minister and Treasurer Charles Abel. He said the Government would appoint a board in the middle of this year. Abel told the Petroleum and Energy Summit yesterday that properly managed resources, through the SWF, would enable a sustainable economy that would contribute to climate change mitigation and exports of food and energy surpluses. He said the national strategy for responsible and sustainable development projected the country responding to climate change, pollution, overpopulation, food and energy insecurity.

Abel said population would be sustained through the responsible management of natural resources. He said the ministerial determination this week in regards to landowner identification for the PNGLNG project was very important. "The community and landowners' consultation is critical," Abel said. "Sustainability and all that is underpinned by meaningful and timely engagements with our communities. "It is clear that we are overly reliant on extractive industries in term of GDP revenue and export earnings." Abel said the latest estimate for gross domestic product was just over 0.3 per cent, with the regional forecast growth to be driven largely by the non-mining sectors.

PNG resources have added value: Abel

BY SIMON KESLEP, Post-Courier, March 21, 2019

Papua New Guinea has one of the most lucrative fiscal regimes of resource projects giving value to natural resources being competitive on global markets. Deputy Prime Minister Charles Abel said this yesterday, adding that the people must benefit more for the use of their resources. "From the government perspective we have worked hard to establish a fair and stable policy framework and we open up our ambitions," he said. The earthquake in Southern Highlands and Hela provinces last year may have slowed down production rate of oil and gas resources which took in contrast the economy, but Mr Abel said that other sectors like agriculture, fisheries and others managed to maintain stability. Policy frameworks discussed by him included fair shares for PNG, government, provinces and landowners and also less risk revenue generations. Improved State financing would target key passed-on projects like domestic market obligation, third party access and improved national content.

Mr Abel made reference to the 2018 Budget specifically the introduction of transitional provisions meaning current existing projects had their additional profits tax fairly treated. He gave a brief up-date on the economy saying that there was a welcome rebound in the economy and it was clear that collaborative approach and the policies of the government were heading in the right direction. "Barring any unforeseen shocks, we are projecting real GDP growth to pick up to 4 per cent this year." Other key projects like the submarine cable network, High-lands Highway, sea ports and airport facilities would attract new major investments. The Papua LNG project, the Wafi-Golpu project, Frieda River and renegotiation of Porgera mine were some of the exciting opportunities for this year, Mr Abel said. He made reference to the World Bank which recently provided some useful information and guidance to delivering a sustainable and reliable power system to rural communities and pointing to long-term investment with requirements in hydro-power for long term solution.

Exxon Mobil tops list of Australia's top 10 tax dodgers

Michael West, The New Daily, March 20, 2019

Whether it is **misleading the Parliament of Australia**, cutting its workers' wages, paying zero tax while racking up $33 billion in income, sending gas prices into the stratosphere or dudding the poor people of Papua New Guinea, Exxon has flair. It is also a master of intrigue. You won't find the financial reports for ExxonMobil Australia on its website, you won't even find the name of its directors, despite the size of this operation. You certainly won't find their photographs without Googling madly and paying for company searches. You absolutely won't find mention of 585 entities Exxon has in the Bahamas, or for that matter, any breakdown of related tax-haven associations. How is it that this, the biggest of the US oil majors, a corporation that has been making fabulous profits in Australia for 50 years, can pay zero income tax? How does it skin its taxable income in this country back to zero?

In fact, ExxonMobil (under the trading name 'Esso') drilled Australia's first offshore well through a joint venture with BHP Billiton, when it discovered the Barracouta gas field in the Bass Strait in 1965. Two years later Kingfish was found, the first offshore oil field, which to this day remains the largest oil field discovered in Australia. How is it that with record, eye-watering gas prices, Exxon pays no income tax? Its financial statements provide a few clues: Massive "debt-loading" – its Australian companies borrow billions of dollars from other Exxon companies overseas and funnel hundreds of millions of dollars out via interest payments on the loans. And finally it has been pinged for it. Its 2018 financial report discloses the Australian Tax Office has been investigating Exxon's related-party loans and has busted it for being slippery, issuing amended income tax assessments for 2010 and 2011.

Exxon brazenly notes it might sue the tax office, or settle, as it continues to "negotiate" over what it claims is fair pricing. These fighting words are typical of a bullying multinational oil giant. Yet. it also notes the fight with the ATO has implications for 2012 to 2017 and Exxon is acutely aware of what befell its peer, Chevron, which muscled up to the ATO and lost an historic case, for pretty much the same practice – aggressive "transfer pricing of money". Post the four-year ATO tax transparency figures, Exxon's latest financial statements show more of the same – thanks to spiking gas prices, cashflow jumped from $8.2 billion to $11.3 billion. Profits were wiped out by massive related-party debt.

Tax rose from $341 million to $508 million. But guess what? Not in Australia. This tax booked in the Australian entity, although the accounts don't specify it, and although Exxon executives refused to be interviewed about it, represents tax paid in other countries, namely Papua New Guinea and Indonesia. Further, they have lobbed in petroleum resource rent tax (PRRT) as income tax, when it has the quality of a royalty for extracting non-renewable resources from the seabed. And then there's the monster debt, the monster weapon of tax avoidance: Some $1.8 billion in finance charges over the past two years on Exxon's eye-watering debt of $17.6 billion – debt owed to itself, offshore, debt to suck the profits out of Australia along with the gas.

ID landowners first, says MRDC

The National, March 20, 2019

THE issue of social mapping and landowner identification must be done prior to the commencement of any project, says Mineral Resources Development Company managing director Augustine Mano. He said it should not be left till very late as was the case with the PNG LNG project. Social mapping and landowner identification for the PNG LNG project took 10 years to complete. "It must be the first thing to be done in any future project in the country," Mano said. He said for the Papua LNG and the P'nyang projects, landowners or beneficiaries were identified prior to the development forum so that only they were involved.

He said that was important for project security because it was different from other countries where genealogy was documented properly over the years. Mano said the MRDC as the landowner fund manager was making sure that the benefit distribution was done according to the Oil and Gas Act – 40 per cent to the landowners, 30 per cent for community infrastructure and 30 per cent for further investments. The secretary for the Department of Petroleum, Lohial Nuau, said landowners issues were now being better managed. He said the department had taken stock of outstanding government commitments under the various agreements which would be channelled through the Independent Issues Committee. "This is positive step towards improving landowners issue management," he said.

Kumul Petroleum plans to grab full rights on LNG projects

By PETER ESILA, March 20, 2019, The National Business

KUMUL Petroleum Holdings Ltd (KPHL) will exercise its full equity rights of 22.5 per cent in both the P'nyang and Elk/Antelope LNG projects, and the Twinza first offshore field. Managing director Wapu Sonk said that during the PNG Petroleum and Energy Summit in Port Moresby yesterday. "We are marketing our future equity entitlements for Papua LNG jointly with Total," he said. "KPHL will exercise its maximum entitlement in all projects of 22.5 per cent in all new developments (2 per cent carried for the landowners). "There is also a third project happening and that has not been discussed much. "Twinza has been talking to the PNG Government about developing our first offshore. "That project is also in queue, but that will come after the two main projects."

Sonk said KPHL would participate in these future projects. "We intend to exercise all our 22.5 per cent equity in those developments," he said. "We will retain 20.5 per cent and two per cent will be free carried for landowners and the beneficiaries. "The provincial governments, usually the State, carry the two per cent, but since the Kumul Act came into force in 2015, KPHL has the responsibility of carrying landowners and the provincial governments, up till production. "Obviously, this requires a lot of capital raising to do, so last year, we appointed Lazard of Paris (financial advisors) which have completed an equity financing feasibility study for KPHL. "We can be able to fully exercise our option of 22.5 per cent in those two projects and, hopefully, the offshore projects as well."

Sonk said the three major projects were moving towards final investment decision (Fid). He said the Total-led Papua LNG was moving forward quickly with key terms agreed and gas agreement with State expected to be finalised within a month. Sonk said ExxonMobil was finalising development plan for P'nyang gas field, with gas agreement to be finalised in second quarter this year. He said the front-end engineering and design (Feed) on both projects was expected in the second or third quarter this year. “Both aim to put LNG in the market in the 2024 -25 window,” Sonk said. “Twinza is finalising plans to develop the first offshore field in PNG, which is a significant project for PNG as it is the first commercialisation of an offshore field. “Key challenges remain, but we are confident of their resolution.”

Papua LNG signing set

BY MELISHA YAFOI, Post-Courier, March 20, 2019

The long deferral of the TOTAL-led Papua LNG gas agreement signing has come to an end with Prime Minister Peter O’Neill announcing the confirmed date set for April 5. He made this announcement at the third PNG Petroleum and Energy Summit in Port Moresby before over 600 international investors from the petroleum industry yesterday. Mr O’Neill also said there are other discussions taking place on the extension of the current PNG LNG project and the P’nyang expansion led by ExxonMobil. THE K44 billion (US$13bn) TOTAL led Papua LNG gas agreement will be signed on April 5, 2019. This was announced by Prime Minister Peter O’Neill yesterday at the CWC third Petroleum and Energy summit in Port Moresby.

Mr O’Neill said it is the target for that agreement to be signed and is one of the biggest investments in the country. He said when the state signs the second LNG agreement, he strongly believes that the global market will depend on PNG and will rely on the stability and the policies of the petroleum and energy industry. “The Papua LNG project is an investment of some USD$13bn that will develop the Elk Antelope gas fields and they are certainly going to produce close to 2.7 million metric tons per annum (mtpa) and the two trains has been developed in the caution bay is going to ensure that we remain confident. Our government has learnt from those past mistakes and we are not ready to repeat those mistakes again,” he said. PM O’Neill said Treasurer Charles Abel and Minister for Petroleum Fabian Pok are leading a very strong negotiation team in making sure that all project development negotiations will benefit the interest of the people.

“But it will also provide a fair efficient environment for our development partners to maximise returns on their investment partners. “We are trying to conclude a win-win situation for all developers and for all our people. “When we started discussing the exports of the LNG some 20 years ago, we had very little understanding and really basic understanding on the scope of the business in his industry. Today we have the gas agreement for the second LNG with TOTAL, the Papua LNG project and as the first LNG did for our country. “It will quickly strengthen the growth of our country’s economy and will transform many lives in our country, particularly in the Gulf province,” he said. “Very importantly we believe that the globally economy is entering into a most hungry energy phase in our global history. “And we can see the consumption escalating and we believe strongly that Papua New Guinea is in a very strong position,” Mr O’Neill added.

Solomons govt says Rennell oil spill contained

Radio New Zealand on 19 March 2019

The Solomon Islands government says it's contained the oil spill from a wrecked ship at the centre of an environmental disaster. In a release today, officials detailed a wide-reaching and multi-agency cleanup effort off Rennell Island. In Kangava Bay, where the sea shore lies slick with oil, locals have been banned from swimming, washing or fishing in the sea. Officials estimate it will take at least two months to salvage the MV Solomon Trader, which first got stuck in early February. Oil spillage into the sea has finally been contained and Maritime Safety authorities have scooped up 800 litres of oil using a special rake towed behind a boat. But they have made barely a dent in the

100 tonnes estimated to have spilled into a pristine marine reserve. Rennell Island locals, who are assisting with the cleanup, have been handed out water purity taps.

Kingston seeks to reboot gold mining on Misima Island

Sarah Byrne, Business Advantage, 18 March 2019

Work on Misima. Source: Kingston Resources

Drilling new targets and locating starter pits are the key focus for junior miner Kingston Resources, as it seeks to revive gold mining on Papua New Guinea's Misima Island. Managing Director Andrew Corbett reveals the company's plans to *Business Advantage PNG.* With positive drill results to date, Kingston Resources Managing Director Andrew Corbett is confident further exploration will lead to finding new gold resources on Misima Island in Louisiade Archipelago, Milne Bay Province. 'This year is about following up on the targets we identified through our successful geochemical exploration program in 2018. Identifying near-surface ounces at these targets will allow us to recover capital expenditure, reduce the pay back period and therefore, decrease risk.' The company is ramping up exploration and plans to drill a range of targets across at least four areas within a few kilometres of the original Misima open pit mine, which operated between 1989 and 2004. 'We aren't looking to extend the current resource, we are locating new targets in areas with no previous exploration,' he says. Locating starter pits will be the key to reviving the project, according to Corbett. 'We are ramping up exploration and from what we've seen so far, there is great potential at Misima, which is exciting for the team.'

Funding

Kingston's interest in Misima is driven by the project's potential to become a large, long-life project, which Corbett says is rare for a junior company. Juniors have great capacity to take risks by developing new and interesting projects that larger, more risk-averse companies don't pursue, he adds. While confident in the outlook for mining projects in Papua New Guinea, Corbett says access to funding is always a focus. 'At the moment, a lot of the activity is coming from the major players, and it can be difficult for juniors to secure funding.' In a bid to lessen its need for external funding, the company's Livingstone project in Western Australia is seen as a potential funding source for Misima. 'We are continuing to advance Livingstone, this has always been seen as a great option to help fund Misima, through either cash flow or selling it if needs be,' he says. 'Funding will always be a challenge, but we are in good stead with having the Livingstone asset and a significant resource base at Misima.' 'If we continue to deliver operationally, the funding will follow.'

Community support

Corbett says operating in Papua New Guinea has generally been a positive experience, with great support from the Mineral Resources Authority, other regulatory groups and the local community.

‘One of the most important things for us is the support we’ve received, particularly from the local community. ‘We do our best to listen to and work with the community and offer employment where possible because these relationships are key.’

Bright future
As exploration at Misima continues to advance, Corbett says instability around industry regulations is a worry for the company. ‘If the rules change, it is difficult for everyone, from the major players right down to the junior miners.’ As the mining industry in Papua New Guinea continues to strengthen, Corbett says Misima remains a great opportunity for Kingston. ‘I’ve great confidence in mining in Papua New Guinea, with the outlook for gold, copper and nickel in great shape,’ he says. With the Wafi-Golpu project looking set to get the green light this year, and a number of other projects going ahead or looking to expand, Corbett says things are looking good for the sector.

K2.3mil Ramu plea

March 18, 2019, The National Business

The Ramu NiCo project in Madang has urged church and women’s groups who are sharing the K2.3 million in royalities to use it wisely. “Admittedly, the royalty is not as much as expected, basically because nickel and cobalt product are not as attractive as copper and gold, said Ramu NiCo management community affairs department general manager Martin Paining. The K2,370,950 is the royalty being paid out to churches and women’s groups in Ramu NiCo’s project-impacted areas.

Mining Pollution Limits Access to Clean Water in Papua New Guinea

Aly Azhar, Columbia University, March 15, 2019

Mining pollution turns Papua New Guinea’s Pongema River red. Photo: Red Water report

A new report titled *Red Water* documents the social, environmental, economic, and health impacts of gold mining in Porgera, Papua New Guinea. The report finds that the communities affected by mining do not have access to consistent and safe drinking water. This is due, in part, to the fact that the PNG government has not met its human rights obligations to respect, protect, and fulfill the right to water in Porgera, and because companies that own and operate the mine — Canadian company Barrick Gold and Zijin Mining from China — are in breach of their responsibilities to respect the right to water. *Red Water* finds that the Porgera Joint Venture (PJV) gold mine poses direct threats to the social and economic rights of communities living near the mine. These key findings are a result of a four-year study conducted by Earth Institute scientists, Pennsylvania State University scientists, and Columbia Law School Human Rights Clinic faculty and students. The investigation conducted over 177 interviews and meetings and collected and analyzed 45 sediment samples from streams adjacent to the PJV gold mine, 25 soil samples from local residents' household gardens, and water samples from 64 sites.

Homes near the mine do not have running water inside them. The PJV releases mine waste, known as tailings, from the mine facility into the Pongema River at an average rate of over 14,000 tons per day. The tailings discharge forms what local residents refer to as the "Red River." A 2013 study noted the catastrophic environmental consequences of tailings discharge and noted that of the 2,500 industrial-sized mines in the world, only four mines — three of them in PNG — were found to rely on riverine tailings disposal. According to one resident of Porgera, the local residents are "in a desperate situation. [Our] environment is not in a good condition." Moreover, with a changing climate, water insecurity in the area is an acute problem. The Porgera gold mine has been one of the world's highest-producing gold mines over the course of its quarter-century history, and has accounted for a considerable percentage of PNG's economic income. The mine, which began operations in 1989, has long been contentious, and has generated global attention for both violence by security personnel and allegations of environmental degradation. The mine is owned by the PJV with a 95 percent share held by the mining companies. The *Red Water* report highlights key recommendations for the corporations who own the mine, government actors in Papua New Guinea, the government of Canada, and international development partners:

- **Publicly commit to advance the human right to water in Porgera.** The report recommends that the consortium of mining companies publicly announce a commitment to initiate a multi-stakeholder process to create a Human Right to Water Policy for the Porgera Joint Venture.
- **Work with the government of PNG to promote consistent access to adequate amounts of clean water for household uses in Porgera.** The companies, in partnership with the Papua New Guinea government and in consultation with Porgeran communities, should invest in infrastructure improvements to provide adequate sources of safe water at the household level.
- **Immediately pledge to carry out an independent environmental and social audit of the PJV.** This must be a full audit examining all the social, environmental, and health effects of the mine, including on water, land, flora, fauna, and human health. The results of the audit must be made public and accessible, especially for potentially impacted communities.
- **Adopt necessary laws and regulations** to ensure that Canadian corporations respect human rights in their extraterritorial activities, and that there is access to remedy where such activities breach international human rights.

A launch event for the report will be held in April and will involve the research team and members of human rights and international development groups. The report was supported by Columbia Law School's Human Rights Clinic and a Cross-Cutting Initiative grant from Columbia University's Earth Institute.

Porgera: Landowners want govt to listen to their pleas

BY YOMBI KEP, Post-Courier, March 15, 2019

LANDOWNER organization Justice Foundation of Porgera has issued a call to the government to engage another company apart from Barrick to operate the gold mine. Chairman of Justice Foundation of Porgera, Johnathan Paraia, claims more than 300 landowners of the Lease for Mining Purposes (LMP) as well as the Special Mining Lease (SML) areas of the Porgera Gold Mine in Wabag, Enga Province, have objected to Barrick Niugini's application to renew the company's LMP and SML at one of the country's largest mine. "The objection for extension of LMP for the 14 tenements was signed by all LMP landowners while the objection of SML was signed by 18 of the 24 SML landowners that originally signed the document nearly 30 years ago," explained Mr Paraia.

"Please on behalf of the landowners we are asking the government departments to hear our cries and not renew all licenses until all landowner claims are met." He claimed landowners will continue to object until Barrick responds to claims of LMP landowners and SML landowners as well as outstanding issues such as relocation of landowners, clean water supply to landowners, schools and everything that was destroyed in the process. "If Barrick cannot meet our needs and demands then we want Barrick out," Mr Paraia said. He is appealing to the national and provincial government as well as elected leaders of Enga to support landowners. "We are bringing our grievances to you, please listen to us and make a decision that will benefit us and the country as well as our rights as landowners are protected."

Hides Landowners warn of legal action

Post-Courier, March 15, 2019

TUGUBA tribe, the principal landowners of Hides PDL 1 and PDL 7, have warned Petroleum Minister Fabian Pok they will seek legal challenge to the ministerial determination on the LOBID process. The eight paramount chiefs of Tuguba tribe were upset that they were not invited to the signing ceremony last weekend, which was a low key event and did not involve the principal landowners of the Hides gas resource. Their appointed spokesmen, Richard Takima for PDL 1 and Erick Hawai Ako for PDL 7, said in a joint statement yesterday the chiefs have accorded them the powers of attorney to challenge the ministerial determination in a court of law. "The eight paramount chiefs of Tuguba tribe, who are the principal landowners of Hides PDL 1 and PDL 7, have entrusted us through powers of attorney to deal with all matters relating to our gas resources in Hides," they said.

"They are particularly upset that Dr Pok rushed the signing of the ministerial determination last weekend after PDL 1 and PDL 7 fully supported and cooperated in with the government team in the recent clan vetting exercise in Hides. "The minister was aware that our chiefs had returned to Port Moresby after the clan vetting exercise to resolve outstanding issues, including the non-payment of K6.5 million for legal and other liabilities. These bills were incurred last year while our chiefs and clan leaders were trying to protect and recover project security funds worth K15 million that were paid by the Department of Petroleum to a fake authority in 2017. "Yet, Dr Pok chose to ignore the plight of our paramount chiefs and left them stranded in Port Moresby while he returned quietly to Hides to sign the ministerial determination, which was witnessed by some government officials and a handful of landowners from other tribes.
"We want to remind the minister that these eight paramount chiefs of Tuguba tribe are the rightful owners of Hides gas in PDL 1 and PDL 7 as well as the proposed Muruk gas development. Our gas resource is the main supply for the PNGLNG project and the Hides to Porgera gas."

A three-mile-long slick threatens Unesco World Heritage site

Karen Zhang, South China Morning Post, 14 March, 2019

- More than 70 tonnes of oil has been lost after MV Solomon Trader ran aground a month ago
- With hundreds of tonnes of oil still inside ship, there are fears disaster could get worse

The oil spill from a Hong Kong-flagged tanker that is threatening to destroy marine life at a Unesco World Heritage site in the Solomon Islands is worse than first thought, its owner King Trader has said. Bulk carrier MV Solomon Trader ran aground a month ago during bad weather near the remote Rennell Island in the South Pacific, home to the world's largest raised coral atoll. So far, more than 70 tonnes of oil has been dumped into the ocean, causing a three-mile slick in Kangava Bay which experts said was likely to cause long-term damage to the local ecosystem. The ship ran into difficulties on February 5, while loading a cargo of bauxite, the ore used to make aluminium. In a statement on Thursday the vessel's insurer said the spill might be more serious than expected.

"Although initial estimates indicated that some 70 tonnes of oil entered the water, it's now believed that the escaped amount is higher, something that will be clarified as the response progresses," Korea Protection and Indemnity Club, and King Trader, said. The vessel's owner said earlier it was transferring the remaining 600 tonnes on the vessel to safer tanks. As of Thursday, less than half of the remaining fuel oil – about 230 tonnes – had been transferred to a tank barge towed from Vanuatu. The 225-metre vessel carried about 700 tonnes of fuel on board before the accident. Hong Kong's Marine Department said it was already in contact with the vessel's owner about containing the spill, which sparked global concerns over the environmental disaster. The Australian government has sent specialised equipment and crew to help clean up the mess. "The department has urged the shipowner to take all actions to minimise the pollution impact to the environment," the department's spokeswoman said.

"The salvage company engaged by the shipowner has been carrying out cleaning and pollution control operations in the casualty site for weeks, but the progress has been affected by the local weather and the remoteness of the island." The spokeswoman added that the department had been liaising with authorities in the region to assist the local government. It is also involved in a joint investigation into the accident. Dr Stephen Li Yiu-kwong, a professor of maritime studies at Hong Kong Polytechnic University, said the city's authorities needed to follow up on the incident as the vessel is registered in Hong Kong. "It's like if my son did some damage to your house," he said. "As a parent, I also have the responsibility [to follow up]." He said the department could punish the owners with a warning or suspension of their shipping licence if the company were found culpable for the spill. The vessel was chartered by Indonesia-based Bintan Mining to take nearly 11,000 tonnes of bauxite from its mine on the western half of Rennell Island to China.

The shipowner apologised earlier last week for the slow salvage operation to stop oil from leaking further, saying the situation worsened with the arrival of Cyclone Oma, which pushed the stricken vessel harder into the reef. A spokesman for the insurer and shipowner also told the *Post* the oil spill was because of structural damage to the vessel caused during the cyclone. "Fuel oil escaped into the engine room and has leaked from a rupture in the hull," he said. In its latest statement, King Trader said it expected to complete the transfer of fuel in the "coming days", but added that breaks could occur due to weather or equipment repairs. Minor residual amounts of leaked oil have been detected entering the water because pumping and skimming operations in the flooded engine room, it added. It reiterated that the salvage operation was difficult at such a remote and hazardous location, in addition to the lost of power of the vessel and the adverse weather, but said it would protect the environment as far as "practically possible".

Gold production likely to increase as Simberi mine looks at bright future

March 14, 2019, The National Business

PROVIDING pragmatic services to the surrounding communities of the Simberi mine in New Ireland is an investment, says St Barbara limited, developer of the gold mine. Chief executive Bob Vassie, managing director Tim Richards and executive officer Tim Omundsen presented its 2019 first quarter overview to the New Ireland Provincial Government. “Providing these services for the local people is seen as an investment for us too, because we will also benefit greatly when the locals who are also our employees are better educated and live in a healthy and conducive environment,” Richards said. Vassie said Simberi is producing 120,000 ounces of gold per year since inception and as production picks up it is heading towards producing its 1 millionth ounce of gold with forecasts into the future looking bright.

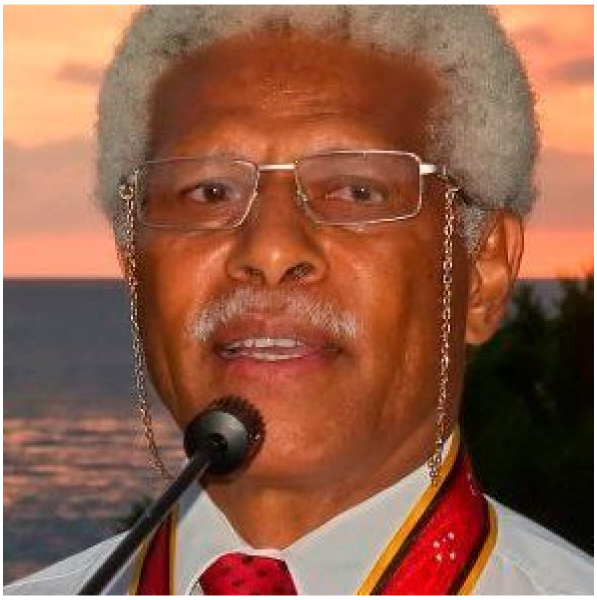
The company has spent K22 million on exploration and is very keen on renewing its mining lease for another 10 years. This will cost K200 million to extend the mines life. The landowners and the Central LLG where the mine is located get royalties. Although the New Ireland Government does not receive any revenue from Simberi, Sir Julius commended the company for its numerous community empowering initiatives. “You have proven that you are an extension of the government with the kind of community projects you are already implementing on the ground,” Sir Julius said. “You have captured the hearts and minds of the PEC. We will support you without any hesitation at all for the extension of the mine lease.”

Call for PNG seabed mining licences to be cancelled
Radio New Zealand, 14 March 2019

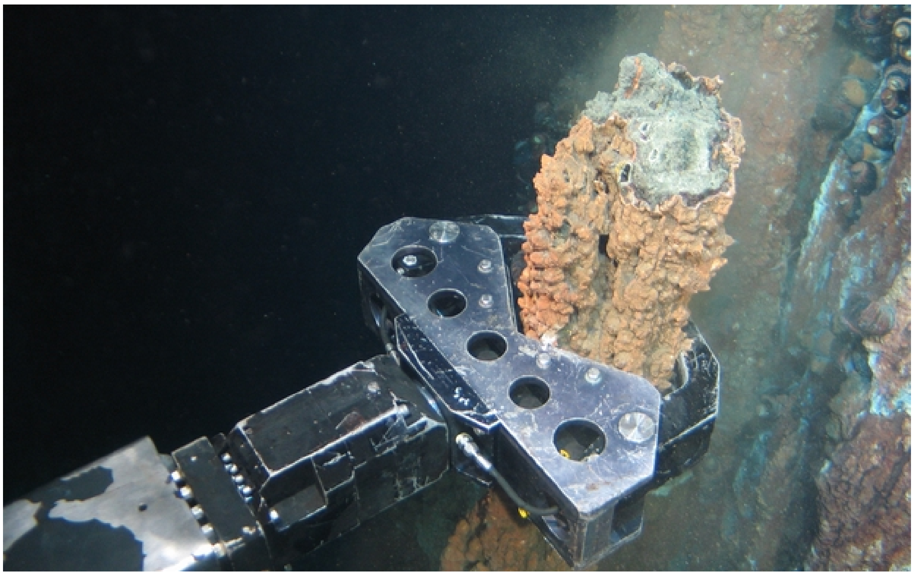
Collecting machine. Photo: Nautilus Minerals

The company's Canadian parent has been granted protection from its creditors while it restructures, which the groups say will lead it to selling its PNG licenses. For more than a decade, New Ireland civil and community groups have opposed the Nautilus Solwara mining project in the Bismarck Sea over its potential to damage the environment. Gold and copper deposits on the sea floor enticed Nautilus to form a PNG subsidiary of which the government acquired a 15 percent share. But with Nautilus now selling its assets to pay debts, the groups want its licenses cancelled so other miners can't continue the project. With support from the Centre for Environmental Law and Community Rights, the groups went to court to seek the disclosure of the licenses and other documents they say the government is constitutionally bound to produce. But since the court case finished in September, the centre's executive director Peter Bosip said the judge had not issued a decision. "The reasons for withholding the decision is not known. It's kind of holding people at ransom. So, we need to know whether we lost or we were successful in this instance," he said.

"We don't know and we are still waiting." The former chief justice Sir Arnold Amet also wants the licenses cancelled. Sir Arnold said if the documents were released, they might show the government is liable for the company's debts and was unable to sell its stake. They should also reveal if the government could reacquire or cancel the licenses, he said. "All of those are going to be packaged and put on the market for any potential bidders," he said. "So, our abilities to actually extricate ourselves from those binding licenses and agreements, and to free ourselves from ongoing liabilities may be limited considerably by the current legal entitlements of Nautilus in the region." The mining minister Johnson Tuke could not be reached for comment. But given the company's financial strife and the local opposition to deep sea mining, it would be futile for the government to continue to back Nautilus or any entity that tried to acquire the licenses, Mr Bosip said.


Sir Arnold Amet Photo: Twitter / Sir Arnold Amet

"The government has to think about cancelling this licenses because apart from economic loss, they also have to realize that the fight to reject deep sea mining in PNG is not over," he said. "The communities have mobilized." Jonathan Mesulam is from a village on the west coast of New Ireland Province is just 25km from the Solwara 1 project. Speaking for the Alliance of Solwara Warriors, Mr Mesulam said New Irelanders had "given their undivided support for many years to stop experimental seabed mining". "The longer Nautilus is delayed and tied up in protecting itself from bankruptcy the longer they are in debt and not able to get Solwara 1 up and operating, and the closer we are to stopping the project and protecting our livelihoods and seas."


Sampling copper under the sea Photo: Nautilus Minerals

Christina Tony, from the Bismarck Ramu Group agreed "local communities have consistently opposed Nautilus Minerals". "We strongly believe this unified voice is what is driving Nautilus Minerals out of our country and towards bankruptcy. Other companies thinking of mining the sea floor in PNG or the Pacific should pay attention." PNG is not equipped to regulate foreign mining companies, especially those experimenting with deep sea mining, Sir Arnold said. "Regulations, governance, accountability mechanisms, in a developing country like Papa New Guinea, and if I might say so in the Pacific region, are considerably wanting. "We don't have the capacity of professional institutions to hold to account sufficiently, all the mining giants, multinationals of the world that are continuing to exploit our natural resources." Tonga, Samoa, Cook Islands, Fiji and Vanuatu may have also given rights to Nautilus that could be sold, Sir Arnold said. The people of Pacific needed to band together to stop the exploitation of the sea floor and the islanders who depend on the ocean, Mr Bosip said.

The huge risks and rewards of Papua New Guinea's Porgera gold mine

David James | Business Advantage, 13 March 2019

The Porgera gold mine in Papua New Guinea's Enga Province is a world class gold mine but, as Executive Director for Barrick (Niugini) Ila Temu explains, it is also one of the world's most difficult mines to operate. Drainage, breakdowns in the infrastructure and illegal mining are the three challenges Porgera miners and executives face. But the rewards are also great. Despite the severe obstacles, Porgera's production in 2017 was about 500,000 ounces of gold and 204,000 in 2018 (with production affected by the Highlands earthquake). Barrick Gold Corporation's new President and CEO, Mark Bristow, explained during his recent trip to Papua New Guinea that the future of the Porgera mine is considered promising. 'When you look at the current plans of Porgera, it has the potential to be able to deliver 500,000 ounces [per annum] for the next 10 years,' he reportedly said. 'The geologists are indicating that there's potential for another 10 years after that.' Barrick (Niugini) Executive Director Ila Temu says the company moves 65,000 tonnes of earth per day, 55,000 tonnes of which is waste. 'Porgera has the potential to be able to deliver 500,000 ounces for the next 10 years.' Grading in the open pit is about 2.6 grams per tonne and about 1.8 grams per tonne in the long term stock piles. 'The underground gold grade is slightly higher: 6.8 grams per tonne.'

Infrastructure

Porgera is located at the end of the Highlands Highway, which means it is vulnerable to landslips and tribal conflict taking out power lines.'So we become a mud moving operation rather than a mining company. Temu says in 2016 the highway was closed for 101 days, and 54 days in 2017. 'When you are on the end of the supply chain, you have to think pretty quickly about what to do. 'That impacts on our ability to operate but with partnership we can get over these issues. 'So we become a mud moving operation rather than a mining company.' 'As if that was not enough we were also impacted by the [2018] earthquake. 'The power station at Hides was knocked out. [We lost] generators, transformers—and the control room was turned upside down. 'The gas pipeline that feeds us the gas was also shifted a few metres. 'So, it was a significant impact. We went to mobile diesel power and got generators from Lae.'

Rainfall

Temu says whenever there is heavy rainfall, a large volume of mud comes into the mine. 'If you don't have a good dewatering system you have to stop operations to try to get that water out.' In 2016, the mine had a 'significant mud rush into the pit and the underground' and later that year a sink hole failure. In March 2017, rain caused a collapse in the west wall of the mine. 'We budget for about 200,000 tonnes of mud per year. When the rainfall increases, that number increases four- or five-fold. 'So we become a mud moving operation rather than a mining company. 'It is good to have shareholders with deep pockets to come in and help us resolve these issues pretty quickly.'

Illegal miners

Illegal miners trespassing on the mine is a problem that Porgera has faced 'since day one'. It is mainly a safety issue but it also has a business impact. 'Over the years, most of the illegal miners have been non-Porgerans. 'In 2018, on average, about 500 illegal miners were on the floor of the pit in the mine each day.' 'They are young, male, have plenty of energy and plenty of time on their hands—and they need some cash. 'Porgera, having free gold, becomes an easy target.' Temu says in 2018, on average, about 500 illegal miners were on the floor of the pit in the mine each day.
If the number of illegals is bigger, the mine stops operating. 'We move our people away until we clear the situation. 'This impacts us every day in hours lost in production—because of their presence. 'Earlier this year there were, for the first time, firearms in the pit. The illegal miners were fighting each other.'

Kainantu Mine expects K7 billion from expansion

BY MATTHEW VARI, Post-Courier, March 13, 2019

Operator of the Kainantu Gold Mine, K92 Mining Inc, says it expects revenues from its announced expansion in its current operation to be K7 billion over the 13 year development. John Lewins, CEO of K92 Mining Inc, announced the expansion in the presence of Minister for Mining and Member for Kainantu district Mr Johnson Tuke and Managing director for Minerals Resources Authority Jerry Garry in Port Moresby yesterday.. Production at the mine is set to be doubled over the next 12 months. "We have completed an economic assessment in January and that identified that we can produce 1.3 million ounces of gold and 130 million pounds of copper over a 13 life of this expanded project. "Total revenue will be over K7 billion, royalty payments go to both the community and government K170 million over that period.

"Total tax to be paid to the PNG government will total approximately K1 billion over that timeframe. "Total sustaining capital over the project is K700 million, net present value (NPV) of the project is about K710million pre tax or K559m after tax. Mr Lewins said the rate of return on the extension project sits at 350 per cent. "This is a really attractive project that we have been able to bring to the fore in just over a year. This is a mine that we think is going to be around in many many years to come." "Six or seven years after it was put on care and maintenance, we acquired the mine from Barrick and we refurbished the plant and rehabilitated the underground and spend about K200 million on the refurbishment and rehabilitation underground and we commenced mining operations on the Irumaphimpa deposit in early 2017. "Late 2017 we identified a new ore body Kora north which is an extension of Kora and we commenced mining there in late 2017. "On the first of February 2018 we actually declared commercial production on the deposit. Last year the mine produced almost more ounces in 2018 in one year of operation than it had in its entire history.

K92 Mining's spending is projected at K100 million for 2019

BY MATTHEW VARI, Post-Courier, March 13, 2019

K100 million is to be spent in the 2019 financial year for the Kainantu Gold Project in Eastern Highlands Province. Approximately half of that will be spent on the expansion and the other half is on sustaining capital and capitilising development, according to K92 Mining CEO John Lewins. "Our production this year we are looking at something like 70,000 ounces (oz) to put that in context. We started production in 2017, 8000oz produced. "Last year 47,000oz and it was the first year that the Kainantu mine was actually profitable. "This year that will increase to approximately 70,000oz and next year up to 120,000 ounces before 2021 when we get to 140,000oz. Mr Lewins pointed out that the mines resource potential has increased significantly since the project commenced under K92. "When we took over our operation it had approximately 2 million ounces and we have subsequently increased that now to 3.2 million ounces and we are working very hard to increase that further.

"We will have a fairly extensive mine by the end of this year." He said by the end of the year the processing plant will double throughput with an increased capacity to 400,000 tonnes per annum, citing a very impressive recovery percentage. "We are putting a gravity circuit into the plant…at the same time upgrading the floatation circuit and putting in new processes control systems to improve efficiency with a capital cost of about K20 million to do that work. "Our plant currently operates at 94-95 per cent recovery. "When we took over this operation historically it had never achieved even 80 per cent recovery, we are currently achieving almost 95 per cent recovery, so everything we get out undergo we pretty much put into a concentrate (high ore grade). He added by the end of the year the mine will produce more than 70,000 ounces, complete plant expansion to around 400,000 tonnes per annum. And complete 20,000 meters of diamond drilling underground, just some of the targets it has set to achieve by year's end.

PNG politicians push coal as Pacific islanders rail against climate change

Catherine Wilson, Mongabay, 12 March 2019

- *Politicians in Papua New Guinea have thrown their support behind a plan to power the country's development through coal.*
- *The plan to establish coal mines and power plants gained prominence following a publicity tour hosted by rugby stars and sponsored by Australian mining and energy firm Mayur.*
- *Mayur's proposal for a project combining coal, solar and biomass energy remains stalled, pending approval by the country's newly restructured energy utility.*
- *The project faces opposition both locally and in other Pacific island states, where climate change-driven sea level rises pose a serious threat.*

Politicians in Papua New Guinea are ratcheting up their support for a new foray into coal mining and power generation, even as neighboring states call for a global reduction in carbon emissions to stave off a catastrophic rise in the sea level. PNG's mining minister, Johnson Tuke, recently hailed the prospect of a new coal industry to boost government revenue and public access to electricity, following visits to coal mines and power stations in Australia. PNG has no coal mines or coal-fired power plants; in Australia, 60 percent of grid electricity comes from burning coal. But the burning of coal is one of the largest contributors to human-driven climate change, setting PNG up on a collision course with smaller Pacific island states, such as Kiribati and Tuvalu, where rising sea levels threaten coastal communities and undermine water and food security.

Leaders of the Pacific Islands Forum — which comprises 18 states, including PNG, Australia, Kiribati and Tuvalu, among others — emphasized during their annual summit in Nauru last year that "climate change remains the single greatest threat to the livelihoods, security and well-being of the peoples of the Pacific." "This move by the PNG government is a total negation of the plight that the small island states in the Pacific are facing due to the negative impacts of climate change," says Tafue Lusama, a climate change activist and leader of the Tuvalu Christian Church. "For one of our own brother countries in the Pacific to turn its back on our struggles is [an issue] that needs serious pleading and dialogue."

A young boy looks at the mud, contaminated by salt water, that used to be a garden on Iangain Island in Papua New Guinea. Pacific Island leaders have identified sea level rise as one of the primary threats facing the region. Image © Greenpeace / Jeremy Sutton-Hibbert.

Australian extractive and energy company Mayur Resources has plans to construct a mixed coal power station in the eastern PNG port city of Lae, in the province of Morobe. Mayur, which has a major stake in coal exploration in neighboring Gulf province, signed a memorandum of agreement last October with the Lae city authority and the Morobe government to build an "Enviro Energy Park." The project, which aims to use solar energy, coal and renewable biomass sourced within the country to generate electricity, has received environmental approval and is backed by Mining Minister Tuke, Energy Minister Sam Basil, and Lae MP John Rosso. Mayur says coal is needed to help provide cheap, reliable electricity, and will help boost living standards and economic growth.

"We, as a 100 percent PNG industrial minerals and energy-focused business, are passionate about injecting all forms of energy that are cheaper and better environmentally than what PNG currently has, that also generates local industry and displaces imported energy fuels, such as heavy fuel oils and diesel, that drain PNG's wealth," Paul Mulder, Mayur Resources' managing director, tells Mongabay. Although the country produces and exports natural gas, refined and crude petroleum accounted for 11.2 percent of PNG's total imports in 2017, costing the country nearly $400 million. "If PNG ever wants to get to Australia's level of prosperity, it will need to install 20,000 megawatts," Mulder says. "PNG is not even managing 100 megawatts being installed per year. PNG political leaders have to somehow explain that it will take PNG 200 years from today to achieve the same living standard as Australia. This does not even cater for the huge population growth over the next two centuries which PNG will have… I am sure there is not one politician, not one business owner or one resident who wants to wait that long."

Rain clouds in the mountains along the coast south of Lae. Image © Markus Mauthe / Greenpeace

PNG has one of the world's lowest electrification rates: only about 13 percent of its people have access to mains electricity. Rugged forest-covered mountain ranges and scattered islands make grid-based power distribution a logistical challenge. This lack of access to electricity, widespread in rural areas where more than 80 percent of the country's 8.2 million people live, contributes to the country's low human development; an estimated 40 percent of people live below the poverty line. Nevertheless, the PNG government is yet to issue any coal mining licenses and the proposed Enviro Energy Park remains in limbo without a power purchasing contract. Mayur was invited by state-owned PNG Power Ltd. to submit a proposal in 2015, but the proposal has yet to be assessed by the power company's board.

PNG Power underwent a major restructuring in 2018, and with the new management came new priorities. In February, PNG Power's acting managing director, Carolyn Blacklock, told the *Post Courier* newspaper that the utility now plans to increase the use of renewable energy without coal, and that a competitive, public bidding process will be required before any new projects are commissioned. "It is not a planned activity of PNG Power and is not being considered,' Blacklock said of Mayur's 2015 proposal. "Mayur has been waiting three years since its PPA [power purchasing agreement] submission," Mulder said. "It could have already built the two 30 MW units of power generation on the Western Tidal Basin in Lae, providing businesses with extremely cheap steam and generating very reliable power with solar, coal and biomass that would already be saving PNG Power tens of millions of kina."

There could be changes in the country's power industry with a new National Energy Bill currently being finalized. If passed, this would mandate a National Energy Authority to enforce safety and quality standards in the industry, encourage more power companies to operate, and increase competitive electricity pricing. But there is still opposition from civil society, even after Mayur arranged for Australian rugby legends Sam Thaiday and Darren Lockyer (who is employed as the company's business affairs manager), to visit PNG earlier this year and talk up the coal industry. Local environmental group Nogat Coal PNG and landowners in Morobe province's Markham Valley, the site of a potential biomass energy project, say coal has no place in the country.

Pita Meanke leans against a palm tree as high waves surge past a sea wall and into his family's property in Betio Village on Kirabati's Tarawa Island. PNG's push for coal power has raised opposition from other Pacific island countries who fear inundation due to rising sea levels. Image © Greenpeace / Jeremy Sutton-Hibbert

The Australian-backed case for coal faces wider opposition. Many leaders across the Pacific view the developed nation's refusal to transition away from coal and reduce its carbon emissions — which reached a record high of nearly 530 million tonnes in March last year — as contributing to their potential demise due to climate change. "As I always say in my advocacy works around the globe, and especially to big industrialized countries, your actions and decisions now will catch up with you sooner than later," Lusama says. "For what we are facing today will only accelerate according to such ignorant decisions, and by the time you feel the wrath of the devastating impacts of climate change, it will be far too late to do anything."

The mouth of the Bairaman River, where it meets the sea in East New Britain province. Image © Paul Hilton/Greenpeace

Oil spill in the Solomon Islands reveals corrupt mining practices
Zach Fitzner, Earth.com, 12 March 2019

The Solomon Islands is a nation made up of hundreds of islands with a population of only 611,343 people. Located in the Pacific region of Oceania to the east of Papua New Guinea and North of Vanuatu, the island nation is located in a remote location and importantly just south of the equator. The official language is English and the decaying remains of battles from World War II mar the otherwise idyllic play of land and sea. The oceans surrounding the island nation are part of the coral triangle, a 6 million square kilometer area sometimes also called the 'Amazon of the seas'. The Solomon Islands also boast the largest number of endemic and range restricted birds – birds found in very small areas of anywhere else on earth. Part of the Solomon Islands, East Rennell is an UNESCO World Heritage Site, making up about a third of Rennell Island.

Rennell is the largest raised atoll in the world, and the center of the island is made of brackish Lake Tegano, formerly a lagoon surrounded by dense tropical forest. East Rennell is the first natural site that is customarily owned to be listed as a World Heritage Site. 10 endemic plants live on Rennell along with 11 bat species, 27 land snails, including 7 endemics, 43 species of bird breed there. It is in the context of the irreplaceable biodiversity, wildness and beauty of Rennell that a nearby oil leak becomes a tragedy. Radio New Zealand reported that on February 5th, 2019, a ship ran into a coral reef near Rennell, spilling oil. The ship was carrying ore from a bauxite mine when it was pushed into the coral by a cyclone, causing the leak. Bauxite is used in making aluminum, and the Bintang Mine that chartered the ship is located on the eastern side of Rennell Island.

Rick Houenipwela, Prime Minister of the Solomon Islands, described the mine as immoral and paints a picture of exploitation. He told *ABC News* that the mine pays very little in royalties or taxes, and the only benefit to the Solomon Islands coming from wages paid to workers. The Prime Minister called for an investigation into why mining was allowed on Rennell Island to begin with and is considering halting their activities for the time being. This isn't the first time a mining company operating in the Solomon Islands has been accused of impropriety. In 2017, *The Guardian* reported that Pacific Bauxite, an Australian mining company, was accused of coercing and bullying locals to obtain mining rights. The company denied any wrong doings and said the people were very supportive of the mine's work. The views of prospecting and mining in the communities where Pacific Bauxite was working were said by officials to be divided on proposals at the time. Some land owners claimed they weren't advised of the environmental impact of prospecting and mining on their land, others said they weren't properly consulted. Signatures were gathered on blank pieces of paper to claim agreement to mining proposals. Some people claimed their signatures on paper-work were forged. This type of exploitation and lack of responsibility on the part of a mining company is mirrored in the current tragedy.

Since February, the Hong Kong-flagged ship called the Solomon Trader has leaked 80 metric tonnes of heavy fuel oil that has dispersed into the sea and shore since hitting the reef. Aerial footage shows that the oil has already spread over an area of 3.5 miles across Rennell's coast, bringing it closer to the world heritage site. An additional 650 tonnes of oil remain on the ship, potentially threatening to spill. The spill clean-up is already expected to cost $30-$50 million, and the shipping company has been quick to shirk responsibility, saying they were contracted to ship the bauxite, despite the government of the Solomon Islands stating that responsibility of cleanup and salvage rests with the companies involved. The government of the Solomon Islands requested aid from Australia and both governments expressed regret over the slow commercial response.

Australia's Department of Foreign Affairs and Trade released a statement on March 5th, saying: "Aerial assessments conducted by the Australian Maritime Safety Authority (AMSA) on behalf of the Solomon Islands government have confirmed extensive oil leakage around the ship, which has begun to disperse across the surrounding sea and shoreline. The oil spans more than six kilometers across the shore and is moving towards the adjacent World Heritage area. Without immediate action, there was the risk of the remaining heavy fuel oil on the vessel (currently estimated at over 600 tonnes) being released into the surrounding area… Given the ecological damage, and a lack of immediate action by commercial entities involved, the Solomon Islands government requested Australia's assistance on 16 February.

Australia responded, supporting the Solomon Islands government by providing technical advice and assistance to inform government assessment and the response teams sent to the spill. Australia is also supporting the government in its dealings with the responsible entities. As requested by the Solomon Islands government, Australia will act as appropriate to minimize the impacts of the spill while ensuring we do not diminish in any way the fundamental obligations of responsible parties to properly contain and manage this incident." Oil had been leaking from the ship for a month and only recently stopped despite mitigation response from the Australian and Solomon Islands governments. Australia expects to transfer its role in the clean up to the commercial entities involved in the spill on March 18th.

Australia has responded to the spill with technical advice as well as on the ground clean-up and monitoring crews. Australia has also been credited with pressuring the ship owner, mining company and the ship's insurer to take responsibility for the clean-up. Unfortunately, ABC news reports that much of the damage from the oil leak is irreversible. The health and livelihood of locals as well as rare species will be impacted for at least the near future. Hopefully, this relatively small but dangerous leak will spur the government of the Solomon Islands to looking closer at extraction industries in their nation as well as environmental regulations and responses.

Resource extraction responsible for half world's carbon emissions

Extraction also causes 80% of biodiversity loss, according to comprehensive UN study
Jonathan Watts, The Guardian, 12 March 2019

Extraction industries are responsible for half of the world's carbon emissions and more than 80% of biodiversity loss, according to the most comprehensive environmental tally undertaken of mining and farming. While this is crucial for food, fuel and minerals, the study by UN Environment warns the increasing material weight of the world's economies is putting a more dangerous level of stress on the climate and natural life-support systems than previously thought. Resources are being extracted from the planet three times faster than in 1970, even though the population has only doubled in that time, according to the Global Resources Outlook, which was released in Nairobi on Tuesday. Each year, the world consumes more than 92b tonnes of materials – biomass (mostly food), metals, fossil fuels and minerals – and this figure is growing at the rate of 3.2% per year.

Since 1970, extraction of of fossil fuels (coal, oil and gas) has increased from 6bn tonnes to 15bn tonnes, metals have risen by 2.7% a year, other minerals (particularly sand and gravel for concrete) have surged nearly fivefold from 9bn to 44bn tonnes, and biomass harvests have gone up from 9bn to 24bn tonnes. Up until 2000, this was a huge boost to the global economy, but since then there has been a diminishing rate of return as resources become more expensive to extract and the environmental costs become harder to ignore. “The global economy has focused on improvements in labour productivity at the cost of material and energy productivity. This was justifiable in a world where labour was the limiting factor of production. We have moved into a world where natural resources and environmental impacts have become the limiting factor of production and shifts are required to focus on resource productivity,” says the study. The economic benefits and environmental costs are broken down by sector. Land use change – mostly for agriculture – accounts for over 80% of biodiversity loss and 85% of water stress as forests and swamps are cleared for cropland that needs irrigation. Extraction and primary processing of metals and other minerals is responsible for 20% of health impacts from air pollution and 26% of global carbon emissions.

Massive dump trucks by the Syncrude upgrader plant, Canada. The tar sands are the largest industrial project on the planet, and the world’s most environmentally destructive. Photograph: Rex/Shutterstock

The biggest surprise to the authors was the huge climate impact of pulling materials out of the ground and preparing them for use. All the sectors combined together accounted for 53% of the world’s carbon emissions – even before accounting for any fuel that is burned. “I would never have expected that half of climate impacts can be attributed to resource extraction and processing,” said Stefanie Hellweg, one of the authors of the paper. “It showed how resources are hiding behind products. By focusing on them, their tremendous impact became apparent.” The paper highlights growing inequalities. In rich countries, people consume an average of 9.8 tonnes of resources a year, the weight of two elephants. This is 13 times higher than low incomes groups. Much of this is unseen because huge amounts of materials are often needed for a small end product, such as a mobile phone.

Izabella Teixeira, former environment minister of Brazil, said the report highlighted how rich consumer nations have exported environmental to poor producing countries. With this model now hitting climate and biodiversity boundaries that affect everyone on the planet, she said it was time for change. “Currently decisions are being based on the past but we need to base them on the future. That means leadership.” Where leadership could come from is difficult to see in the current political environment. The US and Brazil are slashing existing environmental regulations. China has moved ahead on renewables and pollution, but its growth is even more material-intensive than developed nations. According to the report, Asia is driving the fastest demand for minerals among upper-middle income countries, which now – because of their big populations – have a greater combined material weight than wealthy nations.

The authors said it was essential to decouple economic growth from material consumption. Without change, they said resource demand would more than double to 190bn tonnes a year, greenhouse gases would rise by 40% and demand for land would increase by 20%. However, they said this dire scenario could be avoided if there is a faster transition towards renewables, smarter urban planning to reduce the demand for concrete, dietary changes to lower the need for grazing pastures and cut levels of waste (currently a third of all food), and a greater focus on creating a cyclical economy that re-uses more materials. They also called for a switch of taxation policies away from income and towards carbon and resource extraction. “It is possible to grow in a different way with fewer side-effects. This report is clear proof that it is possible and with higher growth,” said Janez Potočnik, co-chair of International Resource Panel and former environment commissioner for the European Union. “It’s not an easy job to do, but believe me the alternative is much worse.”

Bougainville's Momis says mining opponents are lying

Radio New Zealand, 12 March 2019

The President of Bougainville says landowners who criticise the government's proposed mining law changes have been misled. The president announced plans for sweeping changes to the mining law in January, as the government sought money to help pay for the region's referendum on independence from Papua New Guinea.

Bougainville's Panguna Copper mine Photo: Supplied

It has been criticised by landowning groups and human rights organisations but John Momis says these people have been misled by mining companies and others who want their own deals. Mr Momis said the new law would greatly increase returns for landowners, earning them much more than the current measure which only guarantees their ownership of the minerals while they are in the ground. "Under our proposal they own the resources, unextracted or extracted, and based on the known ore body we can raise the money ourselves." The mining law change would also see the government set up its own joint venture with an Australian entity, called Caballus. The joint venture, to be known as Bougainville Advance Mining, would aim to re-open the huge and controversial Panguna mine. The Bougainville referendum is set to be held in mid October.

MEDIA RELEASE
Monday 11 March 2019

"FIGHT IS NOT OVER". Call for Nautilus licences to be cancelled in Papua New Guinea

On 21 February 2019, Nautilus Minerals Inc. filed for protection from creditors under the Canadian Companies' Creditors Arrangement Act (CCAA).[1] Whilst claiming this as a victory in their decade-long campaign to stop the Nautilus Solwara 1 Project in the Bismarck Sea, local communities and civil society in Papua New Guinea are taking heed that the fight is not over until all Nautilus licences are cancelled. “This is very welcome news!” stated Jonathan Mesulam, Alliance of Solwara Warriors whose village on the west coast of New Ireland Province is situated only 25km from the Solwara 1 project. “New Irelanders and communities from Provinces across the Bismarck sea have given their undivided support for many years to stop experimental seabed mining.”

“The longer Nautilus is delayed and tied up in protecting itself from bankruptcy the longer they are in debt and not able to get Solwara 1 up and operating, and the closer we are to stopping the project and protecting our livelihoods and seas.” “The voices of local communities through the Alliance of Solwara Warriors, Churches and civil society in PNG have consistently opposed Nautilus Minerals,” declared Christina Tony, Bismarck Ramu Group. “We strongly believe this unified voice is what is driving Nautilus Minerals out of our country and towards bankruptcy. Other companies thinking of mining the sea floor in PNG or the Pacific should pay attention.”

The court order under CCAA is an agreement between Nautilus and its two main shareholders, MB Holding & Metalloinvest. Nautilus’ auditor the accountancy firm PwC is acting as court monitors to oversee a plan to sell company assets so Nautilus can either continue as a smaller business or those it owes money to will get the best value if the company goes bankrupt. Nowhere in the court order does it mention the PNG Government who owns a 15% in Solwara 1 and the equipment.

“This small group of key interested players will advantage themselves to the detriment of the PNG Government,” alleged Sir Arnold Amet, former Papua New Guinean Attorney General who has repeatedly warned the PNG Government of the financial liabilities of holding a 15% stake in Nautilus Minerals. “While this is good news for those of us who have been calling for the project not to go ahead, the fight is not over. Not until the PNG Government terminates the

Solwara 1 operating licence, as well as all of Nautilus' licences in the Bismarck and Solomon Seas, will we be able to claim victory."

The court order briefly lists three potential legal cases: contract arbitration with Sichuan Hungua Petroleum equipment; Gunner Cooke over legal fees for MAC and the continuing problems with loss of the support vessel; and threatened legal action by MDL Energy over "alleged misleading public disclosure. "There appears to be no legal action listed regarding the PNG Government" continued Sir Amet. "Has the PNG Government been 'taken for a ride' by Nautilus? Did they ever really intend to mine at Solwara 1? Our Government should explore recouping its failed investment by suing Nautilus for breach of contract."

Peter Bosip, Executive Director, Centre for Environmental Law and Community Rights, who are supporting the landmark case bought by coastal communities challenging the Solwara 1 project under Sections 51 and 59 of the PNG Constitution[2] claimed, "We have seen the original company directors and officers of Nautilus Minerals walk away with a lot of money in their pockets to form DeepGreen Metals, a company promising riches to other Pacific Island nations." "This is a case of companies mining the market. Whether they have intentions of mining, or not mining the resource, they are cheating the PNG government and its citizens."

[1] Monitors pre-filing report to the Supreme Court of British Colombia, 21 February 2019, https://www.pwc.com/ca/en/car/nautilus-minerals/assets/nautilus-minerals-019_030119.pdf

[2] 'World-first mining case launched in PNG', Lawyers Weekly, 14 December 2017, https://www.lawyersweekly.com.au/wig-chamber/22429-world-first-mining-case-launched-in-png

'Troubled Papua New Guinea deep-sea mine faces environmental challenge', *The Guardian*, 11 December 2017, https://www.theguardian.com/world/2017/dec/12/troubled-papua-new-guinea-deep-sea-mine-faces-environmental-challenge

Solomons' laws can't cope with oil spill - PM

Radio New Zealand, 11 March 2019

Solomon Islands environmental laws are inadequate for dealing with disasters like the Rennell oil spill, the country's prime minister says. The *Solomon Star* reported Rick Hou saying it took almost a month for a response to the shipwrecked *MV Solomon Trader* to get underway. Mr Hou said by that time the ship, which grounded on a reef while loading bauxite in the middle of a storm, had been leaking oil into the ocean for over a fortnight. Existing legislation does not provide for emergency action in such an event, Mr Hou said. A review of the country's environmental and mining laws is needed, he said. Any new laws should include liability provisions to ensure companies involved in accidents are held responsible and are required to take action immediately, the prime minister added.

Step closer to royalties

By CLARISSA MOI, March 11, 2019, The National Business

The Landowners of petroleum development licence (PDL) 1 and PDL 7 at the PNG LNG project site of Hides, in Hela, will now be able to receive their benefits. Petroleum Minister Dr Fabian Pok, when signing the ministerial determination in Hela on Saturday, said that those royalties and equities had been there for over 10 years. He said landowners completed the identification process last month, reviewed it and agreed on which landowner groups were within the PDL areas. That decision led to the ministerial determination. “The next process is to gazette it,” Pok said. “I’ve talked to the Government Printer already to have these printed today.

“By Wednesday, my team will be back to distribute to the people. “What has been gazetted is what they have given us. “After gazetting, there’s 28 days where anybody who’s got grievances can bring it forward within that period, and we will address it.” Pok said once everyone accepted that clan-vetting had been completed after 28 days, Mineral Resources Development Company would:
Open accounts for people in the PDL area to benefit from their royalties and equities that had been sitting in the Central Bank for more than 10 years; and, Conduct elections for leaders to represent them in the landowner company in PDL 1 and 7. “Once the accounts have been opened, 40 per cent will be distributed in cash, 30 per cent will go in for infrastructure developments and another 30 per cent will be invested for the future generation,” Pok said.

He said the Electoral Commission would be involved in conducting elections for clan leaders, block leaders and PDL chairman and deputy chairman for landowner companies of the six blocks in PDL 1 and six blocks in PDL 7. He thanked the leaders for the cooperation that got the process done. “In the past, people tried to do it in Port Moresby,” he said. “That’s where it all went wrong.” Pok said the process had cost them only K500,000 and was completed in two weeks. He said he would write to the chief justice to transfer all landowner court cases in Port Moresby to Tari. Pok said this was one of the factors that delayed clan-vetting, the other being sorting out issues in Port Moresby. Hela Governor Philip Undialu called on landowners to return to Hela to help their people. He also appealed to leaders to settle differences within 28 days without going to court.

Letter to the editor

Query on safety of underground mining at Wafi-Golpu

Post-Courier, 11 March 2019

On page 44 of Thursday’s Post-Courier March 7, I read an article title “Mine collaspe death toll rises”, a story about a mine collaspe in northern Indonesia which killed 16 people as hopes to find more survivors fade last week. Few months ago I wrote a letter to the editor about the underground mining at Wafi Golpu in Mumeng LLG of Bulolo district in Morobe province and gave my own view on differences between the open pit and underground mining but nobody seemed to take serious note. I did suggest that the Wafi Golpu mining project must be done by open pit instead of underground as the soils in and around Bulolo district were too soft to hold out loose soils from underneath, which may result in future collapse anytime during the lifetime of the mining operations. In addition to that I highlighted that there is a possiblity the underground mining may venture into other neibouring customary land rights of others that are not a party to any memorundums of agreement signed between the Government and current landowners which may develop into landowner conflicts in future.

I am a former politician, not a geologist or an expert on gold mining, but I am a people’s leader and am warning both the developers and both national and provincial government not to rush into any decisions to commence operations but instead allow some time to consider people’s views on environmental damages and other such consequences. Of course both the national and provincial government and certain politicians and landowners want money but what is money compared to human lives? The lifes of many mine workers underground will be placed at risk, not forgetting that Wafi Golpu underground mining will be the first of its kind in PNG. Finally can both the national government and the developers of Wafi-Golpu gold mining project come out publically in the media and assure us, especially the people of Bulolo district, that the underground mining of Wafi-Golpu project is safe? **Samson Napo, Former Bulolo MP**

The political economy of the Solomon Islands oil spill

DevPolicyBlog by Daniel Evans on March 08, 2019

Large scale environmental disasters in developing countries come and go these days with only the faintest of acknowledgement in the industrialised north. Another sip of the morning coffee, a flick of the television remote control or newspaper page, and they are largely forgotten. Over the last month what authorities fear could be the country's worst environmental disaster in recent times has been playing out in Solomon Islands. A ship laden with up to 600 tonnes of oil has run aground off the postage-stamp-sized island of Rennell, best known for its biological diversity and for being the largest raised coral atoll in the world. The Hong Kong-owned vessel was collecting the island's fertile soil, laden with bauxite ore.

It is estimated that anywhere between 60 to 100 tonnes of fuel have now been discharged onto the island's reef. While precipitated by Cyclone Oma, early indications suggest a flouting of marine safety codes led to the grounding. More spillage is anticipated over the coming days and weeks.
In the midst of a fiercely fought election campaign in Solomon Islands, it could be expected that this calamity would be the focus of the nations' attention. How did it occur and who is responsible? Instead, not one word about the disaster has been uttered publicly by the country's politicians who are deep in campaigning mode: not a peep from the Minister for Environment, not a whisper from the Minister of Mines, not a murmur from the Prime Minister. It is notable that the incident has garnered more interest outside of the country. Foreign news coverage has surpassed that of the local media.

Meanwhile, the Indonesian company responsible for mining in Rennell – the company that chartered the stricken ship – continues to load its precious bauxite only a stone's throw from the listing tanker, seemingly oblivious to the unfolding catastrophe. No one is stopping it. Outsiders are leading the effort to contain the spill, with Australia at the fore. Australian experts are now on the scene, although the initial slow reaction, the island's remoteness, the complex logistics and the state of the hapless ship has meant that progress has been excruciatingly slow. What has transpired in Solomon Islands tells us a number of things about a country that Australia has spent billions propping up over the last fifteen years.

The unfolding disaster on Rennell is a perfect case study in rapacious natural resource exploitation, poverty and weak governance. And the deafening silence within Solomon Islands is perversely rational. Solomon Islands' politics is highly localised: direct relationships of MP-voter patronage dictate everything. It is characterised by widespread corruption, fuelled by the country's Asian-dominated logging, and now mining, industries. (There is a blurring between the two, as one-time loggers turn their hand to mining.) Political and bureaucratic elites collude with third-rate companies whose definition of corporate social responsibility is to build a public road to a mining site. Environmental laws are disregarded, either deliberately or because public servants lack the ability to enforce them.

Against this backdrop, there are no incentives, indeed, there is no need, for any of Solomon Islands' 50 fragmented national MPs to worry themselves about a mounting environmental catastrophe which government neglect and malfeasance has contributed to. Not one vote cast at April's upcoming election will be made on the basis of what is transpiring in Rennell. The vast majority of voters simply have no interest in matters beyond the personal: the provision of corrugated iron roofing, given by a local MP, upon which a similarly gifted cheap solar panel can be affixed. And this too is completely rational given a historical failure of government service delivery and limited livelihood options. At a political level, no one will be held accountable for this disaster.

While oil haemorrhages, the vexed question of how to address the fundamental problems underlying Solomon Islands' natural resource sector continues to be ignored. And there are zero political repercussions for this; just as there have been none for the national government for foregoing much needed revenue by scrapping all export duties on bauxite in late 2016, and for quietly pulling out of the global standard for governance in minerals, the Extractive Industries Transparency Initiative, last year.

Back on Rennell, the island's only arable land continues to be scooped up and shipped off-shore. Future generations' valuable food gardens are vanishing. The trashing of an island once known for its pristine environment is reaching a crescendo, with the destruction of its marine environment now added to the list of woes. Despite this, there will be no change to Solomon Islands handling of its internationally recognised, and dwindling, natural resources. To do so would require the country to change its politics, something no one, neither voters nor elected officials nor donors, is able to do.

Violence worries mining boss

March 8, 2019, The National Business

THE president and chief executive of Barrick Gold Corporation, Mark Bristow, is concerned about the level of violence at Porgera in Enga. "It's disappointing to come here and see such conflict," he said. "We should be working to make sure that the community around this mine make this place a better place to come to work." Bristow said this during a question and answer (Q&A) session with employees at Porgera Gold Mine. On his maiden visit to the country, Bristow led a Barrick delegation to Port Moresby and up to Porgera on Feb 15 to 18. He called on national employees, particularly those from areas in the vicinity of the mine and the general Enga province, to look at ways within their families, clans and tribes, to deal with ongoing tribal warfare that had resulted in the loss of many lives and destroyed properties over the years.

"We've convinced other people to come and put their money here," Bristow said. "My job today is to convince Barrick investors to continue to stay in Papua New Guinea. "I can't do that without your help." Bristow, from South Africa, shared many of his experiences on conflict resolution. "When is it that we stop and take the responsibility ourselves for our own future? I will point out to you that there's not one example that a war has resulted in peace. Wars are always resolved in the conversation after the war. So why should we fight? Why don't we just go straight to the conversation?" The Q&A session gave employees an opportunity to ask questions on various subjects.

Golden years ahead for Porgera mine

March 8, 2019, The National Business

POGERA gold mine in Enga has the potential to produce 500,000 ounces of gold a year for the next 20 years, says Barrick Gold Corporation president and chief executive Mark Bristow. He said the challenge was now on management, staff and the local community to work together to ensure that benefits continued to flow to all the stakeholders. Bristow made these comments during a question and answer (Q&A) session with employees at the mine recently. "When you look at the current plans of Porgera, it has the potential to be able to deliver 500,000 ounces for the next 10 years," he said. "The geologists are indicating that there's potential for another 10 years after that." Bistow said the biggest challenge for the operation was cost-associated with operating the mine. On his maiden visit to the country, Bristow led a Barrick delegation to Port Moresby and up to Porgera on Feb 15-18.

The Q&A session gave employees an opportunity to ask questions on various subjects, including the ownership of the mine and future prospects. “Why I’m here is to understand this project,” Bristow said. “As you know today, Barrick is the biggest gold miner in the world and we want to be the most valued. “We must ensure that our shareholders trust us, our host countries governments trust us, and that our workers are proud to work with us in our mines. “That’s what we want to be.” Bristow also took the opportunity to talk about the Porgera Joint Venture (PJV) partners and their commitment to the future of the mine. “I’m here to explain to you that Barrick is back along with Zijin, because this is a joint venture,” he said. “I intend to work with you and the management team, and put Porgera back on the map. “We want to renew our special mining lease. “We are prepared to invest in the future of this mine and its people. “It’s not only an asset for Porgerans. “It’s a national asset that makes its contribution to everyone in this country.”

Companies in Solomons ship disaster could be forced to shut down

Radio New Zealand, 8 March 2019

Rick Hou, Solomon Islands Prime Minister Photo: RNZ Pacific

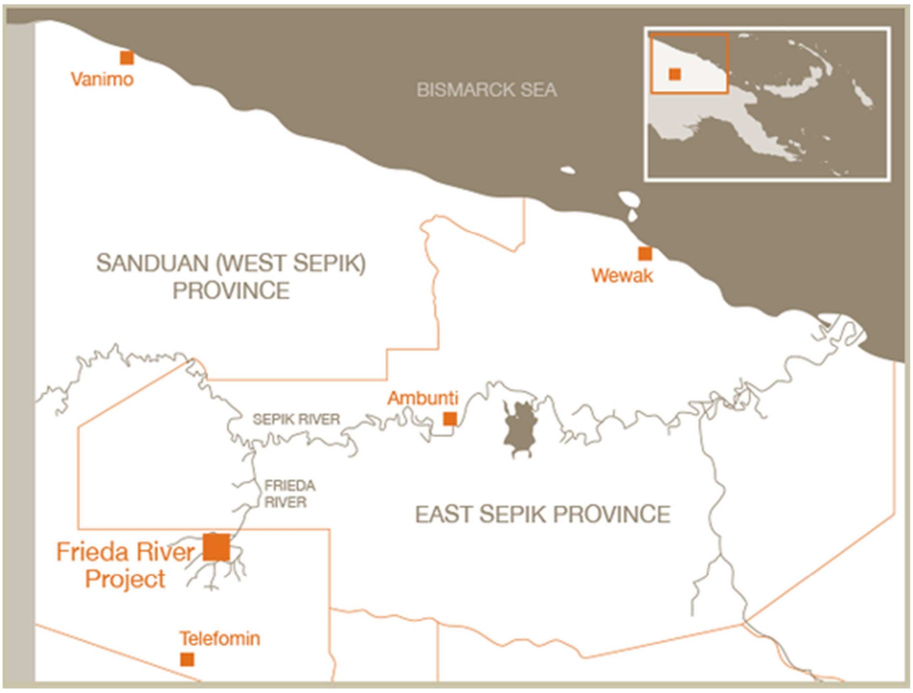
The Solomon Islands caretaker Prime Minister Rick Hou says the government is looking again at the lease for bauxite mining operator, APID and its associate BinTan Mining Solomon Islands. This comes after the environmental destruction caused by a bauxite carrier running aground in Kangava Bay on Rennell Island, which led to 100 tonnes of heavy fuel oil flowing into the bay. Mr Hou said both mining companies, along with the shipping company, are responsible for the clean-up.

Furthermore he said the mining companies may be barred from Rennell. "The decision on the company mining lease and development consent will be done when all assessments I have instructed have been completed," he said. "We have laws in this country and regardless of the inadequacies in some areas they still form the basis upon which decisions relating to the mining lease and development consent must be addressed." Mr Hou said Solomon Islands has earned little from the more than 64 loads of bauxite ore that have been shipped off Rennell since the mine started operations.

5.6-magnitude quake hits 9 km NE of Ambunti, Papua New Guinea -- USGS
Xinhua, March 7, 2019


Damage from a February 2018 earthquake near Mendi. The earthquake killed more than 100 people. PHOTO: MELVIN LEVONGO/AFP/GETTY IMAGES

An earthquake measuring 5.6 on the Richter scale jolted 9 km northeast of Ambunti, Papua New Guinea at 1847 GMT on Wednesday, the U.S. Geological Survey said.
The epicenter, with a depth of 132.36 km, was initially determined to be at 4.1824 degrees south latitude and 142.9124 degrees east longitude.



The Frieda River mine will be 70kms south of the Sepik River on the border of the Sanduan and East Sepik Provinces and some 500kms upriver from the coast.

Resource sector to drive growth in PNG

March 7, 2019, The National

The country's growth rate will reach 4 per cent this year on the back of many new investments in the resources sector, Prime Minister Peter O'Neill says. O'Neill, speaking at the leaders' summit in Port Moresby yesterday, said Government wanted to see this growth improve between 2020 and beyond. "There is global confidence in our economy even before the leaders' summit," he said. "We saw this played out in the international bond market. We had been trying to enter the bond market for 20 years and this had been unsuccessful, but this changed last year. "Our expectations were exceeded when the sovereign bond was oversubscribed by more than 600 per cent. That indicates strong confidence in our economy. "Today, the bond is rated as one of the best emerging-market bonds in Asia and won multiple awards.

"Our bond is trading very positively in the market. "We expect that for future bond issues, the costs will be even lower, another source of funds that governments in the future can raise." O'Neill said the Government presented the 2019 national budget to Parliament with a total expenditure of close to K16 billion. He said this was made up of K10.6 billion in operational expenditure and K5.5bil in capital expenditure. "Our challenge is to get this balance right by making sure that we continue to improve on the capital expenditure," O'Neill said. "In line with the medium-term expenditure strategy, expenditure as a percentage of GDP, is down to 18.2 per cent in 2019, and 16 per cent per cent by the year 2022. "Our Government is also continuing to maintain our debt levels to remain within the 30 per cent of GDP."

Letter to the editor

Spare Sepik River from pollution

Post-Courier, March 7, 2019

The September 2018 signing of Frieda River mine project accord by PanAust – the developer and the landowner groups as reported in the other paper was good news for the government. The Governor of West Sepik, Tony Wouwou said in part "… the accord committed all parties to ensuring peaceful and constructive cooperation"… and "… everyone must work together to resolve differences amicably and without disruption to the project …". Let's hope they all remain committed to the terms of this accord. I have three points to raise here. First is the issue that continues to raise eyebrows. It is about the ownership of the underground resources. Who owns the oil, gas and minerals on customary land? Is it the landowners, the government, or the developer?

The truth is; landowners own the land but not the underground resources. Why this is so, is because there are man-made laws that deny them full rights to their resources, hence they don't get a fair share of the proceeds. When the job is done, the developer packs up and leaves behind land and environmental completly reshaped. A change of law will certainly make a world of difference in favour of the landowner communities. My second point is on the Sepik River. Governor Wouwou made no mention of a tailings dam, or Sepik River to be the passageway for the shipment of mineral ores, but said that a tailings pipeline would be built across the border in East Sepik. The people of Angoram and Ambunti-Drekikir, whose survival depends on the pollutant-free Sepik River are denied their rights to discuss risks that Frieda mine pauses to the Sepik River. The simple villagers have no idea whatsoever on the imminent risks they are about to face.

Despite the ignorance, there is a real possibility of serious environmental impacts that Frieda River mine activity can cause, as there is no guarantee that what happened to Fly River and now the Ramu River won't happen to the Sepik River. I raised this very concern last year, which was supported by the environmental scientist Alphonse Roy, who presented some related factual information based on his two “early warning study proposals” which he presented to the Angoram district administrator and others, now locked away or trashed. May I appeal once again to the developer is to meet and listen to the Sepik River leaders and get first hand information on how this river has been their life-line for many generations? They want to know how prepared PanAust is, in terms of the provision of alternative water services, fish stock preservation and health services in communities along the Sepik River to mitigate the impacts brought on by intentional and accidental mine rejects. Thirdly, can the government quickly confirm if PanAust has been taken over by the then major shareholder, Guangdong Rising Assets Management – a Chinese state-owned company? If so, they must make Sepik River the safest? MM Ondassa Taurama, NCD

Bauxite workers in Solomon Islands left unpaid
Radio New Zealand, 7 March 2019

A bauxite company in Solomon Islands is accused of failing to pay its workers for more than a month. Bintan Mining Solomon Islands is operating the mine which supplied bauxite to the ship leaking oil off Rennell island. Workers have told the *Island Sun* newspaper that they have not received their salaries for the last month and are unable to feed their families. The workers are from several provinces but also from abroad, including Indonesia and China. One worker said he was considering stopping operations on his land until the company paid the outstanding salaries. "I think the incident (oil leak) has nothing to do with our salaries because the company should have a separate budget to continue pay workers' salaries," he said.

Solomons' PM attacks companies over oil spill
Radio New Zealand, 7 March 2019

The Solomon Islands government has slammed the companies at the heart of the Rennell Island oil spill disaster. The Solomon Trader ran aground in Kangava Bay a month ago and has spilled about 100 tonnes of oil into a world heritage marine area. Caretaker prime minister Rick Hou said mining companies APID and BinTan Mining Solomon Islands, shipping operators Kind Trader and PMC Marine along with their insurers were responsible for removing the oil and repairing the damage. He said to date the companies had listed the damage as a low priority. But the government was prepared to put them on an international blacklist "if they do not take their responsibilities in accordance with internationally accepted practice", Mr Hou said.

The prime minister also said he wanted to look again at the contract that allowed APID a mining license because he was concerned adequate checks were not carried out on a company he claimed was not actually a mining operator. An Australian Maritime Safety Authority team has been on Rennell since Wednesday and is working to contain the spill, Mr Hou said. A salvage company is also on site and the government was confident no more oil was leaking from the ship, he said. Meanwhile, the government is pushing for all mining on the island to be stopped to allow the salvage and clean up to happen as quickly as possible. Miners and the island's chiefs, however, want mining to continue, Mr Hou said. The government had earned very little from more than 64 shipments of bauxite from Rennell and was of the view that "exporting our resources for virtually no economic return is immoral and unacceptable", he said.

Mine makes money, time to pay tax

By HELEN TARAWA, March 6, 2019. The National Business

RAMU Nickel mine is now in a taxable position and should be able to participate in the new tax credit scheme, National Planning Minister Richard Maru says. Maru told The National that the new policy for the tax credit scheme would be launched this week, allowing Ramu Nickel to be the first company to participate. He said Prime Minister Peter O'Neill would tomorrow launch the new tax credit policy "and we will reinstate the tax credit policy which was halted in 2017". "There was a moratorium pending a review, which we have now completed and National Executive Council has approved of the changes," Maru said. "The new scheme and the new guidelines will be launched by the prime minister and would support this project." In response to the questions by Usino-Bundi MP Jimmy Uguro on the tax credit scheme, Maru said it would be up to him, his district development authority and Ramu Nickel to sit down and agree on the full cost.

"I would be happy to see such projects funded out of tax credit," he said. "We will be happy because Ramu Nickel had not funded any projects under the tax credit scheme. "They were operating at a loss for a long time. "Now that they are making money, they will have to start looking at funding projects in the two districts located in the mine area – Usino-Bundi and Rai Coast. "The Government will be fully supportive of Ramu Nickel to fund that project out of the tax credit. "The forms and costing will come through the normal process, but in principle, we support this project. "The Government will be fully receptive and supportive of that proposal once the application has been received." Maru said the issue now was for Ramu Nickel to come to the party and agree to provide the money under the tax credit scheme to build the Usino-Yar Road. He said the Usino-Yar Highway in Madang would be the first project funded through the scheme.

Academic argues progressive mineral taxation regime

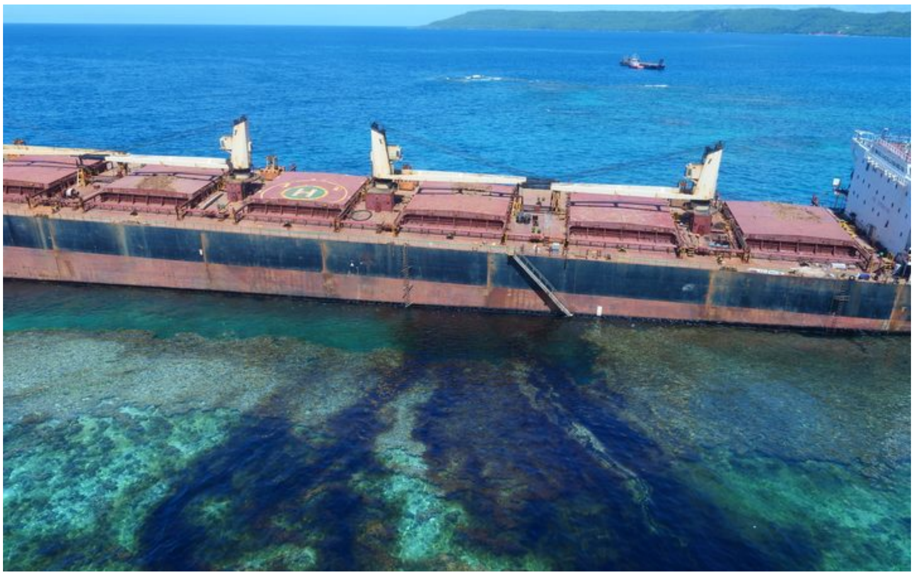
Post-Courier, March 6, 2019

A senior lecturer at the PNG University of Technology says, he has developed a useful model for analyzing the progressive mineral taxation regime of PNG in dealing with pertinent and current issues facing PNG as a developing mineral-rich country. Dr Kaepae Ken Ail recently graduated from Curtin University of Technology in Perth with a high graded PhD degree in which his study/ research found that the governments can collect a high magnitude of revenues through devising a more progressive tax system that includes indirect tax instruments and non-tax benefits. "It is also argued that the fiscal disparity gap created by the weakly progressive tax instruments can be reversed by adding the indirect tax instruments and non-benefits to the direct tax instruments, including royalties and the levies etc," he said.

"However, the non-tax benefits cannot be a substitute for paying lower levels of direct tax revenues than the tax-base requires as the government needs revenues from the direct and indirect tax instruments for a fair redistribution of goods and services at the national level and to diversify the resource revenues into other sectors such as agriculture to maintain economic stability." Dr Ail said his study finds that PNG's mineral taxation regime, which was reformed in 2000, is the best one and does not need major reforms. "PNG, however need to protect the tax base more than changing tax rates. The study finds that accelerated depreciation, a thin capitalisation rule of 2:1 debt-to-equity ratio, limited loss carry forward provision to the payback period and completely banning tax holiday can make tax instruments more progressive and therefore could raise more revenues for social development." Dr Ail said the IRC's mandatory and aggressive awareness on tax liability is timely needed for effective tax compliance and scrutinise tax avoidance.

“The IRC is presently heading in the right direction. The study finds that PNG society’s perception of ‘resource rich yet poor’ is not related to the mineral tax system, but it is a redistribution problem caused by all layers of governments, corruption and macroeconomic mismanagement,” he said. “Additionally, the landholder communities can benefit more from capturing more of the quasi-rents instead of exposing themselves to financial risks by direct equity participation.” He said this suggest that PNG’s progressive mineral taxation regime of PNG is flexible to respond to boom and bust periods so there is no need for costly tax reforms and reduce the corporate income tax rate. “Therefore, PNG needs to make the tax instruments more progressive to transfer a greater portion of its mineral wealth to PNG citizens,” he said. Dr Ail is a graduate mineral economist in PNG, specialising in mining taxation, finance and policy.

Salvage of wrecked ship in Solomon Islands finally underway
Radio New Zealand, 6 March 2019



MV Solomon Trader oil spill on Rennell Island, Solomon Islands. Photo: The Australian High Commission Solomon Islands

The ship, the *Solomon Trader,* got stuck on a reef in Rennell while loading bauxite during a cyclone on the 5 February. Since then, it's spilt about 100 tonnes of oil into a world heritage marine area. The initial slow response by the companies responsible has angered the governments of Solomon Islands, Australia and New Zealand, which have contributed to the clean-up. The director of the Solomon Islands Disaster Management Office, Loti Yates, said the response is - finally - underway. "Everything is moving, but the actual extracting the oil of the ship has not started. But containing the flow, they've set down the booms and everything that will avoid devastation from what oil is still coming out, that is being done." Loti Yates said reports of devastating environmental effects are starting to emerge. He said dead fish have washed on beaches, and people who live nearby have felt ill because of the fumes. "There are dead fish and crabs and all that. The fumes that is coming out from the oil is also affecting communities and I just had a report it also impacting on the chicken and birds. "They reported that a village very close to that area had seen chickens dying or something."

Bauxite allegedly dumped following Solomons ship stranding
Radio New Zealand, 5 March 2019

Two barge-loads of the mineral bauxite were allegedly dumped in the sea in the hours after a giant bulk carrier stranded in Solomon Islands. The loader, *Solomon Trader,* has been stranded on a reef for a month, and has leaked about 100 tonnes of oil into a world heritage marine reserve. The *Solomon Star* newspaper is reporting that the night the ship was cast adrift and struck the reef, two barges were sent out to try and rescue it. But they themselves got into trouble near the reef and they unloaded the bauxite into the world heritage area, according to the the newspaper. That's according to the accounts of several villagers along the Rennell coast, who witnessed the dumping. They said it discoloured the water, unleashed a noxious odour, and killed fish. Within days oil from the vessel started to leak into the water too. Efforts to pump the remaining 600 tonnes of oil from the ship continue.

Don’t listen to Aopi, says Lower Porgera association
BY JEROME IKUAVI, Post-Courier, March 5, 2019

THE Lower Porgera Association Inc has thrown its support behind the Resource Owners Federation of PNG over a call by the Chamber of Mines and Petroleum president Gerea Aopi to the national government last week not to delay the renewal of the Porgera Special Mining Lease (SML). Association chairman John Pokoli in a statement to the Mineral Resources Authority Chief Mining Warden stated that due to the continuous ignorance by the mining company, the group lodged its objection to the Mineral Resources Authority (MRA) on September 24, 2018. “Our objection was in regards to Barrick Porgera, a Canadian mining company, that has become a controversial mine over human rights abuse and environmental issues and the company has been operating in PNG with total impunity,” he claimed.

MRA Chief Warden Andrew Gunua while replying to the objection by the association advised that the objection will be compiled with the warden hearing report which will be forwarded to the Mining Advisory Council (MAC) for its consideration in determining the grant or refusal of the application. Mr Pokoli said that the association had submitted its claims for environmental damages as per the Ministerial Determination (MD) to the Barrick Porgera including the head office in Canada, Barrick Corporation chairman and the government however has not received any response from the respective authorities to date. He said the association advised the government not to listen to the Mr Aopi because he does not come from the mining area and has not felt the environmental impact. “We call on Gerea Aopi to advice Barrick to adhere to set laws of this country,” Pokoli said.

Anger mounts at response to Solomons oil disaster
Jamie Tahana, RNZ Pacific Journalist, Radio New Zealand, 4 March 2019

The abandoned hull of the 200-metre long cargo vessel, *Solomon Trader*, still sits precariously on the reef at Kangava Bay, in remote Rennell Island, where it was washed up on 5 February. The ship, chartered by an Indonesian mining company, had encountered difficulties while trying to load bauxite during a cyclone. A gash on the bulker's side has leaked about 100 tonnes of oil into the sea, according to environmental assessments conducted by Solomon Islands and Australian authorities, creating an oil slick that extends about six kilometres from the wreckage. The oil spill spells disaster for local communities in Kangava Bay, where hundreds of residents rely on the sea for their food and livelihoods. Pictures from the area have shown normally bright blue water darkened by oil slicks, white sand blackened by sludge, and interviews with residents have told of a heavy stench that makes breathing difficult.

"It's part of our life," said Colin Singamoana, the premier of Rennell Province. "We usually use the reef. We also rely on seafood." As response crews scrambled to contain the spill and pump the remaining oil from the ship, they are in a race against time to avert a catastrophe. Environmental assessments predict a "high chance" of the remaining fuel escaping, with the hull threatening to break apart. Anger over how avoidable this environmental disaster was has been compounded by the response from shipping and mining companies involved, which officials from Solomon Islands, Australia and New Zealand have described as slow and evasive. "Our view is that the ship's owners and insurers need to play their part," said Don Higgins, the New Zealand High Commissioner to Solomon Islands. In a post to Twitter on Saturday, Roderick Brazier, the Australian High Commissioner to Solomon Islands said: "The companies involved must take action now". On Sunday, Australia's foreign minister Marisse Payne weighed in: "We expect companies operating in our region to meet international standards and take seriously their environmental obligations," she said in a statement.

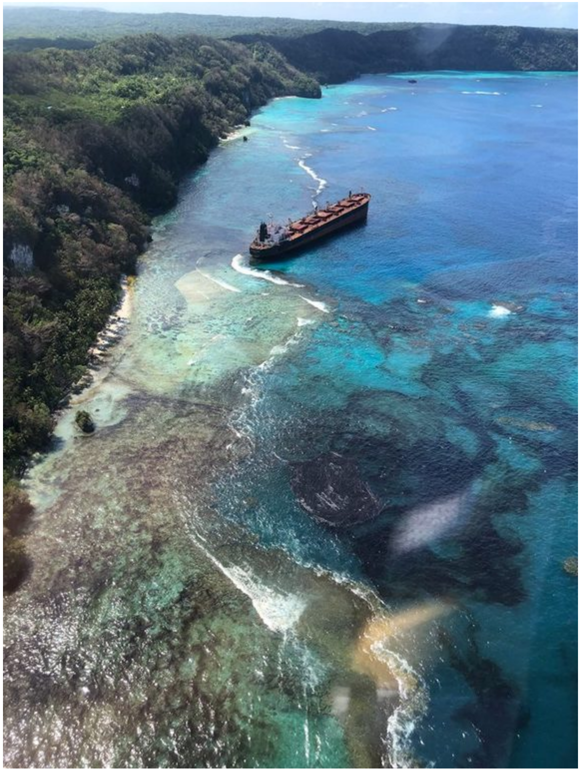


Photo: Australian High Commission in Solomon Islands - DFAT

The Hong Kong-flagged *Solomon Trader* arrived in Kangava Bay from the Chinese port city of Longkou on 5 February, when Cyclone Oma was churning its way through southern Solomon Islands and the north of Vanuatu. The Solomon Islands Meteorological Service was issuing cyclone warnings for much of the country, including Rennell, on 5 February, including specific warnings for mariners to secure their vessels and avoid sailing. Despite the weather, the ship's crew started loading bauxite, the main mineral used in the production of aluminium, from a mine on Rennell operated by the company Bintan Mining Ltd. Cyclone Oma whipped up heavy swells and, somehow, the *Solomon Trader* was cast adrift in the middle of the night, ending up stricken on the reef a few metres from the shore of Kangava Bay. Where the crew were and how they reacted is still under investigation, and the Solomon Islands government said it had conducted initial interviews with them as part of its inquiries.

Mr Singamoana said he understood negligence had played a part in the disaster. "The crew of the vessel left for the celebration of the Chinese New Year, that's what I heard when I was in Rennell," he said in an interview from Honiara, the capital. "The crew of the vessel … they went up to the campsite of the mining company and when the storm hit the vessel it was too late to do anything."

The acting director of the Solomon Islands Maritime Safety administration, Jonah Mitau, had also told local media of a lack of crew watching the vessel that night, suggesting it was a breach of the international safety management code. Much of Rennell - including a marine zone that extends three kilometres out to sea - is part of a World Heritage Area, recognised by the United Nations as a global site of ecological significance that's already threatened by mining, logging and climate change. The island is the largest raised coral atoll in the world, and contains diverse and unmodified forests, coral and species.

It took days for disaster authorities to reach the ship, which was not leaking initially, according to the Solomon Islands Disaster Management Office. Then, once the ship did start leaking, it took several more days for salvage crews to be deployed. As the abandoned ship started to list, and as oil began to pour into the pristine waters, according to three people with direct knowledge of the operation, the mine continued to operate, with several ships manoeuvering around the *Solomon Trader* to collect their loads, stirring up oil in the process. According to the governments of Solomon Islands, New Zealand and Australia, the responsibility for containing the spill, cleaning it up, and removing the wreckage, lies with the ship's owner, King Trading Ltd, its South Korean insurer, and the miner, Bintan Mining Ltd.

King Trading Ltd did not respond to requests for comment. But they've acted frustratingly slow, according to government sources, with one saying action was only really taken once international pressure was applied. "It's frustrating that it's taken so long in such a sensitive area," Mr Higgins said. Nearly a month on, work is finally gaining momentum. Solomon Islands has asked Australia's maritime agency to lead the response, and several military flights loaded with equipment and experts have arrived in the country. A ship is en route to Rennell from Australia which will be anchored at Kangava Bay as an operations centre.

Oil slick from the shipwrecked MV Solomon Trader polluting the shoreline on Rennell Island in the Solomons. February 2019 Photo: Australian High Commission in Solomon Islands - DFAT

New Zealand's government said it had deployed two experts from Maritime New Zealand and would consider further assistance alongside Australian counterparts. "There is a high risk remaining heavy fuel oil on the vessel (currently estimated at over 600 tonnes) will be released into the surrounding area," Australia's Department of Foreign Affairs said in a statement. Meanwhile, the oil spill was being stirred in the currents, Mr Singamoana said, leaving locals and officials to peel the sticky bitumen-like sludge from their white sand and rocks. He said locals were being told to avoid seafood, their main protein source. Despite best efforts to protect it, Mr Higgins said that it was likely the world heritage area would be affected in some way. He said pressure continued to be applied for the companies to step up, as frustration towards them continued to mount.

On Monday, the Solomon Islands government was talking of taking legal action against the companies and possibly suspending Bintan's operations on Rennell. That frustration has reached Canberra too. "Australia is profoundly disappointed by the slow response of these companies, and their lack of adequate communications with and responsiveness to the Solomon Islands government," the DFAT statement said. "We are using our international network and standing as a close partner of Solomon Islands to advocate for Solomon Islands' interests and bring pressure to bear on responsible entities," it continued. "We will act, as appropriate, to minimise the impacts of the spill while ensuring we do not diminish in any way the fundamental obligations of responsible parties." For Mr Singamoana, the companies had to step up: "They have to do something about it, especially to the local people who own the reefs". "They did it," he said.

OK Tedi lauded for support

REPORTS BY ISAAC NICHOLAS, Post-Courier, March 4, 2019

THE road to link from Tabubil to Telefomin, in West Sepik, has now reached 20km into the hinterlands of the Min area and is expected to reach Telefomin in another two years. Telefomin is only accessible by air and the road will open up the electorate for the first time. The project is being funded by OK Tedi Mining Limited, under its tax credit scheme. Local MP and defence minister, Solan Mirisim, thanked OK Tedi, with support from North-Fly district, Western province and West Sepik governors, for making funds available for the critical road infrastructure. He said this during the presentation of the district acquittals of the district services improvement program funding to the department of implementation and rural development (DIRD) in Port Moresby on Friday.

“I am happy with the funding going down to the sectors, we more or less are looking at education, health, and in terms of infrastructure the roads,” Mr Mirisim said. “Most of the roads have fallen into disuse for years, (and) we need to bring them back to life. “OK Tedi has been behind Telefomin and Western province, assisting us to build a road from Tabubil to Telefomin. The North-Fly MP and governors of Western and Sandaun are contributing funds for the road.” “We are about 19 to 20km done and we are looking at about 40 to 50km more to go. In two years time, the road will reach Telefomin, once it reaches Telefomin, it will continue all the way to Oksapmin and then it is easy to go up to Kopiago in Hela province and there, you link the Highlands highway, but it will take time. “But for now, we are still using planes as our only mode of transport.”

Church, district back Piu’s claim to Wafi-Golpu land

March 1, 2019, The National Business

PIU Land Group Inc says it is the rightful landowner of the Wafi-Golpu mine land and not the Yanta, Hengambu and Babuaf groups. This is supported by Evangelical Lutheran Church Head Bishop Rev Jack Urame and Jabem district president Rev Yasam Aiwara. Urame and Aiwara, in letters to Prime Minister Peter O’Neill on Jan 10 and 14, supported Piu’s claim to the land. “Based on facts and figures examined, and confirming letter from ELC lands’ officer in 2002 and all other relevant documents sighted, confirms the ownership,” Urame said. Yasam said Piu land group had fulfilled all the customary law requirements and registration under the Land Act and was granted a lease under the rule of ‘lease-lease back’ when the Government failed to issue them legal ownership over the land.

Chairman Martin Tapei, who has been in and out of court since the 1990s, says it had the title to the mine land 22 years ago – long before the Yanta, Hengambu and Babuaf groups. Its incorporated land group (ILG) certificate covers 50,000 hectares of Portion 8C, Milinch Wasus and Fourmil of Markham, that nestles the Wafi-Golpu project. Piu Land Group, located in the interior of Mumeng and Lower Watut, acquired ILG File No 1882 on Feb 8, 1996, covering 50,000 hectares in Portion 8C. “It will be difficult for Yanta and Hengambu to acquire the ILG over the same land portion when Piu already has the ILG over it 22 years ago,” Tapei said. “The ILG was renewed on March 15, 2017, and the Registrar of ILGs Judah Suka published the intention in the newspaper of March 21, 2017, for 30-day grace period. “Yanta, Hengambu or Babuaf never objected and it was gazetted in the National Gazette.”

Response to Solomon's oil spill stirs anger
Radio New Zealand, 1 March 2019

Meanwhile, the slow response of the ship's owner and a local mining company to the disaster continues to stir anger. The *Solomon Trader* ran aground at Rennell Island while loading bauxite during a cyclone on 5 February. Since then, it's leaked about 100 tonnes of oil into the sea, creating a slick that's spread about six kilometres around the wreckage. Salvage crews are frantically trying to get the remaining 600 tonnes pumped off the ship. But Australia's Department of Foreign Affairs said it was highly likely much of it would be "released" into the sea. It said responsibility for mitigating the environmental disaster rested with the companies involved, and that it was "profoundly disappointed" with how they had responded. Australia said it would help Solomon Islands minimise the spill's impacts, and then help it hold the companies responsible.

And they call it Development!
PNG Mine Watch, February 28, 2019

Editorial

The development and management priorities of Western Province

Post-Courier, February 27, 2019

A political leader from the far flung province wants it to be split into two, presumably on the assumption that it might result conveniently in bringing more development to the huge land mass and its people. This is because all these years development in most parts there has remained static due to insurmountable logistical hardships. That might be literally true as for a start most of the land mass is a natural watershed. Western Province has most rivers lakes and other water reservoirs than probably any other province in the country. This factor has been its most number one hindrance to bringing in any tangible development on a massive scale compounded by isolation of most villages in mainly hamlet-type communities. For many life inevitably has to be nomadic due to the dictates of nature driven by monsoonal rains which is almost all year round causing non-stop flooding. Where there are more permanent geographical land masses, some development has and is taking place including up and around where the giant Ok Tedi mine is located.

For a start the recurrent cost estimates of service delivery undertaken by the provincial and local-level governments there is around K50 million per annum, and is derived from the function grants provided by the national government. They have other revenue sources which according to the National Economic and Fiscal Commission's 2017 figures would put them at K5.346 million from GST, K1.3 million from internal revenue and K21.3 million from Ok Tedi mine royalties. Now that is a hefty sum of income posing the question of what other grants are made available to Western Province and how are they utilised. By comparison Western Province is among the top six richest provinces in the country. Given that scenario the question arises as to how such huge amounts of money and grants for development are being spent and by who so as to warrant the split of the province into two. Will splitting into two provinces do justice to lack of development and poor services delivery for the people.

How is infrastructure going to factored into the development aspirations of the people because that remains a key factor into proper services delivery to the most of remotest communities which the province is mostly made out of. The next question is the style of management for a setting such as Western Province which is sparsely populated over a huge uninhabitable land mass. Realistically no management system or strategies has adequately worked to service all the isolated communities there. And that is probably where the starting point should be which must include re-strategising and designing more effective management systems to ensure services reach all the isolated communities in Western province. Splitting the province into two as a political agenda may not even come close to solving Western province's development problems.

The perils of mining the deep

A guest blog from the Deep Sea Conservation Coalition
Matthew Gianni & Sian Owen, The Economist, February 11, 2019

The deep seabed was once believed to be a lifeless realm of mud and rock. This barren image changed dramatically, however, as technology to explore the hidden depths improved. In 2016, the United Nations First World Ocean Assessment described the deep sea as a '*vast realm which constitutes the largest source of species and ecosystem diversity on Earth, supporting ecosystem processes necessary for our planet's natural systems to function*.' Scientists are just beginning to discover the full richness of deep-sea life. Yet already a number of companies and countries are exploring the deep ocean for minerals and developing the technology to mine some of the last untouched areas of our planet. Much of the commercial interest is focused on deposits of cobalt, copper, nickel and manganese found in nodules that lie on the deep seabed in an area known as the Clarion-Clipperton Fracture Zone (CCZ).

Imagine what mining would look like. To collect commercially viable quantities of the metals in the CCZ, a single 30-year mining operation in the area would churn up an estimated 9,000-10,000 km2 of seabed – an area the size of Lebanon. Sediment plumes generated by the activity would fill the surrounding waters and be carried away by deep currents, reaching ecosystems far beyond the mining site. The noise and light of the subsea machinery could cause harm to marine organisms adapted to the quiet darkness, while large quantities of wastewater with residual ore and sediment would be discharged back into the sea.

Beyond national borders
The CCZ is located in the eastern Pacific Ocean between Mexico and Hawaii, beyond the maritime jurisdiction of any country. This area, like all other international stretches of the seabed, is managed by the International Seabed Authority (ISA), a global body established by the UN Law of the Sea. The ISA is now developing regulations that would permit mining on ‘behalf of mankind as a whole’. ISA member countries have set a target date of 2020 to finalize the regulations in order to be ‘open for business’. In the meantime, the ISA has already handed out 29 licenses to explore for deep-sea minerals, covering some 1.5 million km2 of the Atlantic, Indian and Pacific Oceans. Sixteen of these licenses are in the CCZ.

Meeting demand, on land
Proponents often claim that mining the international seabed is essential for the manufacture of electric batteries, wind turbines and other technology needed for a renewable energy economy. A 2016 report by the Institute for Sustainable Futures refutes this claim. Having reviewed global supplies and projected demand for metals considered key to renewable energy technology, the report concludes that even under the most ambitious scenario – a 100% renewable energy economy globally by 2050 – projected demand could be met by existing terrestrial mining, improved metals recycling, alternatives to metals in short supply, and smarter technology and product design. The report was cited in the World Bank’s recent assessment of future metals needs for renewable energy technologies. Cobalt in particular, used in batteries for everything from phones to electric vehicles, is often cited as a reason to open up the deep sea to mining. There is growing concern over erratic supplies, poor working conditions and the use of child labour reported in mines in the Democratic Republic of Congo (DRC), where 60-70% of the global cobalt supply is sourced.

To address these issues, several global entities, including BMW, Umicore, Trafigura, the African Development Bank, and the US Department of Labor, are working on the ground and in the marketplace. Some major battery manufacturing companies like Tesla and Panasonic have committed to phasing out cobalt over the coming decade. Others are actively investing in research and development for substitutes. The success of these efforts remains to be seen. But direct engagement with the sector in the DRC and working on improved sustainability and standards within the current supply chain are more likely to address problems with terrestrial mining than opening up a new deep-sea industry with its host of new risks and impacts.

Great promise or great extinction?

A 2018 submission to the ISA signed by 50 non-governmental organisations questions whether deep-sea mining can ever be compatible with countries' obligations to protect and sustainably manage the oceans. Recent articles published in international scientific journals argue that biodiversity loss from deep-sea mining is likely to be inevitable and irrevocable, and that most of this loss would be permanent on human timescales. This sentiment is beginning to gain political traction. The European Parliament adopted a resolution on international oceans governance in January 2018, calling for a moratorium on deep-sea mining until the risks to the environment are fully understood. This call was repeated by the UN Envoy on Oceans at the recent World Economic Forum meeting in Davos. Concerted international efforts to halt and reverse biodiversity loss are critical to the survival of life as we know it. The international community of nations should not agree to permit deep-sea mining on the global ocean commons until the risks are fully understood and we are certain that it will not open up a whole new frontier of ecosystem degradation, biodiversity loss and extinction.