Press review:
Mining in the South Pacific

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

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

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

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

PNG Council of Churches, Voice of Milne Bay, Alliance of Solwara Warriors, Bismarck Ramu Group, Centre for Environmental Law and Community Rights, 28 June 2019


Joint Letter calling for the Papua New Guinea Government to cancel all Nautilus Minerals deep sea mining licences and to ban seabed mining in PNG

Friday 28 June, 2019

Dear Hon. Prime Minister,

Congratulations on your recent election as the new leader of Papua New Guinea and for the establishment of your new cabinet! This fills our hearts with hope for a better future.

We, the PNG Council of Churches, Voice of Milne Bay, Alliance of Solwara Warriors, Bismarck Ramu Group and the Center for Environmental Law and Community Rights, would like to draw your attention to the issue of deep sea mining in our Bismarck and Solomon Seas.

Dear Hon. Prime Minister,

Congratulations on your recent election as the new leader of Papua New Guinea and for the establishment of your new cabinet! This fills our hearts with hope for a better future. We, the PNG Council of Churches, Voice of Milne Bay, Alliance of Solwara Warriors, Bismarck Ramu Group and the Center for Environmental Law and Community Rights, would like to draw your attention to the issue of deep sea mining in our Bismarck and Solomon Seas. We stand with the communities of the West Coast of New Ireland Province, Duke of York Islands, East New Britain, Madang, Manus and Milne Bay Provinces who oppose sea bed mining under the Alliance of Solwara Warriors. Together we call on the Papua New Guinean Government to cancel all Nautilus Minerals' deep sea exploration licences, mining leases, and environment permits. Our communities already face many unsustainable developments impacting our lands, oceans, lives, and livelihoods. This includes mining, logging, and oil palm operations. The risks and uncertainties of experimental seabed mining are too great to allow this industry to ever proceed in Papua New Guinea.

We have our own economies and natural resources to sustain and support our daily survival. We ask our government to invest in these. Our coastal communities have always been connected with our seas. The sea is central to identity, livelihoods and culture practices. It cannot be separated. We simply do not want Seabed Mining in PNG's Waters. The former government made a bad investment decision by buying into Nautilus Minerals. Our country and ordinary citizens are paying the price. The $US120m equity, a loan from BSP, that the Government invested in the Solwara 1 project could have been used for medical supplies, education, and much-needed infrastructure. Nautilus Minerals is currently seeking protection for alleged bankruptcy and is re-arranging its affairs to protect the interests of its officers and two major shareholders. It seems like the company is not considering the impact on its shareholders which includes the PNG government. We look to your leadership to ban seabed mining in our country and to use our nation's funds wisely. Therefore, we call on the new Papua New Guinea Government to:

1. Terminate the Solwara 1 mining lease and environmental permit, and all of Nautilus Minerals' exploration licences
2. Demonstrate that it has learnt from the very costly mistakes of the former Government of purchasing a 15% stake in Nautilus Minerals and commit to:
a. Never taking up a stake in any deep sea mining venture in the future;
b. Not issuing any more exploration licences or mining leases for deep sea mining; and
c. Providing real and lasting support to communities right across Papua New Guinea by assisting thriving artisanal fisheries, growing the fledgling ocean based eco-tourism sector, and funding communications and transport infrastructure, education and health services.

We anticipate your favourable response, and we thank you and wish all God's blessings on your efforts as our new leader.

Enga landowners say Porgera talks broken down

A landowning group at the site of the Porgera mine in Papua New Guinea's Enga Province says negotiations with the owner Barrick have broken down.
Radio New Zealand, 28 June 2019

The Canadian company is pushing to renew its contract in August for another 20 year period. The company has said it had met with senior landowners to discuss their issues. But the Justice Foundation for Porgera Ltd, which said it represented the bulk of local landowners, said without their commitment any agreement would be worthless. It said Barrick needed to come to it to negotiate the necessary protocols. The mine is currently the subject of a multi-billion-dollar lawsuit for damages caused over its 30-year life and PNG's Prime Minister James Marape has recently committed to ensuring PNG citizens have greater control over their resource wealth. The contract renewal comes amid unresolved allegations of rape, sexual assault, drownings and shootings at the mine site. Justice Foundation for Porgera chair Jonathan Paraia said: "Barrick knows full well the vast majority of landowners are sick to death of the human rights abuses, the environmental destruction, the hollow promises". He said they were highly offended at the lack of respect Barrick's CEO has shown towards them while trying to engage them in a significant international mining contract with a 20-year life.

Porgera: Marape wants better deal with developers

June 28, 2019, The National Business

PRIME Minister James Marape says the government will ensure the country is placed in a better position in terms of resource deals when it negotiates with developers this year. With the Special Mining Lease (SML) for the Porgera gold mine in Enga set to expire on Aug 16 and the Ramu nickel mine in the Madang also negotiating with the provincial government and State, Marape said this would give them an opportunity to make decisions to benefit the economy. “Together, as a government and country, we have a clear position, as far as the renewal of the lease, or seeking for a new operator of the mine or whatever arrangement that we have, into post Aug 16,” he said. Marape was responding to questions from Enga Governor Chief Sir Peter Ipatas in relation to the Porgera mining lease. Sir Peter wanted the State negotiating team to involve the landowners and the provincial government so their concerns for a better deal and benefits was considered.

He said it was time the government maximised its partnerships with developers. Sir Peter said the government and State departments had routinely failed the people when it came to garnering a fair return for the people in resource deals. “Thankfully, the landowners and provincial government fought in court and held back the renewal of the Special Mining Lease, otherwise the current operator could have submitted renewal application and renewed the SML and got the licence already because our political leadership and public servants haven’t woken up,” he said. “I want to ask the prime minister if he can instruct the government agencies to sit with the landowners and the provincial government representatives to meet and look at the best way forward to see how best we can improve the revenue of the country through the mine.”

Marape said his government was mindful of landowners’ concerns and those of the provincial government in relations to acquiring greater benefits. “We are looking at policy interventions that can harness what we have in our country, adding value to them and Porgera presents a great opportunity to look into it,” he said. “Every opportunity will be given to the present operator.” “We appreciate that they have been operating this mine for a very long time. “We will sit down and ask them, ‘what is the best that you can give us? You have been operating the mine and what can you give us? “What we can take as a country and if you can give us more, we would appreciate it.”

Sir Julius, firm discuss project

June 28, 2019, The National

NEW Ireland Governor Sir Julius Chan has resumed discussions with Nautilus Minerals on the Solwara 1 seabed mining project in his provincial waters. “Nautilus has been through some difficult times, but it looks now as if a new door is opening,” Sir Julius said. “We consider it very important to have an ongoing dialogue with the company. “We want to ensure that if the project goes ahead it will be done in a way that is both environmentally and socially responsible.” Sir Julius met with executives of Nautilus where they were briefed on the company's re-organisation and continuation of the Solwara 1 project.

Papua New Guinea treasurer calls for more benefits from LNG, mining projects

Sonali Paul, Reuters, June 26, 2019

Papua New Guinea's new treasurer on Wednesday put Total SA, Exxon Mobil Corp , Newcrest Mining and their partners on notice that the country wants to extract more benefits from their gas and mining projects. Treasurer Sam Basil said the country also needs better forecasts from Exxon and Total on the expected income flow from a $13 billion plan to double the country's liquefied natural gas (LNG) exports. Basil was appointed earlier this month by Prime Minister James Marape, who led a revolt against former prime minister Peter O'Neill in May. France's Total is leading the Papua LNG project, which will develop the Elk-Antelope gas fields to feed two new LNG production units to be sited at the PNG LNG plant, run by Exxon. At the same time, Exxon and its partners plan to add a third new unit at PNG LNG, which will partly be fed by another new field, P'nyang.

Total recently reached an agreement with the government setting terms for its Papua LNG project, while Exxon is in the process of negotiating a separate agreement with the government for P'nyang. Treasurer Basil said the projects should all be treated as one, rather than "under the cloak of separate joint ventures". "I am putting each of the project partners in all of these projects on notice that the concerns of our people must be addressed through dialogue and negotiations with the state and that we expect all parties to contribute to a fair and equitable outcome," he said. Exxon's original $19 billion PNG LNG project is the biggest foreign investment in the country and crucial to the economy, but the plant has been a disappointing contributor since it started exporting LNG in 2014. Last year's earthquake which forced a shutdown of PNG LNG dented the government's take from the project more than Exxon had expected it would.

The 2019 budget had assumed that oil and gas sector revenue would fall by 9.4 pct from 2018, but it actually fell by 16.4 percent, Basil said. He plans to ask the Treasury and Exxon to come up with new detailed forecasts of future cash flows from the project to the national and provincial governments and local landowners. He also said the government would put on hold talks with the owners of the Wafi Golpu gold project, Newcrest and South Africa's Harmony Gold, until the state negotiating team has talked to the Morobe provincial government about its aspirations for the project. "Our future prosperity depends on delivering these projects and delivering them well. But we must now find a way to ensure that these major resource project agreements capture enough value to the state and to our people," he said. Exxon and Total were not immediately available to comment. Newcrest had no immediate comment.

Geopacific stitches up Woodlark gold project in PNG

Matt Birney, Company Advertorial, The West Australian, 26 June 2019

Geopacific Resources has acquired 100% direct ownership of the flagship Woodlark gold project in Papua New Guinea, buying out fellow Australian Kula Gold's remaining share in a cash and scrip transaction worth about $3.29m. Kula will immediately utilise the cash component to repay a loan totalling about $0.72m to Geopacific. The deal seems like exquisite timing for the company, with the gold price nearly 25% higher than that assumed in November's definitive feasibility study for Woodlark, which already outlined robust economic metrics and strong margins to develop the project. Additionally, full ownership streamlines the corporate structure with significant administrative cost reductions and importantly reduces the risk to external financiers, willing to fund the project's start-up. Geopacific Managing Director Ron Heeks said: "Moving to 100% ownership of the

1.6Moz Woodlark gold project is a major milestone for the company. Full ownership simplifies project financing discussions and further enhances the company's attractiveness and general market appeal … (with) additional benefits … (including) a substantial reduction in corporate costs."

"The timing of the transaction coincides with the near completion of project finance due diligence and a strengthening gold price that is well above the DFS pricing assumption of AUD$1,650/oz. Progression in these work streams alongside the increasing gold price is a positive step in taking advantage of the increasing margin." The company is now racing down the final lap with baton in hand and is currently in the closing stages of an Independent Technical Experts, or "ITE", review of the gold project, with representatives attending a site visit to Woodlark Island this week. Back in January, the ITE review was commissioned by a consortium of banks and non-bank lenders, after an indicative non-binding term sheet was received. Perth-based SRK Consulting was appointed as the lead ITE to review the technical aspects of the Woodlark project on behalf of the group of potential lenders. SRK completed an initial Fatal Flaws Review late in 2018, with none being identified for the project.

With the gold price only strengthening since, the free cash flow position of the proposed initial 13-year mine life project has ballooned with Mr Heeks saying in January: "Every AUD$10 (per ounce) increase in the gold price is an additional ~AUD$10m in revenue which is considerable upside for the +1Moz project ..." November's DFS study optimised the project at AUD$1,650 per ounce and produced a pre-tax free cash flow of $424m. Geopacific recently received indicative costs to build the proposed gold processing plant on Woodlark Island from three international standard contractors. The company said that an initial review of those costs showed that the pricing is in line with the DFS parameters completed last year by Lycopodium. Total capital establishment costs for the Woodlark gold project come in at just under $200m, with a third of those monies required to construct the processing plant, which is very respectable considering the relatively isolated overseas location.

With respect to the near completion of the ITE review of Woodlark, Mr Heeks added: "The ITE review is progressing well and Geopacific is confident with the technical aspects of the DFS completed by industry-leaders Lycopodium, Mining Plus and MPR Geological." "The results from the initial ITE fatals flaws review (built) confidence in the Woodlark project in addition to the conservative approach undertaken in calculating the (mineral) resource. The resource estimate uses a fully diluted resource model with a significant dilution factor." "This provides additional comfort that mining at the estimated grade is achievable. The Woodlark deposit is a permitted project with robust economics that are improving with the current gold price ~AUD$350/oz higher than that used in DFS." Last month, the company appointed Ian Clyne as its new Chairman to actively drive financing arrangements for the gold project. Mr Clyne has been part of the company's board since 2016 and brings with him a wealth of corporate experience including most recently as Group CEO of Bank South Pacific Limited, based in PNG's capital Port Moresby for five years.

It was a strategic move for Geopacific, with Mr Clyne being a strong advocate for PNG's potential and its people and holding a high level of commitment to social and community issues within the mainly rural population of the developing country. Commenting at the time, Mr Clyne said: "As the Chairman of Geopacific, my priority is to drive the Woodlark gold project towards a successful project finance outcome that will maximise shareholder and stakeholder value and returns." "Woodlark Island is one of the most prospective regions of PNG and we take great pride in our positive relationships with the local community, the National & Provincial Governments, and the regulatory authorities who have also demonstrated strong levels of support for the permitted … project." The Woodlark project holds an ore reserve of nearly 29 million tonnes grading 1.12g/t gold for 1.04 million ounces, contained within a broader JORC-compliant mineral resource estimated at 1.57 million gold ounces.

This gold resource is also likely to build over time as the project has extensive gold and copper exploration potential, in a region where Geopacific holds the dominant land position on the 912 square kilometre area of Woodlark Island. Once in production, the company will likely be able to self-fund and potentially sustain its mining operations at the Woodlark gold project to beyond the initial 13-year mine life. The project area is blessed with flat terrain and soft outcropping ores with average metallurgical gold recoveries exceeding 90% during the first five years of production. All permitting is granted and the project enjoys strong community support in the proven mining investment hub of PNG. With full ownership of the exciting project within its grasp, the gold price behaving itself and a new Chairman at the helm, Geopacific now has clear air ahead towards the construction, development and ultimately gold production at the impressive and undervalued Woodlark project.

Western launches five-year development plan

June 26, 2019, The National

THE Western government's five-year development plan was launched to address some of the development challenges in the province. Western Governor Toboi Awi Yoto said the plan was focused on three pillars; education, health and agro-business. And would set the foundation for a better society. Yoto said the plan was in line with Prime Minister James Marape's vision of regaining control of the country and empowering the people. He said Western was the largest province in land area making the delivery of services a big challenge. "You can fit the whole of the Highlands region into Western and that is how big the province is," he said. "It gives me and my provincial government the toughest challenge to delivery services effectively as the people are scattered all over a large area."

He said the province's development indicators were low because of its size with many communities living in isolation. Yoto said the province's leadership needed to be united and a concerted effort had to be put to improve the people's lives. He told Marape that any funds that belonged to the people of Western needed to be made available for his administration to benefit the province. Yoto said the funds included: The community mine continuation agreement and non community mine continuation agreement funds as well as the PNG Sustainable Development Programme funds parked in Singapore.

Tabubil to Teleformin road work starts

June 26, 2019, The National

THE construction of 86km of road from Tabubil to Telefomin will connect West Sepik and Western by 2021. The road cuts through the Hindenburg ranges and would take two years to complete with funding from the Ok Tedi Mine Ltd (OTML) tax credit scheme and the Government, and counterpart funding from the Western and Sandaun governments and the Telefomin District Development Authority. Mirisim, who initiated the project for his people, said it would cost more than K65 million with OTML providing K15 million annually for three (K45mil), K5mil annually from the government over the same period (K15mil), K1.4mil from Sandaun, K1mil from Western and K1mil from the North Fly DDA. "This road, when completed, will open up access for my landlocked people of Telefomin which is only accessible by air," he said.

"The road will continue from Telefomin to Oksapmin and eventually connect to Kopiago in the Hela." During a visit over the weekend, Mirisim told employees of contractor Ipwenz Construction that the State and OTML had agreed to continue to fund the road project. He said construction would start from Telefomin heading south while the other team would continue from the Tababul heading north and meet half way. So far, 19km from Tabubil have been completed through difficult terrain and by the end of this month, the team would reach the first village of Olsobip local level government, one of the landlocked villages of Western between Tabubil and Telefomin.

Marape Tells Awi Yoto To Improve Western

Leiao Gerega, Post Courier, June 24, 2019

For almost 38 years Western province has seen no tangible development taking place despite helping the country generate millions in kina from the Tabubil mine. The province remains one of the least developed in the country with low health status and lack of basic delivery of service to its people. Prime Minister James Marape who visited the province on Friday to launch both the provincial and district five year development plans was implored by Governor Taboi Awi Yoto to look at the provinces needs which include;

- Creation of one or two electorate added to the province's current three electorates;
- Uplift moratorium on the Province's need to recruit new public servants;
- Fix issues with the province's dividend trust account through former operations with Ok-Tedi;
- Find common ground on issues regarding WP's major development program called the PNG sustainable development program;
- Building of a major port to export its resources;
- Request Ok-Tedi and Porgera to compensate middle and south Fly over mining waste pollution;
- Current 33 percent shares in Ok-Tedi be lifted to previous 64 percent and
- Stop fly-in and fly out of Ok Tedi workers to ensure money goes back to the people

Mr AwiYoto admits that the slow progress of development of the province was due to disunity amongst the leaders. He assured Mr Marape that they are now ready to work together to ensure their people benefit from the money owed to them. The 2018-2022 development plan under the theme "a new way forward" focuses on three key areas which are health, education agriculture and covers the province and its three districts in the Middle, South and North y. "This is no easy task....everyone in this country have their own issues," Mr Marape said while giving examples to how Buka and Lihir have fared poorly over the years despite the huge mining activities. "Our agriculture and mining resources have been lost over the years while the people are suffering.

Waigani is stealing from them and we are here now to turn things around," Mr Marape said. "These new work will take years but we want to direct and steer the country in the right path," he said. Mr Marape who travelled later to Tabubil to hear presentations from Ok-Tedi mining limited says everything will be discussed in Waigani after which they would strictly ensure monies owed to the people under various areas will be "unlocked." Mr AwiYoto says despite giving so much to the country the province has been failed by so many governments over the past years and is confident there is certainly a positive journey ahead. Around 17,000 people gathered to welcome the prime minister at the Kiunga Township on Friday. Mr Marape grew up as a child in Western province where his father was a Seventh Day Adventist pastor.

Marape wants Ok Tedi to maintain operations

June 24, 2019, The National Main Stories

PRIME Minister James Marape wants the Ok Tedi gold and copper mine in the Western to maintain operations in an environment-sustainable way. Marape commented when he and his delegation of ministers, governors, MPs, departmental heads and managing directors of State-owned enterprises toured the Ok Tedi gold and copper mine site yesterday. During the visit, Marape urged the employees and the management to keep the life of the mine going for more years so it continued employment and earned revenue for the country. He assured everyone that their hard work of generating revenue would not be a waste as his Government would make sure the funds were used properly and transparently to improve the lives of people.

Marape said he was very impressed to see a complete overhaul of the mine facilities, including the construction of modern facilities (the crusher replacement project) at a cost of US$240 million (K792mil). Ok Tedi spent almost one third of the cost of the facility in the country, with materials assembled at the Motukea Port in Port Moresby. The new crushing facility will be commissioned by mid-2020. The new crusher crusher will replace the old one which is about 30 years old and is ageing and it will be decommissioned and taken down when the new one is commissioned in July next year.

Gas in motion

June 21, 2019, The National Business

THE Twinza off shore gas project will be developed in two phases, with phase one production set for 2022. Twinza Oil Ltd managing director Huw Evans said at the 35th Australia Papua New Guinea Business Forum and Trade Expo in Port Moresby on Wednesday. Located 260km west northwest of Port Moresby and 90km offshore in the shallow shelf waters of the Gulf of Papua, the Pasca A gas condensate field is situated in water depth of 93m and is outside of traditional fishery areas in relatively benign waters safely north of the tropical cyclone belt. “We are encouraged by what we can do for the gas project.”

Cook Islands PM: ‘Conservation is in our blood’

Losirene Lacanivalu, Cook Island News, June 21, 2019

Prime Minister Henry Puna arriving at 11th Conference of the Pacific Community in Noumea, New Caledonia. 19062018

Cook Islands’ declaration of two million square kilometres of ocean as “sacred” captured the imagination of delegates at a major oceans conference in New Caledonia this week. Prime Minister Henry Puna explained to the 11th Conference of the Pacific Community that the Cook Islands had declared their entire exclusive economic zone as Marae Moana. At the local scale as a veteran pearl farmer, and at the national scale as prime minister, he relied on scientific and technical data to make evidence-based decisions for the good of the community and the oceans far into the future, Puna said. This protected area was just one example of how the Cook Islands were putting the Blue Pacific narrative into action. Puna's words coincided with another regional resolution, across the ocean at Pohnpei in Micronesia, seeking to preserve the Pacific's tuna fisheries and affirming that climate change was the single greatest threat to regional security. Puna said the Sustainable Development Goals aimed to conserve at least 10 per cent of coastal and marine areas by 2020. "With Marae Moana, we have exceeded the expectations of the goals."

Puna said the Marae Moana law provided a framework to make resourcing decisions on integrated management through adopting a precautionary approach to the marine environment, in sustaining fishery stocks, and environmental impact assessments for seabed mining. Forty years of ocean survey work suggested that as many as 10 billion tonnes of mineral rich manganese nodules were spread over the Cook Islands Continental Shelf. These seabed mineral resources offered a significant opportunity for the long-term sustainable economic and social development of the Cook Islands, he said. But he said any decisions on whether the recovery of seabed minerals will take place must start by gathering technical data, and using scientific analysis. The Pacific Community's work with the Cook Islands had proven invaluable in availing, over many years, scientific and technical data to all members, to ensure evidence-based decisions.

The Cook Islands should not be viewed as a small island, but as a large ocean state. "The Blue Pacific may be a new phrase for the region, but we have been practicing this approach as stewards of the Pacific Ocean Continent for generations. "The people of the Cook Islands, like Pacific people throughout our region, are born conservationists. Conservation is in our blood. By protecting our ecosystems, we conserve our cultural heritage and ensure that we can pass that heritage to future generations," Puna added.

International Media Expose Human Rights Abuses by Security at Barrick Gold's North Mara Mine in Tanzania

MiningWatch Canada, June 19, 2019

Villagers search for pieces of gold contained in discarded waste rock from the North Mara mine. Photograph- Trevor Snapp:Bloomberg

Yesterday news outlets in several countries simultaneously released the results of investigations by a consortium of journalists into human rights and environmental abuses at Barrick Gold's North

Mara gold mine in Tanzania.[1] This exposé by, among others, Canada's Toronto Star, UK's Guardian, and Switzerland's Tagesanzeiger confirm findings of six years of investigations, reported on yearly by MiningWatch Canada, into assaults on men, women and children by the mine's private security and by police contracted by the mine. The consortium also highlights attacks on journalists who have tried to report on human rights abuses at the mine, and exposes the way the gold from this mine is refined in India and Switzerland before being sold to, among others, international electronic companies.

Systemic Security Abuses at Barrick Gold Mines

The security related human rights abuses at Barrick's North Mara mine are not unique, however, as very similar assaults by public and private mine security against local indigenous men, women and children at Barrick's Porgera gold mine[2] in the remote highlands of Papua New Guinea have been reported on since 2006 by MiningWatch Canada, the Harvard Human Rights Clinic, and the Columbia University Human Rights Clinic. At both the North Mara mine in Tanzania and the Porgera mine in Papua New Guinea, the mines' security arrangements include the use of secret agreements between the mines and the countries' police forces. (MiningWatch was able to obtain the 2010 agreement between the North Mara gold mine and Tanzanian police only because it was disclosed as a result of legal action in the UK. Newer versions have not been made public. The agreement between the Porgera Joint Venture mine and Papua New Guinea police forces has never been disclosed.)

Foto Quelle: http://www.tagesschau.de/investigativ/wdr/green-blood-101.html

Also, at both mines, victims of assaults by mine security have been processed through grievance mechanisms set up by the mines themselves, which have deepened harm by rejecting many cases, providing inequitable remedy to others, and in many cases requiring the victims to sign waivers preventing them from taking – or even participating in – legal action.

In March of this year, MiningWatch documented the history of security related human rights abuses at both Barrick mines in a 20-page report to the United Nations Working Group on the Use of Mercenaries and provided recommendations including that: companies and governments should not contract police to serve as an ongoing component of mine security; companies need to take all necessary steps to ensure that mine security who are accused of serious human rights abuses are turned over to the police for investigation and possible prosecution; companies and governments should make public any existing agreements that authorize the use of police as a component of mine security.

[1] Barrick owns 63.9% of Acacia Mining, the company that owns 100% of the North Mara gold mine.

[2] Barrick owns 47.5% of the Porgera Joint Venture gold mine in Papua New Guinea, down from 95% prior to 2015, but remains the operator.

Drop In Mineral Exploration 'Threatens Mining Industry'

Melisha Yafoi, Post Courier, June 19, 2019

Mineral exploration in Papua New Guinea

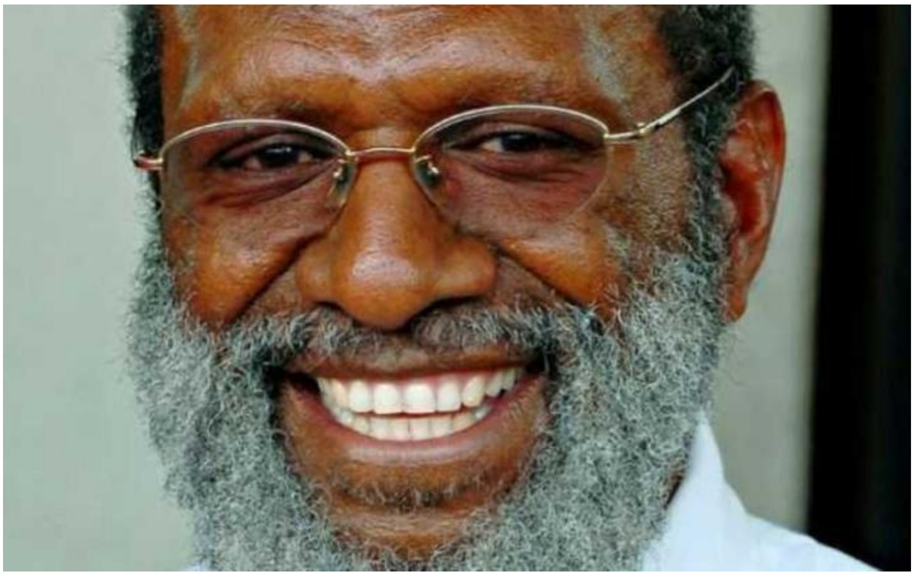
The steady decline in exploration activities particularly mineral exploration is a grave concern for the mining industry. PNG Chamber of Mines and Petroleum president Gerea Aopi said yesterday that the sector has been depressed and it is of grave concern for the chamber and the industry. Mr Aopi said the decline threatens the sustainability of the mining industry which has been the back bone of PNG's economy for more than three decades, adding that exploration is the lifeblood of a vibrant resource sector. While commenting on this, he said they want to work more closely with the government on the revised Mining Act as it is an important policy that has taken more than a decade to complete.

Mr Aopi said the industry is concerned that some of the changes that have been proposed will have severe negative impacts on the immediate and long-term both existing and proposed projects, to the detriment of PNG's economy. "It is important that fiscal and regulatory settings achieve a balance between the expectations of the people, good governance of the nation's mineral wealth, and the requirements for attracting long-term investments. "A sound legislative framework provides for a fair distribution of returns between the developer and the state, security of tenure to its investors, and stability of investment terms," he said. Mr Aopi said recently the chamber and the mining industry together have contributed to the review currently being undertaken by the government on the country's Mining (safety) Act and regulations.

"We are fully supportive of this process and are happy with the close collaboration we are having with the government on this review process. Having an up to date regulation that ultimately promotes the safety of our mine workers and our operation is paramount," he said. "We are also ready to support the government's vision to establish a petroleum resources authority. "We've stated publically that industry's position on many occasions and our position remain steadfast." Mr Aopi said the establishment of a strong, robust and efficient regulator that is financially autonomous will have the capacity to promote increased oil and gas exploration and assist the government in regulating petroleum industry activities.

PNG's petroleum minister seeks legislative reform

Papua New Guinea's government says legislative reform in the oil and gas sector is imperative.
Radio New Zealand, 18 June 2019



Kerenga Kua, Papua new Guinea's Minister for Petroleum. Photo: Loop PNG

The new Petroleum Minister, Kerenga Kua said the Oil and Gas Act was considered adequate when the legislation was enacted in 1998, but is now in need of change. He said there's a widespread public view that PNG's burgeoning petroleum sector should provide more returns to the state, including national and provincial governments, and landowners. Mr Kua said this is something that must be addressed in the Oil and Gas Act, and the Income Tax Act. "Both of them have to be reviewed to see at what levels it can be adjusted and increased, without making an investment unprofitable for other shareholders. So that's a delicate balance that we have to explore. But it is a reform that must take place." Mr Kua has also confirmed that an internal review will be conducted into the recently signed Papua LNG gas deal will be reviewed. The move by the former Peter O'Neill-led government to sign with French company Total for the $US13-billion Papua LNG project in Gulf province in April precipitated a series of resignations from cabinet which led to the recent change in government. Current prime minister, James Marape, and other MPs who resigned cited concerns that local interests were not being served and claimed mandatory requirements were not fulfilled before the agreement was signed.

Mr Kua said the review would be done to satisfy the government and people that the deal complies with all applicable laws and protocols. He said that as a new government, they had to do their own due diligence to satisfy that two important benchmarks have been satisfied. "Number one, is that this agreement has been negotiated and signed in accordance with our constitution and our Oil and Gas Act," he explained. "Secondly, we have to be assured, as a government whose duty it is to look after the interests of the eight, nine million people in PNG, that we are getting a proper return on this investment." However, the outgoing Petroleum Minister, Fabian Pok, has defended the Papua LNG Project agreement, saying there it was better for the country than the earlier PNG LNG deal. He said his team had put in a substantial effort to ensure the deal was beneficial to the state, stake holders and landowners.

Meanwhile, Mr Kua is only a couple of days into the new role but has already identified the need for serious changes in a ministry which oversees a sector which is the single biggest source of revenue for the state. To date, he noted, compliance had been a problem for both developers and the government itself. From the government side, he suggested the department lacked cohesion because its officers were scattered in various offices rather than one single location. He added that the department had not been resourced properly. From the industry side, he said despite the government's shortcomings, developers must not be hasty about getting projects up and running in PNG. What they have to do is go through the checklist, make sure that all the requirements under the Oil and Gas Act are complied with sequentially, instead of jumping a few steps for whatever reason perhaps contributed to by the government, a lack of response or whatever, that should not be the reason for them to jump the steps."

Cooks govt uses final hours of Parliament to pass seabed bill

Radio New Zealand, 18 June 2019

Cook Islands Democratic Party leader, Tina Browne Photo: Cook Islands Democratic Party

A bid by the opposition in the Cook Islands to have a controversial seabed mining bill face further scrutiny has been quashed. The *Cook Islands News* reports that, instead, the government forced it through parliament before adjourning indefinitely. Opposition leader Tina Browne said her party did not oppose the bill, but she was not satisfied with the consultation process. She wanted the bill put before a select committee. Ms Browne said a major concern was how the bill gives the minister responsible for seabed minerals full authority to grant an exploration licence. She raised concerns about fairness, given the government would also be one of the applicants - as well as the fear of officials being "tempted to do wrong things" with such power. The government said the bill underwent an extensive consultation process.

PNG Sustainable Development Programme talks held in S'pore

June 18, 2019, The National Main Stories

PRIME Minister James Marape has led a delegation to Singapore to meet with officials of the Papua New Guinea Sustainable Development Programme (PNGSDP). Marape, in his first overseas trip as Prime Minister, said aim of the trip was to find common ground on behalf of the people of Western, who had a share in the PNGSDP fund. He said the trip was the first step in fulfilling the objective returning the country to position where it would benefit from its resources and any other funds available to it. Marape said all Cabinet ministers would visit the state departments, agencies and companies to find out how they could contribute to the goal of making Papua New Guinea "the richest black Christian nation". "Those public servant leaders who have the same mind as us will be maintained irrespective of tribal, religion, politics or personal difference," he said. "We want to pick the very best leaders of our departments of state to assist us getting our country going in the right direction. “This will take a month or two and I ask for your patience,” he said. Marape said he would carry out his role in an unassuming fashion. Marape left the country on Saturday on Air Niugini, travelling economy class, and is expected to return later this week. “I say while it may break protocol, I have my own reasons of doing this, in fact those in Air Niugini government liaison know that some time back before I become prime minister I told them I would be travelling economy class,” Marape said in a Facebook post.

Papua LNG Gas Agreement To Be Reviewed

Post Courier, June 17, 2019

A sigh of relief for the aggrieved landowners and key stakeholders of the recently signed Papua LNG, the gas project agreement will be “reviewed”. This was the ultimate assurance from the Petroleum Minister Kerenga Kua pronounced during the handover take over ceremony between him and outgoing minister Dr Fabian Pok today in Port Moresby. He said the review should be done to satisfy the government and people that “it was signed in compliance with all applicable laws” and protocols and key institutions like the Bank of Papua New Guinea and Treasury, to name a few have been involved equitably and statutorily. Former Petroleum Minister Dr Fabian Pok meanwhile has issued caution that by 2024 the supply of gas world-wide will increase and demand will be less. “If we think we have enough that the world can wait than we have a serious problem,” he said. He added that the Papua LNG agreement will see the country reap more than what the PNG LNG in the highlands had to offer. Dr Pok admitted there had been a lot of criticisms and critiques about the Papua LNG agreement but he was convinced that it was for the better of the country and his team had put in substantial effort to ensure it was beneficial to the state and key stake holders like the Gulf Provincial government and landowners. “There is nothing sinister about it,” he said. “When you sit on the chair, you are bound by what happens around the world,” Pok said referring to international gas markets supply and demand which influence business.

Gold and copper project for Sepik region also has potential to cause social conflict and unrest, report says

Lisa Martin, The Guardian, 15 June 2019

The Sepik river in Papua New Guinea. Serious environmental and social concerns are being raised about a mining project by Australian-based company PanAust. Photograph: Emmanuel Peni

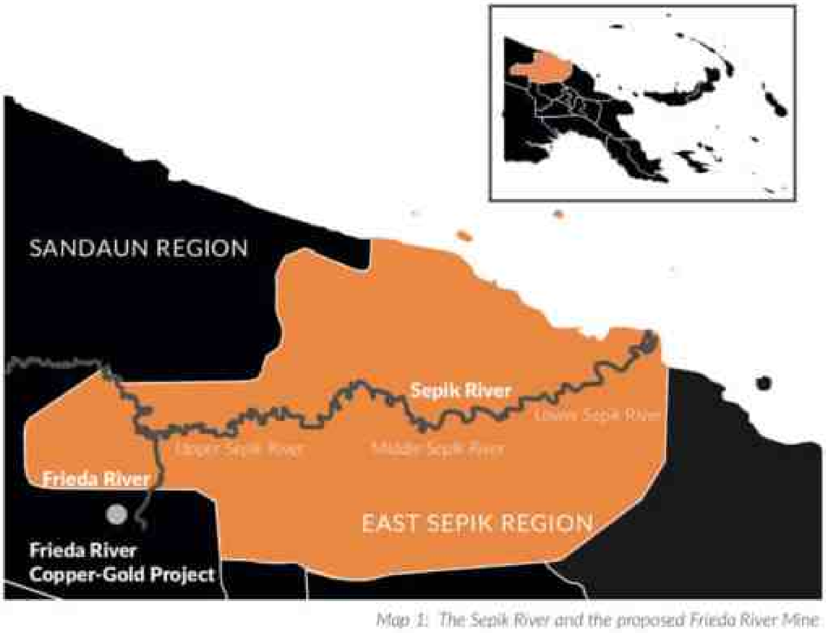
A gold and copper mine proposed for the Sepik region in Papua New Guinea by an Australian-based company threatens to destroy the health of a major river system, poison fish stocks and cause violent unrest, a report has found. The Chinese-owned company, PanAust, says the Frieda river project could have a 45-year life span and generate A$12.45bn in tax, royalties and production levies for the PNG government and landholders. But the report, from research centre Jubilee Australia and Project Sepik, raises serious environmental and social concerns about the mine. “The lack of information released by the company about its environmental management plans are continuing to cause uncertainty about whether the company’s environmental management plans will be fit for purpose,” it says.

“The potential for this project to lead to damaging social conflict and unrest is real and must be taken seriously.” Papua New Guinea has a chequered mining history, including an environmental disaster when the BHP Ok Tedi copper mine’s tailings dam failed and the decade-long civil war on Bougainville, which was triggered by the Rio Tinto majority-owned Panguna copper mine and cost an estimated 20,000 lives. The report notes that one of the PanAust project’s biggest challenges will be building a safe storage facility for the mine’s tailings (waste material left over after separating the valuable mineral from the ore) to prevent acid rock drainage. That occurs when mine waste is exposed to oxygen and produces sulphuric acid, which dissolves heavy metals such as mercury from nearby rocks, which can then leach into rivers. The report says the size of the ore body, combined with the relatively low grade of copper in the deposit, means the mine will generate substantial tailings.

Locals protest against the proposed mine project at the Sepik river in Papua New Guinea. Photograph: Project Sepik

“The inaccessibility of the terrain will pose challenges when it comes to finding a large enough site or sites for storage,” it says. “The extremely high rainfall in the area and the fact that the area is a site of seismic activity add to the risks of a dam collapse. The technical complexity of the feat facing the mining engineers, the extremely large costs involved, and the weather and seismic situation all adds up to a very expensive environmental management problem and one with considerable risks.” Locals also have concerns about environmental damage from an increase in the number of large vessels operating on the Freida river.

PanAust promised in April it would shortly release an environmental impact statement to nearby villages, but researchers say it has not done so. In response to questions from Guardian Australia, the company said PanAust had not received a copy of the Jubilee report and “as such, the company is not in a position to comment on its contents”. It did however say that PanAust had submitted its plans and an environmental impact statement to PNG regulators and was working with them on its approval. The report also accused PanAust of a flawed consultation process with indigenous communities downstream from the mine which has created an “atmosphere of animosity and lack of trust" and resulted in acts of sabotage. "There are reports of official (mainly police) intimidation of anti-mine activists," the report says.



Map showing the location of the proposed Frieda River mine. Photograph: Jubilee Australia

"In 2017 a youth leader from Oum 2 village led a group of young men to attack a tugboat and pontoon with homemade wire sling shots." In October researchers visited 23 nearby villages, where locals repeatedly raised concerns about river and fish health as a result of increased sedimentation from increased tugboat traffic connected with the project. The Freida river joins the 1,126km Sepik river, which flows across the provinces of West Sepik and East Sepik provinces. The local economy is built on the sale of sago (starch from a tropical palm stem), fish, freshwater prawn, eels, turtles and crocodile eggs. Crocodiles are also harvested for their skins and teeth. Locals are worried about the mine affecting their food security, the report says.

In a company announcement in December, PanAust characterised the mine project as a "nation building development". It has promised 5,000 jobs in construction and 2,100 in mining, and estimates there may be 30,000 more indirect jobs. "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," the company said. "More broadly, training and employment of Papua New Guineans will provide the skills and capacity to support the nation's future development and prosperity." The company said a final investment decision would be linked to financing and fiscal terms agreed with the PNG government during the approvals phase.

Mine gets notice to stop moving chromite

June 14, 2019, The National Business

MADANG'S Ramu nickel mine has been issued a notice to stop transporting chromite from the mine area in Kurumbukari to Lae for export. The Madang government issued the notice to Ramu NiCo management last Thursday following concerns raised by locals who use the Yuriya River. Madang acting deputy provincial administrator Markus Kachau said the notice issued was for the mine to stop transporting chromite until the Yuriya Bridge had been fixed by the Works Department. Kachau said the trucks transporting chromite had direct contact with the chromite before leaving Kurumbukari for Lae and had chemicals on them and once they came in contact with water the chemicals would pollute the area. Madang works manager Andrew Kendaura said they had created a bypass for vehicles to cross while the bridge was being fixed.


Madang's Ramu nickel mine, pictured, has been issued a notice to stop transporting chromite from the mine area in Kurumbukari to Lae for export.

Kachau said other vehicles could use the bypass but trucks carrying chromite would be barred. Mathew Yakai, on behalf of the Ramu NiCo, said they would adhere to the notice. He said the mine had created a job opportunities for locals and was committed to building a good relationship with its development partners. Yakai, however, said having good communication and understanding to deliver the project was vital for the company and they needed to limit the stoppages to their operations. Kachau said people's health and welfare was the priority and the provincial government would do all it could to protect the people along the Yuriya river. Kendaura said material had been brought in from Madang and Lae to fix the bridge.

Bougainville postpones controversial mining bill

The government in the autonomous Papua New Guinea region of Bougainville is to delay plans to change the Mining Act until after the independence referendum has been held.
Radio New Zealand, 14 June 2019


Bougainville's Panguna copper mine Photo: Supplied

This comes after a legislative committee called for a delay following consultations that found the bill was faulty and had been poorly communicated. The changes to the Mining Act, and two other measures planned by the government, would turn the sector on its head. The government has claimed they would give landowners greater control over their resources but there has been widespread opposition. The acting President Raymond Masono said the government dismissed the legislative committee report, saying it was biased. But he said they are a democratic government and have listened to the people, so will accept the recommendations and delay the bills' re-introduction. He said with the referendum due in October the government is planning to bring the bill back in December.

Mr Masono said before then staff from the Department of Minerals and Energy Resources will visit communities around Bougainville to explain the benefits of the bill. One group delighted with the delay in the legislation is the Special Mining Lease Osikaiyang Landowners Association at the site of the Panguna mine. Its chair, Philip Miriori said the legislation an "attack on landowner rights [that] was hyper-aggressive, brutal, heartless, callous, inhuman,heinous, atrocious and dreadful.' He said Osikaiyang hoped the ABG will now recognise that the amendments were fundamentally unlawful and that the only way forward is through bilateral talks.

New PNG govt's resources stand in the spotlight

Johnny Blades, Dateline Pacific, Radio New Zealand, 12 June 2019

James Marape the member for Tari Pori is the new prime minister of Papua New Guinea. May 2019 Photo: Post Courier Newspaper

Papua New Guinea's new prime minister has stressed that his government is pro-foreign investment. James Marape's announcement that he wants to review the laws governing the country's resources has caused some concern among investors in the sector. But the move is popular at the grassroots level in PNG. In his first state of the nation address, James Marape said PNG had not been enjoying the full benefits of the commercialisation of its abundant natural resources. His government will review the laws governing the oil, gas, mining, fisheries and forestry sectors, which he has described as outdated. Mr Marape showed his hand by appointing Kerenga Kua, a critic of the previous government's handling of resource projects, as PNG's Minister of Petroleum.

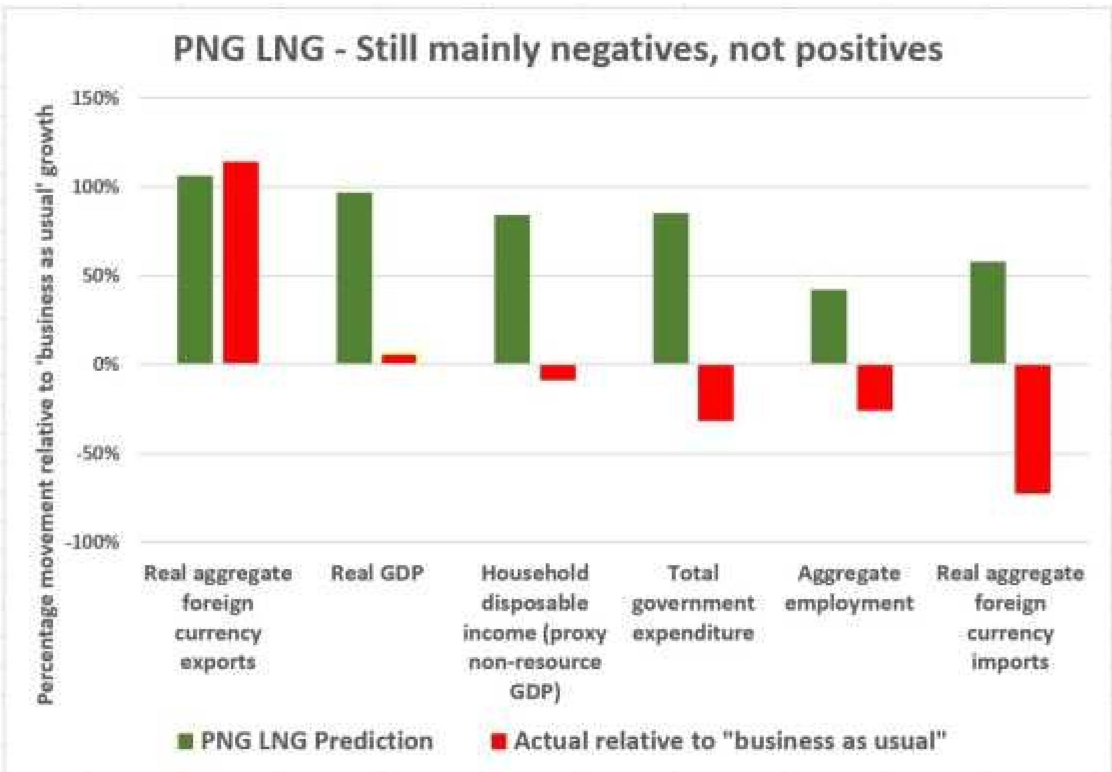
The prime minister said they will be looking at the resource sector "in a very big way". In April, James Marape and other MPs resigned from the Peter O'Neill-led government after it signed with French company Total for the $US13-billion Papua LNG project in Gulf province. They cited concerns that local interests were not being served and claimed mandatory requirements were not fulfilled before the agreement was signed. Their stand has resonated with Gulf landowners who baulk at the two percent equity on offer for them. The Purari Development Association general secretary Roy Daniel Evara says the developer has dictated terms to PNG. "The agreement itself did not comply to very critical pre-conditions of the Oil and Gas Act, which is the guiding pillar for the industry. An agreement should never dictate to the pillars of the country's laws. It should only conform and comply with it." Mr Marape's moves are being watched closely by companies deeply involved in PNG's resource sector such as energy firm Oil Search Ltd, a partner in the Papua project. While Mr Kua and others have suggested the Project agreement could be reviewed, Oil search's chief executive Peter Botten said he didn't expect to make any significant new concessions on the deal.

Mr Botten told a mining convention in Sydney that delays to the deal could jeopardise PNG's standing in the international LNG market. Subsequently, Mr Marape bristled at suggestions that he was trying to chase away investors. He said he made no apologies for his aim of ensuring PNG citizens get greater benefits from the petroleum sector. Mr Marape knows the struggles of landowners in resource-rich areas well. His own elecorate of Tari-Pori is in Hela province, where the country's first LNG gas Project operated by Exxonmobil and Oil Search is centred. A magnitude 7.5 earthquake hit the region last year causing around 150 deaths and widespread devastation to infrastructure. Although it has it share of critics, Oil Search was heavily involved in the immediate relief effort. The man who headed PNG's response to the disaster, Bill Hamblin, says Oil Search showed itself to be a good corporate citizen in PNG. Meanwhile, PNG's Chamber of Mines and Petroleum says it's waiting on clarity from the new government on its policies and plans in relation to the resource industry. But it says that stability on fiscal and regulatory regimes is important to ensure ongoing investment in the sector.

PNG'S RESOURCE CURSE: DOUBLE OR NOTHING REVISITED

Paul Flanagan, PNG Economics, 12 June 2019

Executive Summary



Do the controversial conclusions of the "*Double or Nothing: The Broken Economic Promises of the PNG LNG project*" report still hold? The broad answer is "Yes" – indeed the conclusions are re-enforced by recent economic data. Fortunately, PNG's new Marape/Steven government is seeking better terms for future projects. It is too early to tell if it will make even more important but politically difficult policy changes to reverse the "resource curse" approaches of the O'Neill government.

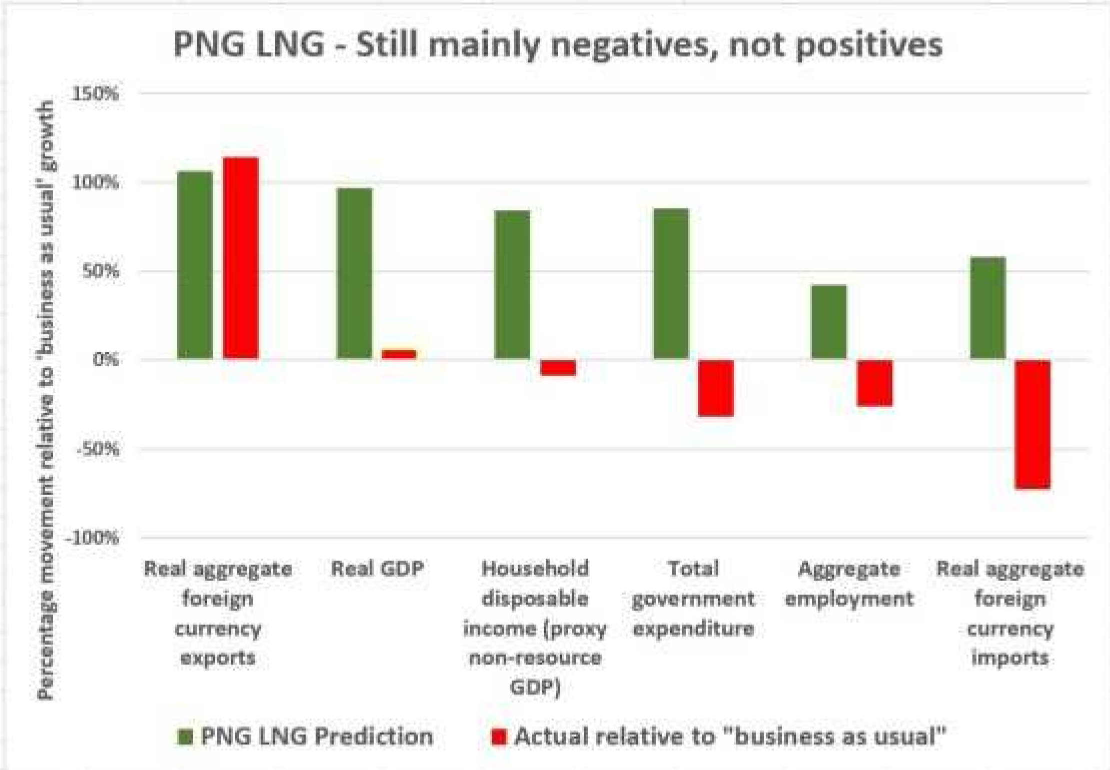
- Recent PNG National Statistics Office figures have confirmed that PNG Treasury was over-estimating the health of the PNG economy in 2016. The new figures increase the gap between PNG LNG promises and actual outcomes relative to "business as usual" prior to the PNG LNG project (see "statistical details" section below for detail).
- At a more detailed sectoral level, there is a mixed story with sectors such as health not doing as badly as thought (now 'only' minus 27%) but manufacturing doing worse (now minus 32%). The average outcome remains that PNG's industries were just over one-fifth worse off in 2016 than if they had simply continued the "business as usual" growth prior to the PNG LNG project.
- Overall, the PNG LNG project massively over-promised and then failed to deliver. This is not because of the fall in oil prices – indeed LNG export returns are higher than predicted.
- Resource projects on good terms should be good for development – but this requires good policies. The PNG LNG project induced poor policies under the O'Neill government. These poor policies have overwhelmed the potential PNG LNG benefits.
- The O'Neill government made little progress on the four recommendations from the report designed to address the broken promises of the PNG LNG project (see below). This probably contributed to its fall.
- There are encouraging signs that the new Marape/Steven government is seeking better returns from its resources. Hopefully, it will also pursue better policies in other policy areas such as competition policy and devaluing the exchange rate to deal with the resource curse. But these will be politically difficult.

Details

The release of national accounts information by the NSO in April shows lower GDP and non-resource GDP (a proxy for household incomes) in 2016 relative to the PNG Treasury forecasts used in the earlier analysis. This has the effect of increasing the gaps between the PNG LNG modelling predictions, and actual outcomes. Specifically, the PNG LNG modelling had projected an increase in GDP of 97% two years after production had commenced. The actual outcome relative to the pre-PNG LNG "business as usual" case was a 6% increase – down from 10% in the initial report. For household disposable income, the prediction was an 84% improvement. The outcome is a decline of 9%, larger than the decline of 6% estimated in the earlier report. Using updated Bank of PNG figures on employment, the prediction was an increase of 42%. The outcome is now estimated as a fall of 26%, slightly smaller than the 27% decline in the earlier report. There is no new data on exports, imports and government expenditure.

The following graph updates that on page 6 of the Executive Summary of the initial "Double or Nothing" report. It contrasts PNG LNG predictions with actuals all relative to the pre-PNG LNG undergrowing growth path (or 'business as usual' growth case which was running at 5% growth per annum).

Of course, many people have benefited from the PNG LNG project such as local transport, catering and security firms, the support for local health and education facilities, the work of project partners in responding to the 2015 drought and 2018 earthquake, some tax and dividend revenues, and some landowner benefit payments (although see a related Jubilee Australia report "*On Shaky Ground*" (see here) which discusses some adverse local impacts and broken promises at the local level). However, taking a helicopter view of the entire economy, household incomes, government expenditures, employment and import levels were worse by 2016 than if the pre-PNG LNG underlying 'business as usual' growth trends had continued.



The reasons for failing to deliver had nothing to do with the fall in oil prices in late 2014 – see here (although a continuation of historically high oil prices would have helped). Indeed, as shown by the first columns in the above graph, the PNG LNG project is actually earning more in export incomes than initially projected. The reasons for failure are linked to the O'Neill government's policy shortcomings in not addressing the well-known "resource curse" risks of a major resource project:

- a 50% build-up in spending before revenues flowed that has led to the largest on-going budget deficits in PNG's history;
- crippling foreign exchange shortages due to poor exchange rate policies;
- a failure to put enough policy effort into other critical sectors of the economy;
- unwise state investments such as the Oil Search purchase funded by the UBS loan; and
- growing corruption.

As documented in Chapter 5 of the earlier report, the O'Neill government continued to ignore local and international warnings that PNG LNG required appropriate policies to manage the possible adverse impacts on other parts of the economy once the construction phase was completed. PNG slid into classic resource curse policies. Indeed, those making such warnings were often attacked – a classic case being when Isaac Lupari accused me of being unprofessional and working for former Treasurer Don Polye when all I did was to correctly claim that the fall in oil prices in late 2014 would affect 2015 budget revenues. His claims that PNG would largely be sheltered from such falls was false as was his claim that I was still working for Don Polye (although I admired Don Polye including for his stand on the UBS loan and I did work for Polye as a public servant when he was Treasurer). If such warnings had been listened to, the O'Neill government could have made a more rapid fiscal response which would have lessened PNG's current debt burden.

PM's Chief of Staff warns on undermining

December 24,2014, 10:00 am

Expand

PM's Chief of Staff warns on undermining

The Prime Minister's chief of staff Isaac Lupari has raised concerns at political interference by a former Australian government adviser working with the Leader of the Opposition to undermine the Government. Mr Lupari said that as a close advisor to Don Polye, recent articles written by Paul Flanagan were more political spin than real analysis and these views were not impartial. Importantly, he said, despite claims by Mr Polye and Flanagan, Papua New Guinea was largely protected from oil price fluctuation because forward contracts were signed before the recent change in oil prices. "Their argument is based around the claim that Papua New Guinea will receive substantially less income from LNG sales and this is simply not true," Mr Lupari said. "PNG LNG exports and prices are predominantly locked into long-term forwards sales contracts. In simple terms this means that Papua New Guinea will receive the same price for LNG. "Mr Flanagan should know that LNG prices are locked in but he continues to play politics with business perceptions and the Opposition is going along with this nonsense. "Polye-Flanagan appear to have no conscience when it comes to talking down the economy for their own political self-interest, and do not care of harm this could cause to small business and jobs in Papua New Guinea. "Almost every budget

The "Double or Nothing" report was condemned as "utter nonsense" by former Prime Minister O'Neill (even though he subsequently admitted to the press that he hadn't read it). Oil Search CEO Peter Botten promised to subject the report to "rigorous analysis" by an independent accounting firm to "demonstrate that there are some serious flaws in the Jubilee report". This was not done, or at least the findings have not been released over the last year. Fortunately, former Treasurer Charles Abel did acknowledge that project returns were indeed below par. More recently, the Papua LNG project partners have been more cautious in selling the latest project and we do not have the black magic PNG-GEM model making more overly-optimistic promises. However, the PNG public still does not have access to the economic modelling behind such key claims that the Papua LNG fiscal agreement "divides the net free cash flow 50/50 between PNG and Total led developers". More transparency is required.

It is encouraging that the new government appears to be taking a more balanced approach towards the resource sector and its potential contribution for inclusive development. Prime Minister Marape's discusses PNG's resources as going beyond minerals and gas to agriculture, forestry, fisheries and human resources. Given his strong legal background, including as a former Attorney General, appointing Kerenga Kua as the new Petroleum Minister should help address local concerns about current and prospective LNG agreements.

There is also positive language on gauging views on what needs to be done to create a healthy economy even if it means he doesn't make many friends (see here). The strong stance on corruption is welcome. However, some policy corrections to move away from the resource curse will be extremely challenging politically. For example, PNG has an over-valued exchange rate which acts as a subsidy on all imports and a tax on all exports. It reduces incomes for rural households yet lowers the cost of living especially in urban areas (the latter because more consumption is imported). However, urban elites appear to have a stronger voice in PNG than the much more numerous rural poor. PNG has also moved away from competition and trade policies that would balance the resource sector and allow PNG to benefit from its strategic location in the Indo-Pacific region. Policies such as high tariffs to protect local manufacturing are understandable but economic history shows the costs for the many outweigh the benefits for the few. These are two examples of the vexed political economy challenges facing the new government. Addressing such policies are critical to addressing PNG's resource curse.

They are at least of equal importance as getting a better direct benefit return from resource projects. Time will tell if the new government will tackle such difficult political economy challenges, challenges that must be addressed to make PNG a much richer black Christian nation. My next article will explore the different economic impacts of the construction phase and the production phase of large resource projects. The dramatically different economic impacts across these two phases could help explain why former Prime Minister O'Neill wanted to push through the Papua LNG project against the advice of his local team.

Recommendations Re-visited

The "Double or Nothing" report included four recommendations for the PNG government. One year on, how have they gone? Following are the four recommendations, with some comments on progress shown in italics.

1. PNG should return to more inclusive development policies while better managing the resource curse. There is a need to address the overvalued exchange rate, ensure the new medium-term fiscal plans are implemented in a transparent fashion, and re-design the SWF to ensure all resource revenues flow to the budget.
As noted above, there are some positive messages that the new government may consider action in such policy areas. Over the previous year, there had been no improvement in managing the exchange rate (the sovereign bond did not address the underlying issues), the medium-term fiscal plans faced major inconsistencies between the 2019 Budget Strategy and the actual 2019 Budget, and there was little progress on the SWF (which needs to be redesigned anyway).

2. PNG should establish a clear policy framework for all future resource projects (and extensions) that ensures PNG gets a better and earlier share of the resource pie than current agreements. No new resource projects should be approved until this framework is completed and publicly released.
This was not adequately done prior to the Papua LNG agreement. While the new deal has improved some elements of the PNG LNG deal, there clearly was a lack of internal agreement as to whether enough extra had been gained.

3. Projects should not be approved without the production and release of transparent, verifiable, contestable and independent economic modelling by the government; this modelling should include a completely new independent model that includes net costs to the budget.
Fortunately, there was little PNG-GEM spruiking of the new Papua LNG project. However, it did appear to be making claims of future revenues as well as benefit sharing that were not verified by transparent figures or modelling.

4. PNG should urgently clarify some of the confusing figures in the most recent EITI reports that royalties and development levies paid by ExxonMobil are not being received, and explanations provided as to why the level of what should be identical payments are so different.
EITI continues to do a good job in PNG given data limits. However, key information such as the Kumul Petroleum Holdings annual accounts have not been released. Recent data indicates that PNG Treasury had been claiming as "dividend revenues" funds that were actually just "advances" financed by loans from BSP.

Overall, progress against the four recommendations had been poor. That said, it is quite possible that the original report helped confirm and strengthen views in PNG that future projects needed considerably better deals. As stated a year ago "As the government considers this report, there are potential benefits for PNG in terms of encouraging public discussion about PNG's future options and even supporting PNG's negotiating hand with the LNG companies. Hopefully, with the benefit of hindsight, "fake news" comments will fade and true benefits will be understood." Given developments over the last month, possibly the O'Neill government didn't deal adequately with the broken promises of the PNG LNG. The new government appears committed to not repeating that mistake in terms of benefit sharing. Time will tell if it will also address the crucial underlying "resource curse" policy issues.

Statistical background

The PNG National Statistics Office released updated national account figures for the PNG economy on April 10 2019. This release included detailed figures for 2015 and 2016. The new numbers would be more robust that the earlier PNG Treasury estimates, although they are likely to still be too high. The release also provided consistent figures for 2006, but these did not include new growth rate figures for 2006. If it had, this would have allowed a re-estimation of underlying growth rates which had been based on the three years growth rates for 2007 to 2009. Given that 2008 was actually a year of recession according to the NSO (with growth falling by 0.3%) the inclusion of 2006 information is likely to have lifted the estimate of "business as usual" real GDP growth to slightly above 1.7% per annum in per capita terms, or 4.8% without taking population factors into account. More detailed justification around the "business as usual" growth rates are provided here. The next article will also provide some sensitivity analysis around "business as usual" growth rates. Using the same methodology as outlined in appendix 2 of the earlier report, three actual 2016 values are updated (shown in green in the following table). These lead to three updated figures for the difference between what the 2016 value would have expected to be if "business as usual" pre-PNG LNG situation continued and the actual 2016 value.

Base Value	"Business as Usual" Years	"Business as Usual" Growth rate	2016 Underlying Growth Estimate	Earlier PNG Treasury 2016 estimate	Updated NSO 2016 Actual	PNG LNG Prediction	PNG LNG prediction - %	Previous Actual relative to "business as usual"	Updated Actual relative to "business as usual"
15.3	2005-09	-2.5%	12.2	26.1	26.1	25.1	106%	114%	114%
42.3	2007-09	4.8%	61.4	67.8	65.0	120.7	97%	10%	6%
35.9	2007-09	5.3%	54.4	51.1	49.5	100.1	84%	-6%	-9%
11.1	2005-09	7.2%	19.9	13.6	13.6	36.9	85%	-32%	-32%
295	2005-09	6.4%	515	376	381	732	42%	-27%	-26%
19.4	2005-09	7.2%	36.4	9.9	9.9	57.5	58%	-73%	-73%

The updated story at the sectoral level also produces slightly worse outcomes. The following table sets out the expected sectoral impacts from the PNG LNG modelling in the second column. The third column covers the gap between the underlying sectoral 'business as usual' growth path and the available PNG Treasury figures for 2016. The fourth column uses the recently released 2016 NSO data (except for agriculture exports which continues to use BPNG data). Some sectors have not done as badly as set out in the initial report. For example, the health sector has "only" declined by 27% when the original estimate was a decline of 33%. Other sectors have done worse. For example, the manufacturing sector has declined by 32% rather than the initial estimate of a decline of 23%. The overwhelming story remains – all sectors in the PNG economy outside of the petroleum and LNG sector have gone backwards relative to their underlying 'business as usual' growth performance prior to the PNG LNG project. The average decline is now 23%. This is an extraordinary missed opportunity with poor policies pushing PNG away from the "business as usual" pre-PNG

LNG case. It is also a remarkable contrast to the foreshadowed gains averaging 36% from PNG LNG partners.

	PNG LNG Prediction	Actual relative to underlying growth path - PNG Treasury data	Updated using 2016 NSO data
Health	84%	-33%	-27%
Education	84%	-14%	-14%
Govt Admin	84%	-1%	-5%
Electricity	50%	-2%	-13%
Financial Services	43%	-40%	-33%
Transport	25%	-9%	-7%
Construction	20%	-19%	-22%
Manufacturing	19%	-23%	-32%
Commerce	10%	-13%	-19%
Mining	-1%	-49%	-46%
Agricultural exports	-20%	-40%	-40%
Average	**36%**	**-22%**	**-23%**

MPs call for delay on Bougainville mining amendment

A Bougainville parliamentary committee wants controversial legislation on mining to be delayed until after the autonomous Papua New Guinea region's independence referendum.

Radio New Zealand, 12 June 2019

Panguna mine in Bougainville Photo: Wellington Chocolate Factory

The Bougainville government wants to amend the Mining Act, and two other bills, to give it greater control over mining activity. The autonomous government said these changes would give landowners more control over their resources but there has been widespread opposition across Bougainville.

The plan to set up a company called Bougainville Advance Mining in association with newly set up Australian business, Caballus, sparked an outcry. The Speaker of the ABG Parliament referred the matter to a Committee on Legislation, which undertook public consultations, before reporting back this week. The committee says the Mining bill raised a lot of issues around landowners' rights.
It worried about the creation of monopolies and the impact of the bills on the Constitution and the Peace Agreement. It said all three measures needed further consultation before being re-drafted and submitted after October's referendum.

PM: We can attract investment

June 11, 2019, The National Business

PRIME Minister James Marape, pictured, says the nation is in the best position of attracting new investment. Marape told a press conference on Friday after the swearing in of new cabinet ministers that it was all about attracting foreign investment. “I am not in the business of harming our investors in the country,” he said. “Our investors and partner investors ExxonMobil, Oil Search, Total, Santos, Nippon Oil, have been with us for a long time. We are in the business of now consolidating on the investment here, as well as attracting new investors into our country. “It’s all about attracting foreign investments, but as I speak, I want to pick firstly the lowest hanging fruits for my economy and my country as well as gearing up improving in the areas of domestic market obligations, local content in greater equity participation. “We are tired of being rent collectors and sometimes down the line. “We will be making regime shifts also friendly to our investors but also friendlier to our country in making sure our economy has greater residual benefit from the petroleum sector also. “And I make no apologies to anyone, you don’t like the way I’m speaking pack up and leave. “I’m all about adding value to what I’m saying, I know I’m investor friendly. I have to win for the eight million shareholders of PNG.”

Proposed Bougainville mining law change referred to Ombudsman

A landowning group at the site of Bougainville's Panguna Mine says it has referred the government's controversial mining plans to the Papua New Guinea Ombudsman.

Radio New Zealand, 11 June 2019

Panguna mine site Photo: supplied

The Osikaiyang Landowners group said amendments to the Mining Act, due for consideration in parliament this week, would effectively reverse customary law on the ownership of minerals. Bougainville's government has argued that what it is planning, in conjunction with Australian businessman Jeff McGlinn, will ensure landowners are better off. But the Special Mining Lease Osikaiyang Landowners Association said this amounted to an abuse of executive power, the Bougainville Constitution and the PNG Constitution. Osikaiyang chair Philip Miriori said the group would never allow others to "steal our land, our minerals and both our future and our heritage". The amendments are defective and the people pushing them, such as Mining Minister Raymond Masono, are breaching the Leadership Code, which is the basis for the appeal to the Ombudsman, Mr Miriori said.

DeepGreen closer to ocean mining battery metals after Swiss cash injection
Cecilia Jamasmie, Mining News, June 10, 2019

[A highly misleading] computer rendition of a seabed mining operation. (Image by Phil Pauley | Twitter.) In reality the mining will be done in almost complete darkness thousands of metres below the surface!

Canada’s DeepGreen Metals, a start-up planning to extract cobalt and other battery metals from small rocks covering the seafloor, has secured the bulk of the $150 million it needs to carry out its first feasibility studies. The financing, provided by Switzerland-based offshore pipeline company Allseas Group, is a welcome sign of progress for the deep sea mining sector, which has been stalled due regulatory uncertainty and environmental concerns. Unlike other seafloor mining companies, including pioneer Nautilus Minerals, the Vancouver-based explorer doesn’t want to drill, blast or dig the bottom of the ocean. DeepGreen’s main goal is to scoop up small metallic rocks located thousands of metres below the surface in the North Pacific Ocean. Its exploration focus is the Clarion-Clipperton Zone (CCZ), a mineral-rich, 4,000-kilometre swath of the Pacific that stretches from Hawaii to Mexico, where billions of potato-sized metals-rich rocks lie in a shallow layer of mud on the seafloor.

The deep sea, more than half the world’s surface, contains more cobalt, nickel, copper, manganese and rare earth metals than all land reserves combined, according to the US Geological Survey. Companies exploring or already developing projects to mine the seafloor argue the extraction of those deep-buried riches could help diversify the sources currently supplying metals needed for electronics and evolving green technologies, such as electric vehicles (EVs) and solar panels. Academics and scientist, however, are concerned by the lack of research on the possible impacts of high seas mining. They fear the activity could devastate fragile ecosystems that are slow to recover in the highly pressurized darkness of the deep sea, as well as having knock-on effects on the wider ocean environment.

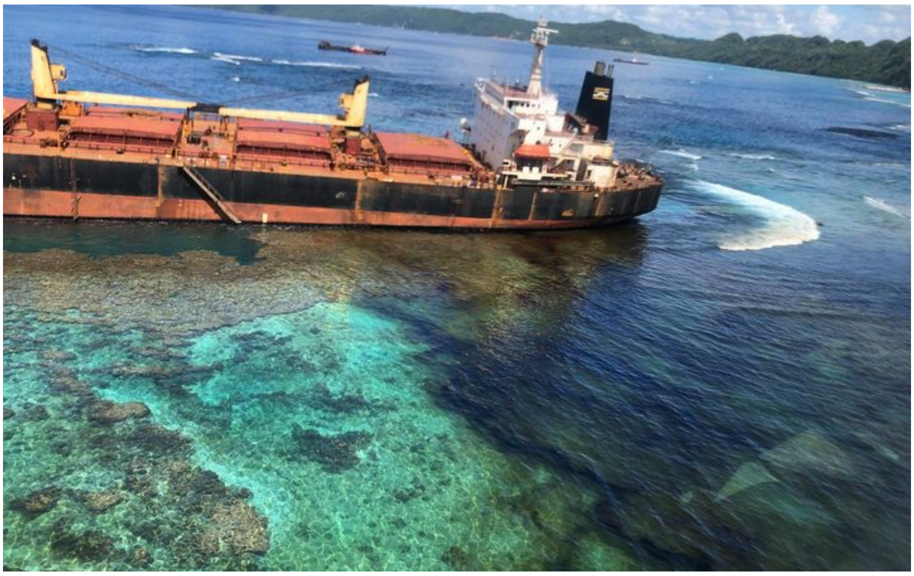
Not enough studies

Last year, the European Parliament called for a ban on seabed mining until the environmental impacts and risks of disturbing unique deep-sea ecosystems are understood. In the resolution, it also urged the European Commission to persuade member states to stop sponsoring and subsidizing licenses to explore and exploit the seabed in international waters as well as within their own territories. Shortly after, an international team of researchers published a set of criteria to help the International Seabed Authority (ISA), a UN body made up of 168 countries, protect biodiversity from deep-sea mining activities. So far, it has granted 29 licences to governments and companies, authorizing them to explore in international waters. Nautilus, however, is the only company that has gone beyond the exploration stage and has gotten close to open the first polymetallic seabed mine off the coast of Papua New Guinea. Its Solwara 1 project, however, has been slowed by funding issues and local opposition. Anglo American (LON:AAL) sold its 4% stake in Nautilus a year ago, as part of efforts to retain only its most profitable assets. And, in March, it had to delist from the Toronto Stock Exchange.

Overseas team assesses extent of Solomons marine disaster

A New Zealand ecologist says a team of scientists is testing marine life and paint left from the MV Solomon Trader at the site of one of Solomon Islands' worst environmental disasters.

Radio New Zealand, 10 June 2019



Oil leaking from the bulk carrier MV Solomon Trader in February. Photo: The Australian High Commission Solomon Islands

Phillip Ross is at Rennell, alongside two Australian scientists, assessing the impact of the massive spill that happened when the ship grounded near a protected marine area in February. Dr Ross also worked on the 2011 *Rena* oil spill in New Zealand's Bay of Plenty. He said lessons were learnt from that disaster which can be applied in the Solomons. "The type of anti-fouling paint that was on the *Rena*, there was leftovers from previous coats of paint which were pretty toxic stuff called TBT which has been phased out.

With the *Solomon Trader* we are really interested to try and figure out what kind of the paint systems were. "So that is the sort of thing which wasn't really on our radar initially but through the Rena we've picked up on these are the sorts of things which actually have to figure out." According to Dr Ross, there are a lot of similarities between the *MV Solomon Trader* and *Rena* spills. "Similar amount of oil spilled. A lot of the oil ended up on Motiti Island, an isolated island with a small population that's really dependent on sea food. Rennell Island, even more isolated, more vulnerable.

"There is a lot of the same issues around people and their vulnerability and their reliance on the ocean. Part of what we are doing is testing the seafood to be able to tell them that it is safe."

Phillip Ross Photo: RNZ Pacific/ Koro Vakauta

Deep sea mining start-up secures bulk of $150m funding round

DeepGreen's financing follows years of regulatory uncertainty and environmental concerns

Henry Sanderson, Financial Times 9 June 2019

Cut cobalt cathodes. More than 60% of the world's cobalt comes from the Democratic Republic of Congo © Bloomberg

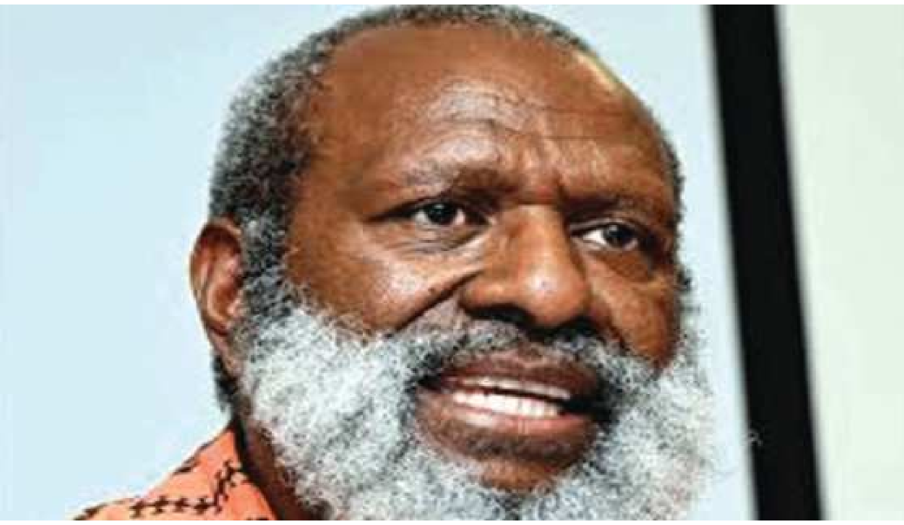
Deep sea mining start-up secures bulk of $150m funding round DeepGreen's financing follows years of regulatory uncertainty and environmental concerns Cut cobalt cathodes. More than 60% of the world's cobalt comes from the Democratic Republic of Congo. DeepGreen, a start-up that wants to suck cobalt and other battery metals from the bottom of the ocean, has secured the backing of offshore pipeline company Allseas as part of a $150m funding round. The financing is a rare sign of progress for deep sea mining after years of regulatory uncertainty and environmental concerns. Switzerland-based Allseas will provide the bulk of the $150m and contribute engineering expertise, DeepGreen said. The money will enable the company to carry out feasibility studies on how it can suck small metallic rocks containing cobalt, nickel and manganese from the seabed, thousands of metres below the surface.

“Our partnership with Allseas will ultimately help us open up a new, disruptive source of battery metals for the green revolution and transform the mining industry as we know it,” Gerard Barron, the chief executive of DeepGreen, said. Supporters of deep sea mining say it offers an alternative to land-based mining and can help the world meet an expected surge in demand for metals from batteries over the next decade. More than 60 per cent of the world’s cobalt comes from the Democratic Republic of Congo, while nickel is mined in Indonesia, Russia and New Caledonia. DeepGreen says the carbon dioxide produced from lifting nodules from the sea floor is lower than land-based mining since the process requires no blasting, drilling or digging. But critics say mining the deep sea risks destroying sensitive and unexplored habitats at the bottom of the ocean. Environmental group Greenpeace has called for an international agreement to protect the oceans from mining. “Scientists warn that deep sea mining risks inflicting severe and potentially irreversible harm to ocean ecosystems that we know so little about,” Greenpeace said.

“Profit is being placed before protection and we urgently need a strong ‘Global Oceans Treaty’ that safeguards the deep ocean from reckless exploitation by companies such as DeepGreen.” The first company to attempt to mine the deep sea, Nautilus Minerals, was delisted from the Toronto Stock Exchange in March after financial difficulties. The company had planned to mine the deep sea in waters surrounding Papua New Guinea. The International Seabed Authority, a UN body that grants licences to mine in international waters, is expected to complete its first set of regulations to enable deep sea mining to go ahead by 2020, according to UK Seabed Resources, a subsidiary of Lockheed Martin. “Uncertainty in the future regulatory regime for mineral exploitation remains the principal barrier to development of an environmentally responsible and commercially viable deep seabed mining industry,” Christopher Williams, head of UK Seabed Resources, said. DeepGreen is looking to extract metals in a 75,000 sq km zone in the Clarion-Clipperton Zone in the Pacific, granted to the island state of Nauru. Allseas is a private company known for having built the world’s largest construction vessel, the Pioneering Spirit, which can install and remove offshore oil rigs in a single lift.

Papua New Guinea appoints reformer to crucial petroleum portfolio

Tom Westbrook, Reuters, June 7, 2019



Kerenga Kua is a former attorney general turned prominent opponent of Marape’s predecessor, Peter O’Neill.

Commodity and energy companies with projects in the resource-rich archipelago have been awaiting the makeup of Marape's cabinet as a sign of his plans, after parliament voted him in last week on a platform of economic change.Papua New Guinea Prime Minister James Marape installed a reformer as petroleum minister on Friday, handing him a mandate to overhaul the sector and warning investors to "pack up and leave" if they did not like it. Announcing his ministries in the capital of

Port Moresby, Marape said Petroleum Minister Kerenga Kua - brought in from the opposition - shared his vision for raising more revenue from the resources sector. "We are tired of being rent collectors," Marape told reporters at Government House where the cabinet was sworn. He promised changes "friendly to the investor but also friendlier to our country". Marape had sparked months of political chaos when he quit as finance minister over the government's handling of a big gas agreement struck in April with French oil major Total SA. He then rode a wave of discontent over that deal, and an earlier one with ExxonMobil Corp, into the top office, triggering a new round of scrambling - this time from commodity firms clamoring to meet and lobby him.

Kua is a former attorney general turned prominent opponent of Marape's predecessor, Peter O'Neill. He has been quoted in the media as saying resource laws should be changed to give the state a bigger stake in extractive projects. "(He is) widely respected and a noted critic of dodgy deals," said Jonathan Pryke, director of the Pacific Islands program at Sydney think-tank the Lowy Institute. Nevertheless, Marape has insisted reforms would be slow, unlikely to take effect until well beyond elections due in 2022, and not designed to harm investment.

Peter Botten, the head of PNG-focused energy firm Oil Search Ltd said in Sydney on Thursday he did not expect to make any significant new concessions on a gas deal it and ExxonMobil Corp hope to strike with the government. Marape, referring to concern among foreign investors, offered both reassurance and a warning. "I make no apologies to anyone," Marape said. "You don't like the way I'm speaking? Pack up and leave." "Peter Botten knows me. I am investor friendly. But I have also to win for eight million shareholders of this country and that's what this generation of leadership is all about."

Oil Search CEO says new PNG leader unlikely to demand big concessions on gas deals

Jonathan Barrett, Reuters, 6 June 2019

Oil Search CEO Peter Botton

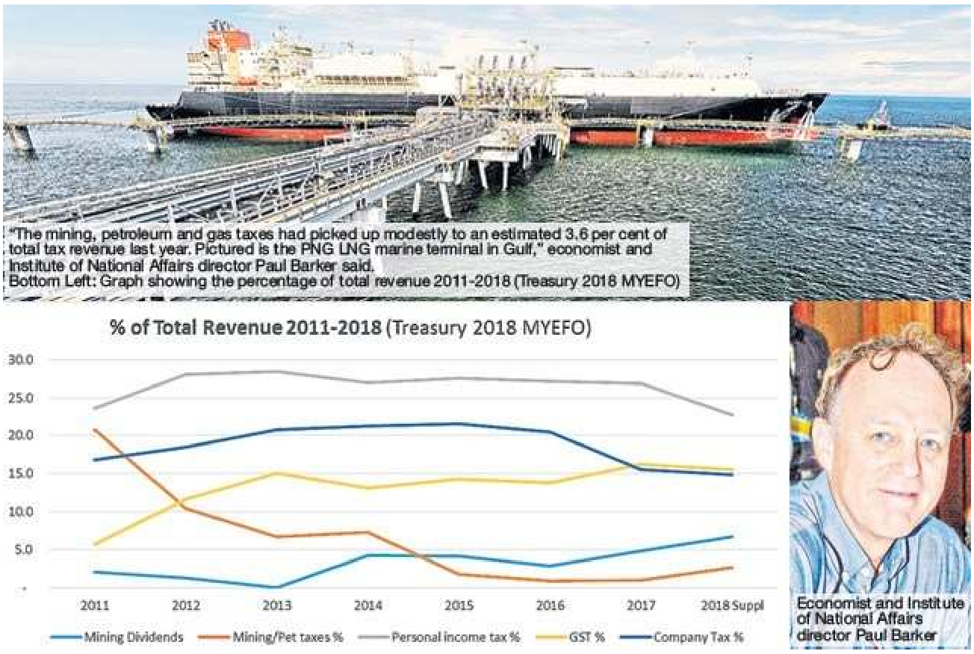
* Oil Search CEO confident on Papua LNG, P'nyang deals
* Comments follow PNG PM vowing to raise revenue from resources

The head of Papua New Guinea-focused energy firm Oil Search Ltd said he did not expect to make any significant new concessions on a gas deal it and ExxonMobil Corp hope to strike with the South Pacific nation's new leader. Commodity and energy firms with projects in the resource-rich archipelago like Oil Search have been closely watching the agenda of Prime Minister James Marape since his election by parliament last week on a platform of economic reform. A policy speech Marape made on Wednesday offered investors some relief as he said changes would be slow. Oil Search managing director Peter Botten told the Sydney Mining Club at a lunchtime address that the P'nyang gas agreement, which has yet to be finalised, would resemble a deal already brokered on the Papua LNG project led by Total . "I don't envisage there will be any changes to the Papua LNG gas agreement," Botten said, meaning the P'nyang agreement would be unlikely to see major change either.

"I am confident about that (but) I'm not 100-percent confident because I need to sit down with the government, as does Total as operator." Oil Search has previously said it hopes to agree terms for P'nyang this month. Marape, a former finance minister, has promised he would be "taking back" the economy and revising resource-sector laws after the resignation of his predecessor, Peter O'Neill. Marape said on Wednesday that he wanted to increase the amount of revenue flowing from resource projects, after years of underwhelming returns most notably from the gargantuan PNG LNG project, run by Exxon in partnership with Oil Search and others. But changes would be gradual, Marape said, and unlikely to take effect before 2025. Papua LNG, operated by Total, plans to develop the Elk and Antelope gas fields to feed two new liquefied natural gas processing units, called trains, at the PNG LNG plant. Oil Search and Exxon also plan to add a third new train at the plant, partly fed by gas from the P'nyang field.

Tax regime needs reviewing

National Affairs director and economist PAUL BARKER discusses the taxation in the mining, oil and gas sector, personal tax and how to attract investors
June 6, 2019, The National Business



"The mining, petroleum and gas taxes had picked up modestly to an estimated 3.6 per cent of total tax revenue last year. Pictured is the PNG LNG marine terminal in Gulf," economist and Institute of National Affairs director Paul Barker said.
Bottom Left: Graph showing the percentage of total revenue 2011-2018 (Treasury 2018 MYEFO)

Economist and Institute of National Affairs director Paul Barker

IN light of recent political events in the country, Northern Governor Gary Juffa in his congratulatory message to Prime Minister James Marape last week, said the country's tax regime had to be reviewed. Economist and Institute of National Affairs director Paul Barker, pictured, discusses taxation in the mining, oil and gas sectors. Barker said in recent years, revenue to the State has been badly squeezed, with resource revenue having dropped away severely over the past decade.
"For example, mining, oil and gas taxes comprised 40 per cent of total tax revenue (or K2.3 billion) in 2007, by 2011 that was down to 24 per cent although the economy had grown a fair bit in the meantime," he said. "But by 2016, it had collapsed to a miserable 1.1 per cent (K92 million) despite

major new resource projects having commenced, notably the PNG LNG in 2014 and Ramu Nickel, and with major world-ranked mines operating, like Lihir and Porgera, and gold prices remaining sound.

“By 2018 mining, petroleum and gas taxes had picked up modestly to an estimated 3.6 per cent of total tax revenue. “So, where has the State secured its revenue in the face of such a collapse in core revenue? “The answer is personal taxes, goods and services (GST), company taxes from other businesses. “More recently, mining and petroleum dividends have picked up somewhat, plus by borrowing substantially, largely domestically, but in recent years more internationally ever since 2012.” Barker said personal income tax rose, as a portion of total tax, from 17 per cent in 2007, to 34 per cent in 2016, slipping back to 31 per cent in 2018. “GST, which is of course also partly an indirect tax on household income, leapt from 9.5 per cent of total revenue in 2007 to 17 per cent in 2017 and 21 per cent last year.” Barker said a few resource rich countries such as Saudi Arabia, and a few other countries deemed tax havens, that secure their revenue from other means, for example from gambling, like Monaco, impose low top marginal tax rates: oil-rich Saudi Arabia has a zero income tax rate.

“For example, Singapore has it at 22 per cent, but most countries have a top marginal tax rate ranging from 35 per cent to 62 per cent in the case of Sweden, with countries like the United States at the lower end, at 37 per cent, and others, like Japan at the higher end at 56 per cent, and many, like the United Kingdom, Australia and France on 45 per cent and Germany on 47 per cent.,” he said. “So, Papua New Guinea is within the international norm, with its top marginal tax rate of 42 per cent,” he said. Barker said the top marginal rate is paid by very few people in most countries, just a tiny portion of high income earners in PNG’s case for those earning more than K250,000 and in Australia, the US and the UK, for example, the top rate applies on income over US$200,000 (K665,905) or £150,000 (K 561,557), which are all figures well above K600,000. “So although PNG raised the tax free threshold from K10-12,500 in the last budget, and also the next bracket was also moved slightly up, the higher tax rates of 30-40 per cent all apply at relatively low income levels compared with many other countries, including Australia, notably K20,000 for the 30 per cent rate and below even the threshold for collecting any income tax in many countries.”

Barker said people often confuse the top rates, and assumed these were the rates they were paying on their income, when in fact the lowest part of their income will be zero taxed, and the next portion on 22 per cent and only the higher portions being taxed at the rates over 30 per cent. “The State does need to earn its revenue from somewhere, and unusually for a so-called resource rich nation, the revenue has not been coming from the extractive sector, thanks to a combination of factors, including concessional fiscal arrangements and deferrals of revenue application on resource projects, particularly in recent decades,” he said. “PNG also does not have a Sovereign Wealth (or Savings) Fund in place, as have many other resource rich countries, upon which to draw during times of low prices or production. “PNG also has a very small income tax base, with few formal sector companies paying tax, and few formal sector employees.

“Hence, the drive by Government to roll out GST, partly to draw in revenue from those outside the formal sector, as workers of businesses. “The recent tax review recommended raising the GST rate to 15 per cent to increase revenue, but also to enable the Government to reduce lower income tax rates, or raise the thresholds further.” Barker said the relatively high tax rates which apply at relatively low incomes (notably 30 per cent at K20,000) were certainly burdensome on lower income households, especially with the high cost of living, notably for food and rentals, and need to pay for education and health services, even when these were defined as free. He said reducing those rates or raising the threshold at which they are applied would be desirable, although a higher GST rate would impose a further burden on the same people, raising the price of most goods and services, albeit sharing the burden more widely.

“It is difficult for the Government to make major alterations, without stimulating the overall economy and securing additional revenue from new businesses and employees, catching the tax dodging businesses, many foreign-owned/run (of which there are many, in the major centres and right out into small provincial towns) and unless they ensure that the resource sector, both the extractive and so-called renewable resource industries, including logging and distant water operating fisheries, contribute their fair share,” he said. “Borrowing more to plug the gap is not the option, as the debt service costs are already burdensome. “Although, reducing the cost of borrowing, by renegotiating or replacing costly debt with lower cost borrowings is a needed approach, but can only be achieved if the Government can demonstrate sound economic and fiscal management, and the economy is looking sound, with growing economic and employment growth and manageable debt levels.

“All these cannot be achieved overnight, but the Government, working with the private sector, can progress things in the right direction. “It requires investor confidence and not scaring away investors, but at the same time ensuring reasonable and consistent conditions, which doesn’t include multiple tax concessions which are excessive or out of synch with international norms. “It also requires cooperation from ordinary citizens, recognising the need to contribute to the state in the form of tax, but in turn expecting or demanding accountability and quality services from their payment.” Moreover, Barker said it was a nice notion, having very low rates of personal income tax, but unfortunately unrealistic dropping to low levels like 15 per cent or below.

PNG PM Says Resources Reforms Will Take Years

Tom Westbrook, Reuters, June 5, 2019

New Papua New Guinea Prime Minister James Marape doubled down on his plans to earn more taxes from the gas-and-gold-rich country's natural resources sector on Wednesday, but said major reform would not take effect for years. That will come as a relief for oil giants such as France's Total SA and ExxonMobil Corp which have done deals and were wondering if Marape would put them up for review. Marape, a former finance minister, had the firms on notice last week when he was elected and promised he would be "taking back" the economy after the resignation of his predecessor, Peter O'Neill. In an address broadcast around the rugby-league loving archipelago as thousands tuned in for the State of Origin match, a big derby in Australia screening afterwards, he promised to review resource laws in a "very, very big way," but not quickly.

"While I'm speaking on natural resources, many of our corporate citizens amidst us will feel a little bit doubtful or will feel a little bit intimidated, will feel a little bit insecure," he said. "But you must not feel that way ... I'm looking at 2025 in which we will migrate to a new legislative framework." Marape had sparked months of political chaos in the South Pacific archipelago when he quit as finance minister over the government's handling of a gas agreement struck in April with French oil major Total SA. He rode a wave of discontent over that deal, and an earlier one with ExxonMobil Corp, into the top office, triggering a new round of scrambling - this time from commodity firms clamoring to meet and lobby him. Mark Bristow, chief executive of the world's second-biggest gold producer, Canada-listed Barrick Gold Corp, traveled to the capital, Port Moresby, to negotiate an extension to a large mining lease expiring in August.

Barrick and China's Zijin Mining each owns 47.5 percent of the highlands' Porgera mine, which Barrick said has paid 4.2 billion kina ($1.2 billion) in taxes and royalties since it began operations in 1990. Oil Search Ltd, a partner in Exxon and Total's multibillion dollar liquefied natural gas developments, has scheduled a meeting for next week, a spokesman said. Marape's remarks imply, as Total has said it expects, that April's contract will be honored, but the changes he again forecast envisage a tougher approach in future. "(I'll be) looking to ensure that the oil and gas sector is beneficial to our country as well as our investors," Marape said. "We'll be looking at the mining sector to ensure that our gains ... are growing."

Bougainville pressing ahead with Mining Act changes

The Bougainville parliament is due to consider controversial amendments to the Mining Act when parliament resumes next week.
Radio New Zealand, 5 June 2019

Bougainville's Panguna Copper mine Photo: Supplied

The government in the autonomous Papua New Guinea region is seeking to make changes which they say will give the landowners greater control but there has been widespread opposition to the amendments. The government wants to take a direct hand in mining and said the changes will ensure landowners retain control of the minerals once they are extracted. They want to establish their own company in conjunction with an Australian business, but landowners with links to other foreign companies said they will be shut out of the mining sector. Vice president, Raymond Masono, said recent consultations have helped to inform people and he's confident the majority of Bougainvilleans would now support their planned changes. Mr Masono rejected a suggestion that the amendments are a controversy Bougainville doesn't need as it prepares for the referendum on possible independence. He said the critical thing for Bougainville is to lay the economic foundations to sustain whatever government emerges from referendum.

Gulf landowners welcome PNG PM's stand on resource laws

Landowners in Papua New Guinea's Gulf province have welcomed the new prime minister's stand on resource laws.
Radio New Zealand, 5 June 2019

James Marape said his government will review the country's resource laws which he described as outdated. Mr Marape and other MPs resigned from the Peter O'Neill-led government in April after it signed with French company Total for the $US13 billion Papua LNG gas project in Gulf. They cited concerns that landowner interests were being undermined in the agreement, and that the O'Neill government had rushed the deal through without meeting mandatory requirements. The high-level opposition to the project agreement has resonated with local landowners in Gulf Province. The Purari Development Association general secretary Roy Daniel Evara said the agreement is flawed because the developer has dictated terms to PNG. "The agreement itself did not comply to very critical pre-conditions of the Oil and Gas Act, which is the guiding pillar for the industry. An agreement should never dictate to the pillars of the country's laws. It should only conform and comply with it."

Roy Daniel Evara said the agreement's provision for 2 percent equity for them was not enough. Much of the discourse among MPs around last week's change in leadership in PNG was about the need to address the uneven benefits from the country's abundant resource wealth Landowner communities in Mr Marape's province, Hela, have been frustrated for several years over the lack of promised benefits from the country's first LNG project, operated by Exxonmobil, which is also a partner in the Papua LNG Project. "We do not intend to chase away our investors. They're here to stay, we encourage them," Mr Marape said. "But we will look into maximising gain from what God has given this country, from our natural resources. This leadership is all about placing this country in the right place in taking back our economy." Mr Marape has borrowed the Take Back PNG mantra from Oro Governor Gary Juffa. Mr Juffa argued the country isn't truly independent because foreigners control its economy, saying PNG's MPs need to devise laws that enable the country to take true ownership of its economy.

Porgera Mine Owners Meet New PNG Government About SML Extension

GlobeNewswire, June 4, 2019

Barrick President and Chief Executive Mark Bristow, along with Zijin Executive Director and Senior Vice President George Fang, met today with Papua New Guinea's new Prime Minister James Marape and reaffirmed the company's commitment to working with the PNG government and local communities to ensure that the Porgera gold mine continues to deliver value to its stakeholders past the expiry of the current Special Mining Lease on August 16, 2019. While in the country, Bristow also held meetings with Enga Governor Sir Peter Ipatas, Porgera landowners, and other stakeholders. Since pouring its first gold in 1990, Porgera has paid more than Kina 3.6 billion (US$1.1 billion) in taxes and Kina 1 billion (US$297 million) plus Kina 600 million (US$178 million) in equity cash payments and royalties respectively to the provincial government and customary landowners.

This represents a significant contribution to the country's economy, as well as a substantial amount to the landowners on whose properties the mine is located. An application to extend Porgera's special mining lease for a further 20 years is currently in progress. Bristow said Porgera was an important long-term asset for PNG as well as the mine's owners, Barrick Gold Corporation and Zijin Mining Group. "The proposed extension to its lease will allow the mine to remain productive for at least another 20 years. To sustain mine operations, however, it will require a significant capital injection, and it is difficult to justify that kind of investment without the security of an extended mine lease," he said.

"Barrick believes in true partnership with our host countries, sharing both the responsibilities and the benefits that come with mining. We are engaging with the government to breathe new life into our long-standing partnership, so that Porgera continues to deliver value to all its stakeholders. In our meeting with the Porgera landowners, we invited our stakeholders to join us in continuing to improve the quality of life, security and welfare in the Porgera valley." Porgera is a joint venture between Barrick and the Zijin Mining Group, which each owns 47.5% with the remaining 5% interest being held by Mineral Resources Enga (owned equally by Porgera Special Mining Lease Landowners and the Enga Provincial Government). The mine is operated by Barrick (Niugini) Limited.

Total expects new PM to honour deal

June 3, 2019, The National Business

PARIS: French energy company Total said on Friday that it expected Papua New Guinea's incoming government to honour a contract signed by the previous administration for a liquefied natural gas (LNG) project in the South Pacific archipelago. "We note that the new prime minister has indicated that he will honour the contracts that were already signed," Total said in a statement sent to Reuters. "According to our information, this touches on the gas agreement signed by PNG's government to develop the Papua LNG project." PNG's new Prime Minister James Marape pledged on Thursday to "tweak and turn" laws governing how natural resources were extracted to help lift the country out of poverty. Total and partners Oil Search and Exxon Mobil signed a deal with PNG in April aimed at allowing initial work to start on a US$13 billion (K43.8bil) plan to double the country's liquefied natural gas exports. – *Reuters*

Transparency needed in seabed mining process

Cook Island News, June 01, 2019

The Patania II, a scaled down prototype of a manganese nodule collector to be tested in 2019 in the Clarion Clipperton Zone.

Local non-government organisations Te Ipukarea Society and Kōrero O Te ‘Ōrau recently sourced funding for an independent legal opinion on the draft Seabed Minerals Bill 2019. This is the fourth in a series of articles outlining key points raised in the 51-page opinion. According to a reputable environmental lawyer, the Seabed Minerals Bill 2019 in its current draft form does not encourage transparency and a free flow of information. There “appears to be no overriding duty or principle of the presumption of open information, nor a presumption that all information submitted in an application is available to the community to assess as part of the public consultation process”, writes CJ Iorns Magallanes, a reader in law at Victoria University who was contracted by local nonprofit organisations to provide a legal opinion on the Bill. In other words, the draft Seabed Minerals Bill 2019 does not require politicians and the Seabed Minerals Authority to disclose information about applications from mining companies and their operations.

This point reflects concerns raised in letters to the editor of this newspaper and voiced at public meetings. Seabed mining is an untested and unproven endeavour; going forward, information about possible impacts on the environment will be crucial for guiding responsible decisions. So far very little information has been made public; it was said that submissions and feedback on the draft bill would be shared, but since the deadline for submissions passed in February, members of the public are still waiting for news. Not only does the proposed Seabed Minerals Bill 2019 not require government to share information, it actually imposes heavy consequences on anyone who leaks information that government considers sensitive. Magallanes calls the punishment — a five-year prison sentence — “particularly onerous”. She notes the consequences for sharing such information seems overly harsh - “(‘a sledgehammer to crack a nut’ is the phrase that comes to mind)”.

While sharing information is vital for democratic, participatory decision-making about shared resources, it is also already part of our law. The Seabed Minerals Bill 2019 must comply with the provisions of the Marae Moana Act 2017, a piece of legislation that coordinates management of the marine environment. The Marae Moana Act lists transparency in decision-making as one of its overriding principles. Bodies which advise the Marae Moana Coordination Office are required to make information publicly available unless there are good grounds for withholding it. Magallanes’ legal opinion suggests that reports about seabed mining, as well as recommendations put forward by any potential advisors, should be shared with the public.

Her analysis discusses a recent case in New Zealand, which illustrates what can happen when information about a public resource is not made publicly available. A company’s application for a licence was shared but with large sections redacted (blacked out); the company claimed these sections were commercially sensitive. A complaint was filed. The case ended up in court and the complainants won, with the court ordering the disclosure of the information. “Thought should therefore be given to the inclusion of an assumption of disclosure even for material that an applicant might claim is commercially sensitive, if it is necessary in order to assess the likely environmental effects,” Magallanes writes. “The public should have the right to this information and not have to take a judicial review case against the Authority in order to understand the activities applied for.”

There have been a number of issues raised that have been highlighted in this and the previous articles on the Magallenes review. With transparency in mind, the public awaits the release of other submissions in order to see what other issues may have been identified. We have also just received news that a revised “final” Seabed Mining Bill has been released on Thursday this week. We note that this is to be considered the version to go to Cabinet and then on to Parliament when it sits in June. Te Ipukarea Society and Korero O Te ‘Orau would welcome sufficient time to review this revised Bill, and be given an opportunity to see how our feedback, and that of other stakeholders, has been incorporated into this revised “final” Bill, before it finds its way to Cabinet and then into Parliament.

Juffa wants resource laws reviewed

May 31, 2019, The National

NORTHERN Governor Gary Juffa wants new Prime Minister James Marape to review the resource laws to protect PNG's land and resources. "The current laws are colonial laws made to benefit others. Only those owning the economy design the future and right now we don't own the economy," he said. "Foreigners own our economy and are designing our future. We must own fish canneries, timber mills and gas-processing facilities so that we can claim them to be our own." Congratulating Marape yesterday, Juffa said the tax regime had to be reviewed. "Our people are overtaxed. We pay the highest tax in the region, 35 per cent on incomes. That is too much. I would propose at this instance that we remove taxes on retrenchment and retirement benefits from our people and our local workers. They don't have to pay these taxes" Juffa said. "Meanwhile, we are giving too much tax exemptions and tax holidays to all criminal cartels and pirates. They are here to enrich themselves at our cost. Our nation's security is another issue. Our gates are wide open for criminal cartels and transnational criminal organisations are now in this country.

"They have taken over our resources and they are benefitting and they are structuring our future. And it is a very dark future for you and I. But it is a bright future for them as they build empires offshore." Juffa urged Marape to utilise all the MPs who would not be allocated ministries. "Allocate them roles in the parliamentary committee and revisit these committees. Fund these committees so that they can do what they are supposed to do. Don't forget your governors. One of the reasons why we are here (voting for a new prime minister) is because the governors are not happy and are being forgotten. Provinces can contribute to the economy of this country if they are allowed to collect revenues and taxes and manage their affairs without running to the ministers in Port Moresby and having to wait like little boys. "They would be satisfied and will support you. If you don't pay attention to them, there will be problems. "You must respect your ministers. Allow them to make decisions to run their ministries. They must not be undermined and manipulated by outside force. We have to table commission of inquiry reports as they cost us a lot of money.

New PNG PM strives for economic independence through mining reform

Alex Gluyas, Australian Mining, May 31, 2019

Newly-elected Papua New Guinea (PNG) Prime Minister James Marape has declared he is "striving to economically free" the country through mining law reform. Addressing the media after his swearing-in ceremony, Marape announced the country would no longer be taken advantage of for its resource-rich land, with a proposed overhaul of mining laws. "Driven by the common need that this country deserves better, as far as getting from the resources that is abound and blessed by God in the country," he said. Mining is an imperative part to the PNG economy with vast mineral deposits being spread across the country that are often capitalised on by foreign companies, including Australia. Newcrest Mining has its wholly owned Lihir open cut gold mine, which is one of the largest known gold deposits in the world. In the financial year ending June last year, Lihir delivered 955,156 ounces of gold production. PNG also has significant gold mines that are operated individually by Barrick Gold and Zijin Mining Group.

PNG Chamber of Mines and Petroleum welcomed Marape's victory, with its chamber president Gerea Aopi saying the organisation looked forward to working alongside the Prime Minister. "We look forward to working with Honourable Marape on many of the resource industry policies, particularly the long overdue revised Mining Act, the establishment of a Petroleum Resource Authority, and re-visiting some of the sector's taxation reforms," he said. "Stability on many of the fiscal and regulatory regimes is important to ensure ongoing investment in the sector, hence we welcome discussions on some of the country's major projects in the pipeline such as the Wafi Golpu, Frieda

River, and the Papua LNG projects." Marape has been a strong critic of mining laws in the country, including an agreement with French oil company Total in April, which allowed it to start work with Oil Search and ExxonMobil on a $13 billion plan to double gas exports. The new Prime Minister is expected to renew PNG's focus on ensuring agreements and resources laws are fair for the country.

Laws on resources need to be changed, says prime minister
May 31, 2019, The National Main Stories

PRIME Minister James Marape said laws on resources are "outdated" and need to be changed.
"I know that our economy is bleeding and struggling. We will do our diagnostics into how our economy is doing now," he said. "The team of leaders I lead are all about doing what is right for our nation, taking back our economy, looking into resource laws (which) are outdated. "We don't intend to chase our investors, but we will look into maximising gain from what God has given this country from our natural resources." He said it was all about placing the country in the right place and "taking back the economy".

"Our forestry, we don't need foreigners to come in and export our forestry sector. Players in that sector, it's time to go into downstream processing," he said. Marape said provincial governments must get involved "in these sorts of space". "When we talk about autonomy for provincial governments, we must go beyond and ability to raise revenue. "Right now I don't have the magic pill to give better services. "Today I rally young, free-will thinking politicians. Fear not and let's move on." He thanked public servants and called on them to work for an honest pay. Marape also promised to continue the provincial and district services improvement programmes.

Harmony admits PNG political instability raises risk of MoU change on Wafi-Golpu
David McKay, Mining MX, May 30, 2019

Wafi-Golpu mine site

HARMONY Gold acknowledged the risk that political changes in Papua New Guinea (PNG) could create a situation where a memorandum of understanding (MoU) regarding its Wafi-Golpu copper/gold mining project would have to be changed. "At this stage we are waiting to see what happens," said Lauren Fourie, investor relations manager for Harmony on the matter of PNG politics. "The potential election of a new prime minister could potentially impact the memorandum of understanding (MoU) we signed with the government in December 2018," said Fourie on May 28.
On May 30, PNG unveiled its new prime minister, James Marape, a former finance minister, who then said he intended to "tweak and turn" laws governing how natural resources are extracted from the South Pacific island.

“At the moment our resource laws are outdated … we will look into maximising gain from what God has given this country from our natural resources,” Marape was quoted by Reuters to have said in his first address to parliament as prime minister. “I have every right to tweak and turn resource laws for my country, then it will empower my citizens as well,” Marape told the chamber to cheers and applause. “I truly want this country to be the richest black Christian nation on the planet,” he added. The thrust of the discontent in PNG regarding the exploitation of natural resources is a gas drilling project involving French group, Total, and Chevron. Granting of a Special Mining Permit for Wafi-Golpu have been a long-standing feature of getting the project on the road. Fourie said up until recent events various joint venture workstreams were tackling requirements of the permit which range from environmental authorisations through to the stake the PNG state will eventually hold.

The Wafi-Golpu copper-gold mine could cost Harmony Gold $2.82bn in initial capital expenditure to build to commercial levels of production as per a 2018 feasibility study. Of this, Harmony will shoulder about 50% with Newcrest Mining Limited, an Australian firm, carrying the balance. Average annual gold production was put at some 266,000 ounces. Marape became prime minister after receiving 101 votes to eight in parliament, a day after Peter O’Neill resigned having lost the support of the house after almost eight years in power, said Reuters. Political instability is not unusual in PNG, but Marape’s resignation from cabinet in April tapped into growing concern over governance and resource benefits not reaching the poor, it said. Harmony operates the Hidden Valley mine in PNG after taking the operation out of mothballs and buying Newcrest’s share in the business. It produced 100,000 oz at an 11% margin in the six months ended December, and was on track to achieve 200,000 oz for the full financial year, said Harmony in February.

New PNG leader aims to ‘maximise gain’ from resources sector

Tom Westbrook, Reuters, 30 May 2019

Despite the rhetoric of a leadership challenge is the new PM really going to change PNG’s addiction to elite politics and large-scale resource extraction?

- Parliament elects ex-finance minister James Marape
- Critic of major gas deal, plans to review resource management
- Peter O'Neill resigned on Wednesday after weeks of turmoil
- Concerns over benefits from resources not reaching the poor

Former finance minister James Marape was elected prime minister of Papua New Guinea on Thursday, and the critic of a major global gas development deal vowed to review management of the nation's resource riches. Marape received 101 votes to eight in parliament in the capital, Port Moresby, a day after Peter O'Neill resigned having lost the support of the house after almost eight years in power. Marape, who hails from the poor but gas-rich highlands of the South Pacific nation, said he would focus on "taking back our economy" and proposed an overhaul of mining, forestry and fishing laws. "We will look into maximising gain from what God has given this country from our natural resources," he said in his maiden address to parliament. "I have every right to tweak and turn resource laws for my country, then it will empower my citizens as well," he told the chamber to cheers and applause. Political instability is not unusual in the poor but resource-rich country, but Marape's resignation from cabinet in April tapped into growing concern over governance and resource benefits not reaching the poor.

Those concerns ultimately led to O'Neill's downfall. Marape told a news conference after he was sworn in at Government House that any changes to laws would not be retrospective. But he has previously questioned an agreement with French oil company Total in April, which allows Total, Oil Search Ltd and ExxonMobil Corp to begin work on a $13 billion plan to double gas exports. "We are not here to break legally binding project agreements," he told reporters when asked if he would consider reviewing another gas deal with Exxon critics say has failed to benefit landowners and the government. However, he added: "If we find any project agreement ... that has not fully complied with proscribed provisions of law, then we are open to reviewing and scrutinising them," he said. "We are not about breaking laws. We are about honouring existing laws."

Exxon has said it does not comment on politics. Oil Search and Total did not immediately respond to requests for comment. Business leaders in Papua New Guinea offered cautious support for the new leader. "He was finance minister so understands need for clarity and stability in policies," Isikeli Taureka, chairman of Kinabank and a former oil and gas executive at Chevron and InterOil, said in a text message. "I believe he is rational and seems to lean towards respecting and grandfathering current agreements," he said. The political uncertainty has knocked almost 6% from shares in Oil Search, an Australian partner in large liquefied natural gas developments in PNG, since the challenge to O'Neill gained traction last week. Oil Search shares climbed in early trade, but turned negative after Marape's election to trade 0.7 percent below Wednesday's close in a falling broader market.

NOC: Environmental Impact of Deep-Sea Mining can Last Decades

Maritime Executive, 30 May 2019

Unique deep-sea hydrothermal vent ecosystems that harbour chemosynthetic life forms such as giant tubeworms. Active mining of vents would destroy these rare ecosystems (Image: NOAA Okeanos Explorer Program)

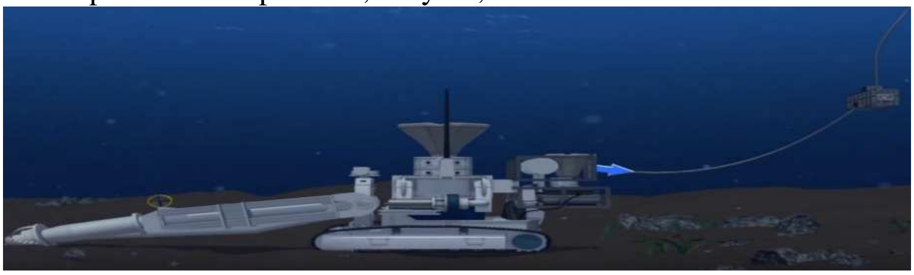
A new study shows that the impacts of seabed mining on deep-sea ecosystems can persist for decades. Scientists at the U.K.'s National Oceanography Centre (NOC) revisited a site exposed to deep-sea mining activity nearly 30 years previously to assess seabed and ecosystem recovery. They used a robot submarine to map and photograph much of the seafloor in the disturbed area in unprecedented detail. The images were combined into a seafloor photo-mosaic completely covering 11 hectares of seabed, the largest ever photo-mosaic obtained in the abyssal ocean. Tracks on the seafloor caused by the simulated mining were still clearly visible, and the impacts on marine life initially observed in 1989 persist.

The study, recently published in Scientific Reports, was able to pinpoint individual animals over a wide area and relate their abundance and distribution to the tracks. While mobile species, such as sea cucumbers and sea stars, were able to recolonize impacted areas, many animals, such as sponges and sea anemones, live attached to the seafloor and remained virtually absent from directly disturbed seabed. Given the important role of these animals in abyssal ecosystems, the results of the study suggest that impacts of large-scale commercial mining could potentially lead to an irreversible loss of key ecosystem functions, says the NOC.

The target of this type of deep-sea mining is polymetallic nodules, potato-shaped rocks rich in copper and manganese. These nodules provide a stable anchoring point for the development of anemones, soft corals and sponges, and promote the development of diverse communities on otherwise muddy seabed. The nodules take millions of years to form. Removal or burial of nodules from mining activities will remove the home of many of these filter-feeding animals, constraining their capacity to recolonize impacted zones and further delaying ecosystem recovery processes. The site investigated lies in the deep Pacific Ocean off Peru at around 4,000 meters water depth. It was disturbed as an experiment in 1989 by a team of German researchers. This is still to date the largest disturbance experiment carried out in an abyssal environment.

The study is the result of a collaboration between the NOC and the GEOMAR institute in Kiel (Germany) funded by the European Union Joint Programming Initiative (JPI-Oceans), an international project aiming to assess the ecological aspects of deep-sea mining. The NOC is working with the U.K. Government and the International Seabed Authority to inform developing regulations regarding deep-sea mining.

Fisheries and environmental organizations issue joint call for moratorium on DeepSeaMining
EU Reporter Correspondent, May 29, 2019



Seas At Risk and the Deep Sea Conservation Coalition (DSCC) welcome the call for a moratorium on deep-sea mining in international waters by the Long Distance Fleet Advisory Council (LDAC) of the European Union. In calling for a moratorium, the LDAC highlighted concerns by scientists, the fishing industry and environmental organisations over the potentially severe impacts on fisheries, fish and other species in the oceans and inevitable loss of marine biodiversity from deep-sea mining. The Executive Committee of the LDAC adopted the advice to the European Commission and member states at its meeting in Poland last week and have publicly released.

The International Seabed Authority, an intergovernmental organization established under the UN Convention on the Law of the Sea, is in the process of developing regulations that would permit mining the international areas of the deep ocean seabed. Matthew Gianni, co-founder of the Deep Sea Conservation Coalition, said: “Fishing industry representatives and NGOs in Europe are jointly raising concern with EU member states and the international community over the prospect of deep-sea mining and its likely impacts on fisheries and the marine environment. Scientists have warned that biodiversity loss will be inevitable and likely permanent on human timescales if the International Seabed Authority begins issuing licenses to mine the deep ocean seabed for metals such as copper, nickel, cobalt and manganese.” The LDAC recommended that no deep seabed mining in the international areas of the ocean seabed under the jurisdiction of the International Seabed Authority should be permitted until:

1. The risks to the marine environment are fully assessed and understood;
2. a clear case can be made deep-sea mining is necessary and not simply profitable for companies or countries that want to mine, and;
3. international commitments to conserve and sustainably use the oceans, strengthen the resilience of marine ecosystems, and initiatives to transition to circular economies, sustainable methods of consumption and production and related efforts as called for the in the UN’s Sustainable Development Goals 2030 Agenda are recognized.

The LDAC further called on the European Commission and member states to stop funding, facilitating or promoting the development of deep-sea mining and deep-sea mining technology. Seas At Risk Deputy Director Ann Dom said: “We count on the EU member states to take to heart the call for a moratorium by the European Parliament and the fisheries sector, and to put it firmly on the agenda of the upcoming annual session of the International Seabed Authority.” The LDAC endorsed a European Parliament resolution adopted in 2018 which also called for a moratorium on deep-sea mining and reform of the International Seabed Authority (ISA). In January of this year, echoing similar concerns, the UK House of Commons Environment Audit Committee released a **report** stating that deep-sea mining would have “catastrophic impacts on the seafloor” and that the ISA stands to benefit from revenues from issuing mining licenses which the Committee viewed as “a clear conflict of interest”.

John Tanzer, leader, Oceans Practice, WWF International, said: “A moratorium on seabed mining – given its inherent risks and how little is known about life on the sea floor – is just plain common sense, and particularly in light of recent global biodiversity assessments showing the planet is suffering unprecedented species loss that will have profound impacts on nature and humanity at large.” The Long Distance Fleet Advisory Council (LDAC) is an EU fisheries body representing stakeholders of both the fishing sector (including catching, processing and marketing sectors, and trade unions), and other groups of interest (environmental NGOs, consumers and civil society). Several DSCC member organizations, including Seas At Risk, WWF, Oceana, Bloom Association, are members of the LDAC.

Academic Urges Govt To Revisit Tax Regime

Post Courier, May 28, 2019

The recent political tussle in PNG has emerged due to inconsistent resource development policies, mainly the disagreements on local fiscal contents associated with the extractive sector, explains an academic. Senior Lecturer Dr Ken Ail Kaepai of PNG University of Technology said from Lae that PNG needs to critically revise the minerals taxation regimes to develop sound policies and innovative ways of capturing a significant share of the mineral wealth without placing tax burdens on the industry. “The political tussle between the government and opposition is not new. During the mineral boom periods, Australia had its share of high political turnovers due to arguments over resource rent tax and royalty policies." "The idea of national ownership of resources has been People Progress Party's (PPP) policy platform for maximizing the mineral wealth for PNG. However, PPP has not pursued it for a policy shift. Currently, the political mindset thinks that equity participation is one way to accommodate national interests com- pared to allowing 100 per cent foreign ownership of PNG's mineral resources," he said.

He said that the lack of capital for exploration and project developments restrict the national ownership of mining, oil and gas. The State and landowners do not have the equity capital for procuring equity interests in resource projects. Dr Kaepai explained that given the limitation, the State has agreed to acquire 22.25 per cent interests in the Papua LNG through a deferred payment of the equity capital, which includes the landowner's 2 per cent interest. "The State will bear landowner's financial burden of their equity interest through KPHL. It means that the landowners will be free-riders at the expense of the State and the society at large." "Under this arrangement, the dividends will be delayed over more extended periods required for allowing the State to repay the equity capital sourced from external lending institutions or will enable the investor to recoup its equivalent equity capital cost internally using future positive cash flows from the project." Dr Keapai said that the deferred payment of the equity capital shifts the financial burden of providing the upfront capital cost of equity to the investor. The State's market capitalization of equity participation in minerals, petroleum and LNG is not clear, and landowner equity participation has been problematic," he stressed. Dr Kaepai said that the Panguna was the only mine that consistently paid equity dividends until its premature closure in 1988.

"Local equity participation in Porgera and Lihir gold mines have been problematic and unsustainable, while free-carried interest was offered to OK Tedi landowners under exceptional circumstances associated with the riverine tailings disposal system." Dr Kaepai said that a former mining minister, the DMPGM and the MRA misled the GoPNG to take the 30 per cent equity in the failed Nautilus Minerals' under-sea mining development. "It is a significant loss of public funds that could have been used to develop the deteriorating health and education infrastructures in rural PNG." "It appears that the GoPNG provides tax holidays as compensation for equity participation, and at the pretence of attracting foreign direct investment. "This strategy causes a fiscal dissipation where both tax concession and equity participation could lead to wasteful resource extraction. "The State and landowners need to critically assess the financial viability of equity participation in Papua LNG, Wafi-Golpu and Frieda projects. This includes the renegotiation of the Porgera gold mine on a case by case basis.

Political crisis threatens to delay $12bn-$14bn expansion led by ExxonMobil and Total
Jamie Smyth, Financial Times, 28 May, 2019

ExxonMobil Corp and Total SA have become embroiled in a political crisis in Papua New Guinea that risks delaying a $12bn-$14bn expansion of the nation's liquefied natural gas industry. The government of prime minister Peter O'Neill appeared to be in jeopardy with opposition MPs set to hold a no-confidence vote against him in parliament next week. Mr O'Neill on Tuesday applied to the Supreme Court seeking an injunction to block the move, which could bring an end to his eight years in charge. The revolt by the opposition, which says it has the numbers to bring down the government, was sparked in part by allegations Mr O'Neill mishandled the financing of the LNG projects. Analysts warn that if he is ousted, there could be a delay in finalising the requisite contracts for the multibillion-dollar expansion that is critical to the Pacific nation's finances. The Supreme Court is due to hear Mr O'Neill's appeal on Friday.

David Low, an analyst at Wood Mackenzie, forecast that the prime minister's resignation would delay first gas from the LNG projects by as much as two years, to beyond 2025. Any delay would be a blow to the oil majors, with Wood Mackenzie projecting 2019-20 will be record years for LNG investment decisions, unleashing 100m metric tonnes a year of new capacity. The risk is that the PNG projects miss out on this wave of investment and a new administration seeks to extract more taxes or royalties from the projects. "While we still expect the project to go ahead, the political turmoil opens the door to competing projects and increases the risk of knock-on delays," Mr Low said. ExxonMobil and Total are spearheading the PNG LNG and Papua LNG projects, in partnership with Australian listed resources companies Santos and Oil Search, spending an estimated $12bn-$14bn on expansion.

The opposition MPs support development of the projects for the investment they would bring to the resources-rich but poverty stricken country. But they have demanded Mr O'Neill stand down after a report, drafted by the PNG Ombudsman and leaked to the press, that concluded Mr O'Neill acted improperly by securing a A$1.2bn ($831m) loan from UBS to buy shares in Oil Search in 2014 without seeking formal parliamentary approval. According to the Ombudsman — an independent body established under the constitution that protects citizens' rights against administrative injustice — the PNG government used the loan to buy a 10 per cent stake in Oil Search, enabling the company to buy into a gasfield being developed by Total.

Oil prices subsequently crashed, and the government lost hundreds of millions of dollars when it sold the shares in 2017 during a fiscal crisis that forced widespread cutbacks. "The A$1.2bn UBS deal represents all that is wrong with Peter O'Neill's prime ministership," Mekere Morauta, an opposition MP, told the Financial Times. "PNG did not benefit. It lost K1bn ($297m)." UBS declined to comment on the loan, on which the bank earned A$100m in interest and fees. Finma, the Swiss financial markets regulator, said: "It is familiar with the financing business mentioned, and we are in contact with the bank". Mr O'Neill did not reply to a request for comment. He has previously denied that the loan was unlawful, saying the matter had been clarified in parliament and the ombudsman investigation was "flawed".

Oil Search said on Tuesday it had breached no laws, and no allegations had been made against the company or its officers. It said that contrary to the requirements of PNG law, Oil Search and others were not contacted by the Ombudsman Commission during its investigations or given any opportunity to provide evidence or comment. Kevin Gallagher, chief executive of Santos, said forecasts of a two-year delay were "pure speculation" and there was no indication the PNG government wanted to delay anything. ExxonMobil and Total did not immediately respond to requests for comment.

Political disarray in PNG rocks Oil Search shares

May 28, 2019, The National Business

SYDNEY: Political turmoil in Papua New Guinea threatened to delay a US$13 billion (K43bil) plan to double the country's gas exports, sending shares in one of the project's partners, Oil Search Ltd, down nearly 4 per cent yesterday. PNG Prime Minister Peter O'Neill said on Sunday he would resign after weeks of high-level defections from the ruling party. Sir Julius Chan, twice a former premier, would take over as the government's leader, O'Neill said. Political instability is not unusual in Papua New Guinea and has not held back mining and energy investments in the resource-rich country, however protests over benefits failing to reach rural areas have dogged the government and project owners. It was not clear whether Chan could command a majority in parliament when it resumes today. "We will not choose him. It's a really bad choice," opposition lawmaker Allan Bird told Reuters in a text message.

"We want a complete break from O'Neill (and) Chan is just a proxy for O'Neill," he said. Chan said on Saturday he had been approached by both the government and the opposition to take the role. "This is not a position I am seeking," he said in a statement. "However, I love Papua New Guinea, and there is a desperate need right now to unite the country … and to make the wealth of this country work to the benefit of the people of this country." O'Neill had resisted calls to resign for weeks but his opponents said on Friday they had rallied enough support in parliament to oust him over a range of grievances, including a gas deal agreed in April with France's Total SA. The deal with Total set the terms for developing the Elk and Antelope gas fields, which will feed two new liquefied natural gas (LNG) production units at the PNG LNG plant, run by ExxonMobil Corp. At the same time, ExxonMobil and its partners are planning to build a third new unit at the PNG plant, to be partly fed by another new gas field, P'nyang.

Credit Suisse analyst Saul Kavonic said the political upheaval could put pressure on the government to negotiate tough terms for the P'nyang gas agreement, which is yet to be finalised, and affect talks on development costs. "Both these factors heighten the risk of delay," he said in a note to clients. "Any delays in the P'nyang agreement could hold up a final investment decision on the PNG LNG expansion, which is set to double the plant's capacity to 16 million tonnes a year. The uncertainty sent shares in Oil Search, a partner in PNG LNG and Papua LNG, down as much as 3.9 per cent in early trading on Monday. Energy stocks rose 0.6 per cent. ExxonMobil and its partners had hoped to begin basic engineering planning for the expansion by mid-2019 and make a final investment decision in 2020. - *Reuters*

Kutubu LO's Want Govt To Honour LNG Deal

Post Courier, May 27, 2019

The people of Kutubu have supported the economy of the country but the living conditions are still the same. The people who have never complaint before are now calling on the Government to help improve their lives. Spokesman and young Kutubu landowner Asi Ibisubu say since 1989, the start of the Kutubu oil project, successive governments have ignored the plight of the people. He said the wealth of Kutubu has and will continue to support the economy and improve the welfare of other Papua New Guineans so long as the oil and now the gas for the PNG LNG continues to flow. Ibisubu says the Government should now consider the people of Kutubu and seal the road from Poroma to Moro and beyond so that the people travel on good seal road. He said the Government should also consider running power (electricity) from Mendi to Kutubu so the people can use the opportunity to improve their lives.

"While we have oil flowing from Kutubu for 26 years, there is nothing to show for and what we ask is if the two project can be considered for the benefit of the people. We still live in Kunai thatched house and continue to live in our traditional way of life after 26 years. There is nothing to be proud of, unlike landowners in the Middle East who owns private jets. While we don't aspire to be like them, at least we see improvements in our lives would make wonders. We would also appreciate if the laws are changed so it gives us a better deal to improve the lives of the people," he said. Ibusubu is also calling on the government to honour many of its commitment made to the PNG LNG project. The said they have been quiet for a long time but they feel the road sealing and the electricity rollout projects are important for the people of Kutubu to help improve their lives.

Official: Encourage mining communities to be self-reliant
May 27, 2019, The National

SELF-sustainability is more important in communities than dependency, Ok Tedi Mining Ltd (OTML) chairman Musje Werror says. Werror told stakeholders at the community mine continuation agreement (CMCA) women roadshow in Port Moresby yesterday that communities in mining areas should be encouraged to be self-reliant than depending on compensation payments. He said nine women associations of Western in the CMCA corridor under the Ok Tedi Mining Foundation (OTDF) were now using their 10 per cent from the compensation package to deliver service, invest and sustain their own livelihood. "After the review of the CMCA agreement in 2007, women and children were allowed to receive 10 per cent of the compensation package estimated at around K100 million," he said. The nine women associations are Star Mountains, Nupmo, Tutuwe Ara, Nima Ara, Middle Fly Women and Children, Suki Fly Gogo, Manawete, Dubi Regional and Kiwaba Regional.

These nine women associations were using their 10 per cent to improve their standards of living focusing on these development priorities: fishing, women and youth learning centres, law and order, life skills training, building community market infrastructure, women capacity building training, water and sanitation, rural power supply, food security, community infrastructures. The nine associations cover more than 150 villages. OTDF programme sustainable services development manager Eric Kuman said the women had some funds available and were trying their best but needs development partners to assist. "The women are taking the lead in self-sustainability and cutting out dependency which is very good," Kuman said. He said Ok Tedi Mining Ltd would not last forever and people need to learn how to take care of themselves.

Concerns raised about French Polynesian mining decision
Radio New Zealand, 27 May 2019

A French Polynesian pro-independence assembly member has raised concern about last week's decision to reconsider seabed mining. The government has hired a French company to draw up a strategy on mining after earlier research found deposits of a range of minerals, including cobalt.

Richard Tuheiava Photo: AFP

Richard Tuheiava has told *Radio1* that environmental concerns persist. He also says there is claim lodged with the United Nations to give sovereignty over the resources to the indigenous Maohi people. The assembly's mining commission head Charles Fong Loi says he has been told not to comment. The study is expected to detail the exploration possibilities under French Polynesian law. Under French law the state can claim French Polynesia's resources if they are declared of strategic value. Paris has the rights to the territory's seabed and continental shelves, which are believed to be also rich in rare earths. Four years ago France extended the continental shelf off several of its overseas territories, including New Caledonia.

Company hired to draw up French Polynesian mining strategy

Radio New Zealand, 24 May 2019

A French company has been hired by the French Polynesian government to draw up a strategy on mining, including on the territory's seafloor. A sum of $US70,000 has been allocated to the company Abyssa for a nine-month period to explore the potential. A study by the IRD Institute in 2016 established that French Polynesia has cobalt, nickel, manganese, titanium and platinum, but the viability of mining is unclear. Ownership is being challenged, with the pro-independence opposition claiming the territory's right to sovereignty over all resources, including those at sea. Under French law, the state can claim French Polynesia's resources if they are declared of strategic value. Paris has the rights to the territory's seabed and continental shelves, which are believed to be also rich in rare earths. Four years ago France extended the continental shelf off several of its overseas territories, including New Caledonia.

Landowners support extension of mine

May 23, 2019, The National Business

MORE than 140 landowners are supporting the extension of the mining lease at Porgera. They represent the Lease for Mining Purpose (LMP) landowners and Special Mining Lease (SML) clans from Tieni, Tuanda, Waiwa, Angalaini, Mamai, Pulumaini and Anga. They gathered this week at the Porgera station to show their support for the mine's lease renewal application. The current lease will expire on Aug 17. Mine operator Barrick (Niugini) Ltd had, in June 2017, applied to the Mineral Resources Authority for an extension of 20 years – the maximum period under the PNG mining law.

These SML clans have traditional land rights over some of the mine's operations which include the open pit, underground mine and the Anawe mill processing area. SML landowners Paul Komai, Matthew Yapala, Panda Ekepa, Iso Kulina and Wari Ekale were supported by clan agents William Gaupe, Gideon Wasa, Joe Tarale Kale, Joshua Yako, Maukele Okoko and others. They wanted Barrick to continue operating the mine as many had outstanding issues and agreements. "There are outstanding issues that have not been fully addressed and I request that the government accept PJV's application for renewal," Komai from the Tieni clan said. Yapala, also from Tieni, said if another operator was to take over, a lot of issues would be unresolved.

Scientists fear impact of deep-sea mining on search for new medicines

Bacteria from the ocean floor can beat superbugs and cancer. But habitats are at risk from the hunger for marine minerals

Karen McVeigh, 20 May 2019

When Prof Mat Upton discovered a microbe from a deep-sea sponge was killing pathogenic bugs in his laboratory, he realised it could be a breakthrough in thefight against antibiotic resistant superbugs, which are responsible for thousands of deaths a year in the UK alone. Further tests last year confirmed that an antibiotic from the sponge bacteria, found living more than 700 metres under the sea at the Rockall trough in the north-east Atlantic, was previously unknown to science, boosting its potential as a life-saving medicine. But Upton, and other scientists who view the deep ocean and its wealth of unique and undocumented species as a prospecting ground for new medicines, fear such potential will be lost in the rush to exploit the deep sea's equally rich metal and mineral resources.

Microbes from deep-sea sponges could be a breakthrough in the fight against superbugs. Photograph: Office of Ocean Exploration and Research

Mat Upton: 'In sustainability terms, this could be a better way of exploiting the economic potential of the deep sea.' Photograph: University of Plymouth

"We're looking at the bioactive potential of marine resources, to see if there are any more medicines or drugs down there before we destroy it for ever," says Upton, a medical microbiologist at the University of Plymouth. He is among many scientists urging a halt to deep-sea mining, asking for time to weigh up the pros and cons. "We know sponges are a very good source of bioactive bacteria so I would say they would be a good source of antibiotics and anti-cancer drugs too. In sustainability terms, this could be a better way of exploiting the economic potential of the deep sea."

Oceanographers using remotely operated vehicles have spotted many new species. Among them have been sea cucumbers with tails allowing them to sail along the ocean floor, and a rare "Dumbo" octopus, found 3,000 metres under the Pacific, off the coast of California. Upton estimates it could take up to a decade for a newly discovered antibiotic to become a medicine – but the race towards commercial mining in the ocean abyss has already begun. The deep sea, more than half the world's surface, contains more nickel, cobalt and rare earth metals than all land reserves combined, according to the US Geological Survey. Mining corporations argue that deep-sea exploration could help diversify the supply of metals, including cobalt for electric car batteries, presently mined in the Democratic Republic of the Congo, where child labour is common. Demand for copper, aluminium, cobalt and other metals, to power technology and smartphones, is soaring.

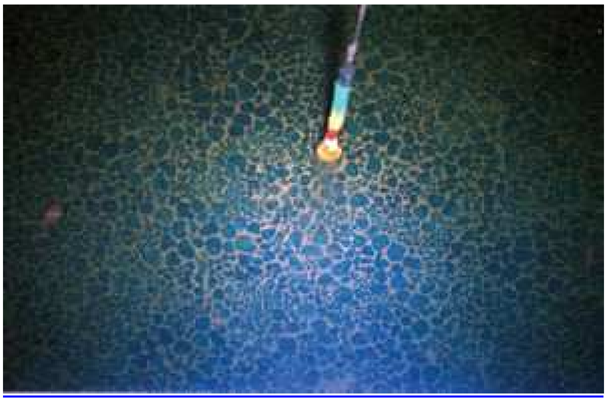
So far, 29 licences for exploration activities have been granted by the International Seabed Authority (ISA), a UN body made up of 168 countries, to promote and regulate deep-sea mining. No commercial exploitation licences have been granted yet, but one firm, Global Sea Mineral Resources, has said it needs regulations in place by next year to start mining in 2026. Last week the ISA's legal and technical commission gathered in Pretoria, South Africa, for a workshop to develop environmental standards for a draft mining code, which will create the framework for exploitation. Michael Lodge, the organisation's secretary general, has promised regulations will be finalised by 2020.

But many fear this is moving too fast. Mining could devastate fragile ecosystems that are slow to recover in the highly pressurised darkness of the deep sea, as well as having knock-on effects on the wider ocean environment. Critics have called for a 10-year ban on commercial mining. Kristina Gjerde, a high seas policy specialist at the International Union for Conservation of Nature, is deeply concerned over the lack of environmental protections in the draft code. "We're just blindly going into the dark, adjusting any impacts on the way," says Gjerde. "We have no assurances, no evidence that they can avoid serious harm." A cross-party group of MPs wrote in January that deep-sea mining would have "catastrophic impacts" on habitats and species and concluded that the case for such activity had not yet been made.

Deep-sea copper mining off Papua New Guinea. Photograph: Nautilus minerals

A study published in January found that soft sediment in the Clarion-Clipperton Zone (CCZ) in the mid-Pacific, where most exploration licences have been granted, could take up to 10 times longer to resettle than previously thought, meaning sediment is likely to travel farther in the water column before it resettles, affecting marine life over a much larger area. Dr Kerry Howell, a colleague of Upton's at the University of Plymouth, is working on a model to try to predict where on the sea bed important species such as Upton's sponge lie. "We don't have all the information we need" says Howell, a deep-sea ecologist. "Our project will look at which species might be important and which may be impacted by mining. If the models work, we will know where they are and we will know what they can do, and we can make decisions about whether mining can go ahead."

Her work is part of a £20m five-year programme, funded by the UK's Global Challenges Research Fund. "We are writing regulations in a severe absence of knowledge of the ecosystem," she warns. Howell also receives funding, for separate research, from a deep-sea mining company, UK Seabed Resources, which is a subsidiary of the UK branch of the US aerospace and defence company Lockheed Martin. This is also important work, she acknowledges, but scientists simply do not know enough yet. "Most deep-sea scientists are concerned at the speed at which the development of regulations is happening," says Howell. Britain's partnership with UK Seabed Resources holds licences to explore a total of 133,000 sq km of the Pacific sea floor, more than any government apart from China, according to analysis by Unearthed, Greenpeace's investigative arm. The licences are in the CCZ, the site of one of the world's largest untapped collections of high-value metal ores. The area contains trillions of potato-sized black lumps called polymetallic nodules, containing cobalt, nickel, copper and manganese.



A deep-sea bed of manganese nodules off the Cook Islands. Photograph: USGS

Dr Jon Copley, associate professor at the National Oceanography Centre Southampton and a contributor to the BBC's Blue Planet II series on marine life, is studying hydrothermal vents. Formed when seawater meets magma, and the sites of massive sulphide deposits, these vents are one of three different resources of the deep sea being administered by the ISA. "On deep sea vents, scientists are clear – we don't want mining on them," he says. "There are thousands of species of deep-sea animals living there and new species are being discovered all the time." Roughly 400 new species have been found at active hydrothermal vents since 1977. Copley believes science has moved on since the ISA, whose members are parties to the 1982 UN convention on the law of the sea, began its work in 1994. He questions whether the agency is fit for purpose, when part of its mandate is to promote seabed resources "for the benefit of mankind".

"The ISA was set up on a false premise – that there is a vast wealth down there that could be used to address social injustice. But it is quite possible the enterprise will increase the gap between rich and poor. At what point do we say: 'Hang on, is this a good idea?' "I can understand why the ISA doesn't want to scare off investors by being heavy-handed on environmental protections. They have to deliver the benefits to the developing world. They have to be very careful." Environmentalists point to last year's designation of the "Lost City", an area under the Atlantic and one of the world's most important sites of scientific interest, as part of a mining exploration zone, and are sceptical of the ISA's environmental credentials.

Deep-sea sponges in the Clarion-Clipperton Zone between Mexico and Hawaii. Photograph: Kerry Howell/Deep Links Project

Louisa Casson, an oceans campaigner for Greenpeace, says that the deep sea is comparable to rainforests in terms of carbon sinks, which are vital in combating climate breakdown. Casson says: "We haven't heard any reassurances from mining companies or the ISA about how they might handle this potential risk. Last year, the ISA granted Poland an exploration licence in an area highlighted by Unesco. Right now, it seems to be serving the interests of the companies." The ISA has said there was no suggestion Poland was going to mine in this area and that part of the exploration licence was to conduct environmental studies.

In a statement to the Guardian, Lodge says that, where mining activities are concerned, the ISA is taking “all necessary measures” under the UN convention on the law of the sea “to ensure the effective protection of the marine environment, including marine biodiversity, from harmful effects”. “An extremely important part of ISA’s mandate is ensuring appropriate environmental assessments and safeguards in the activities it regulates,” he says. “No seabed mining will take place until such elements have been agreed by all 168 member states.” Lodge says the money the ISA receives from proposed royalties or other finances will be shared for the benefit of member states, particularly taking into account the needs of those that are “least developed and landlocked”.

Undialu wants PNG LNG deal reviewed

By HELEN TARAWA, May 16, 2019, The National Main Stories

HELA Governor Philip Undialu pictured, says the gas agreement for the PNG LNG project signed by the Government and the companies involved had deprived the landowners of their benefits. Undialu told The National that the calculation of the development levy was a big problem. “When they did the gas agreement, they deducted almost 60 to 75 per cent of the development levy,” he said. “I would like to review the agreement. Section 98 of the organic law provides for the gross value. “What they have been paying is the net value. The net value is not supposed to be the well head value. It’s supposed to be the gross well head value. That is the big task ahead of us.” Undialu said the accumulated funds paid in 2017 was about K45 million which was much less than what they expected to be paid.

“We were supposed to get more than that. To date we have not received any development levy yet,” he said. He said Prime Minister Peter O’Neill had been asked to intervene. “One of the reasons I pulled out of the PNC-led government is based on the government’s failure to address the development levy,” he said. “People are not benefitting from the LNG project because of various reasons. The clan-vetting was supposed to be done under the Oil and Gas Act which is its prerequisite before going into development.” He fears the “same mistakes will be repeated in the Papua LNG project. “To date after more than 500 shipments, the payments have not been released because of the clan vetting hasn’t been completed,” he said.

Landowners ordered to stay away from LNG project site

The National, May 15, 2019

THE National Court has issued a restraining order to landowners of Angore in Hela to stay away from the ExxonMobil’s project site. Justice Derek Hartshorn issued the restraining order to Mango Kurali, a local from Angore PDL 8 area, his agents, tribesmen, relatives and supporters after finding that he and his associates participated in causing damage to ExxonMobil properties on Nov 15, 2017, May 29, 2018, and June 7, 2019. “The evidence is unchallenged,” Justice Hartshorn said. The court found that Kurali and his accomplices not only damaged properties, but also participated in setting up roadblocks, issuing threats and intimidating employees and contractors. This caused ExxonMobil to cease operations from time to time.

“ExxonMobil has rights,” Justice Hartshorn said. “PDL 8 itself grants ExxonMobil service rights to fulfil its obligations and construction to work and upgrade its existing gas lines under its licence. “I am satisfied that the defendant had no right to destroy the properties and intimidate ExxonMobil contractors or prevent ExxonMobil’s operations in PDL 8. “The actions by the defendants are against the law, and if not restrained by this court, he will continue to do what he did." The court held that ExxonMobil suffered damage estimated at millions of kina in its properties and it was not practical for ExxonMobil to compensate anybody. In another case concerning damage to ExxonMobil's properties in PDL8 as well, Justice Hartshorn issued restraining orders to Steven Au and David Hayebe. They were charged with damaging properties, creating roadblocks and threatening employees.

Wafi Golpu SML Grant In June, Highly Unlikely

Frankiy Kapin, Post Courier, May 14, 2019

The site of the Wafi-Golpu project in Morobe which is the centre of a land dispute beween rival clans.

Wafi-Golpu Joint Venture is unlikely to be granted a special mining lease (SML) by end of June. This timeline was agreed to by the WGJV mine developer and the PNG Government. WGJV head of external a airs David Wissink said recent developments in PNG render the possibility of a SML being granted by 30 June not viable. Mr Wissink said this as a main hindrance to the developer achieving set goals that contribute to the achievement of the project. Wissink said WGJV is aware of the recent issuance of a stay order in the matter of Morobe Governor Ginson Saonu and others against Minister for Mining and others. "The matter is a judicial review application made by the Governor concerning the actions of the Minister for Mining in regard to the execution of the Memorandum of Understanding entered into between the developers of the Wafi-Golpu project and the State of Papua New Guinea.

"The WGJV hopes that this matter is resolved soon, and stands ready to continue to participate constructively in all negotiations to take the project forward when it is appropriate to do so." Mr Wissink added that WGJV has been working constructively with the PNG Government; the Morobe provincial government; and the landowners to take forward the negotiation of various agreements necessary for the permitting of the project. In relation to progressive proceedings including reaching the Memorandum of Agreement (MOA) by parties to the Wafi-Golpu project, Mr Wissink said the MOA is one of a number of agreements necessary to be finalized to enable the permitting of the project. "The Mineral Resources Authority has convened a development forum, and is collecting position papers from all identified stakeholders. The Morobe provincial government is an important participant in this process and we are very pleased that it has recently submitted its position paper," Mr Wissink said. He said the WGJV is yet to be given a copy of the MPG position paper and looks forward to going through the paper at an appropriate time to progress the project.

Landowners welcome court's decision to delay development

May 13, 2019, The National

LANDOWNERS of the Wafi-Golpu mining project have welcomed the court decision to delay development and activities at the project site until a review of a deal signed by the Government is completed. Yanta Development Association chairman Genesis Siliwana said the interests of the provincial government and landowners must be considered in any negotiation. He said the refusal by Governor Ginson Saounu to sign the deal which was later signed by the Government and the operators was in the best interest of the people. "Saonu must now (discuss) equity benefits and the free carry participation which the Government has embarked on for the resource owners," Siliwana said.

"If the provincial government is firm on the 15 per cent equity benefits from the Wafi-Golpu project, the landowners 5 per cent equity benefit must also be re-looked at. "It is our view that if granted the 15 per cent equity, the provincial government will have to raise funds to participate in the mining and that will be without the landowners. "Therefore, they must include us in this very crucial issue." Heying Incorporated Land Group chairman John Nema thanked Governor Ginson Saonu on behalf of the Hengambu people of Mt Golpu for challenging the legality of the deal signed by the Government and the operators. "It was a bold move the Governor has done, not for the few people of the (proposed) special mining lease area, but for Morobe and Papua New Guinea."

Provinces yet to get dues from LNG shipments

May 14, 2019, The National

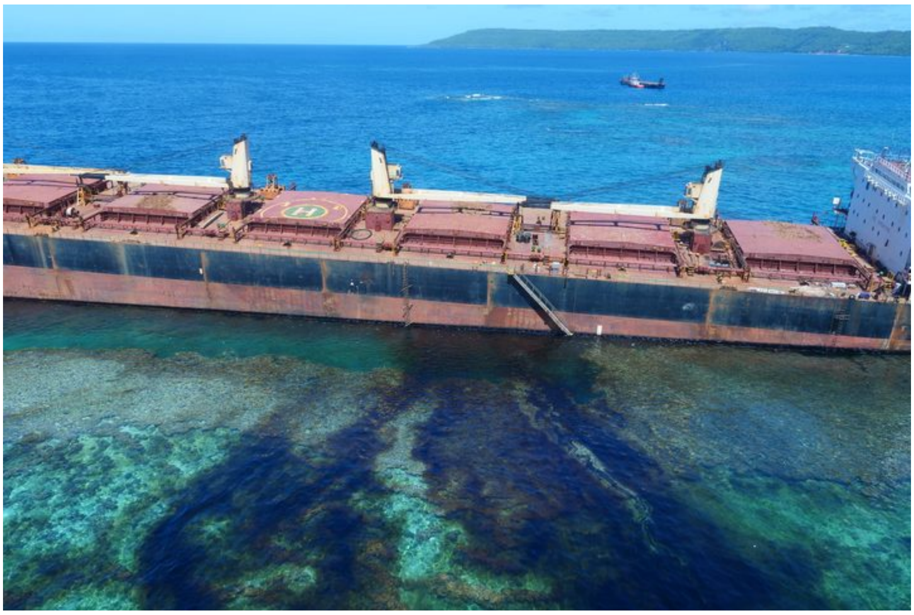
THE PNG LNG Project has made more than 500 LNG shipments but the beneficiary provincial governments are yet to receive their dues, Hela Governor Philip Undialu says. Undialu, who has been speaking about the government's unfair treatment to provincial governments and landowners concerning the PNG LNG project, said the project made K150 million per shipment. "One of the reasons why myself and two Hela MPs – James Marape and Manase Makiba – left the government led by Prime Minister Peter O'Neill, was the total failure and lie by the prime minister during his 2017 election promise to transfer the 4.27 per cent Kroton Equity to the landowners free of charge," he said. Undialu said Kumul Petroleum Holdings Ltd earned around K1.8 billion annually from the 16.4 per cent share from the PNG LNG Project, of which 4.27 per cent belonged to the landowners and five per cent for the provincial governments of Hela, Southern Highlands, Western, Gulf and Central.

"From 2014 since the first LNG shipment was done to 2019, we the landowners and the four provincial governments stand to around K2.7 billion," he said. "That is K450 million per year for the last six years from 2014 to 2019." Undialu said the 4.27 per cent Kroton Equity shares was unable to be transferred because the prime minister has mortgaged the shares with the K3 billion UBS loan. "Worse still, O'Neill has nominated KPHL as a guarantor for Papua LNG," he said. "Before our 4.27 per cent equity is tied to another loan, I call on the prime minister to release it." Undialu said the UBS loan deal done by O'Neill has seen the people and the country losing around US$1.2 billion (K4.05 bil) and 10.1 per cent Oil Search shares. "The PNGLNG has already made K75 billion," he said.

The US$19 billion (K64.09 bil)project is an integrated development that includes gas production and processing facilities that extends from Hela, Southern Highlands, Western and Gulf to Port Moresby. ExxonMobil PNG Ltd operates the project on behalf of five co-venture partners. LNG production began in April 2014. Since then we have been reliably supplying LNG to four long-term major customers in the Asia region.

Stricken Solomon Islands ship is refloated

Radio New Zealand on 13 May 2019



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

The ship at the centre of an environmental disaster in Solomon Islands has been refloated after spending more than three months stranded on a coral reef. The *MV Solomon Trader* unleashed a huge volume of oil near a World Heritage Area, and destroyed the food stocks and livelihoods of locals. The National Disaster Office says the *Solomon Trader* was refloated on Saturday. It says its removal will now allow a full environmental assessment to be carried out, and it's likely the Solomon Islands government will seek compensation for environmental damage.

PM: Solwara, UBS loans inherited

By HELEN TARAWA, May 10, 2019, The National

PRIME Minister Peter O'Neill says the Solwara and UBS loans are legacy issues inherited from the Somare government. O'Neill told Parliament that the saga of the UBS loan came about because the Government wanted to secure an interest in Oil Search. He was responding to Shadow Minister for Finance and Treasury Ian Ling-Stuckey's questions about the KI billion in the UBS loan fiscal deal. Ling-Stuckey claimed that another K400 billion was invested in the collapsed Nautilus deal which was destroying 120,000 job opportunities and the heath of the country's workforce. "When PNG LNG project shares were to be bought to secure our 19.1 per cent shares in interest in the PNG LNG project, Oil Search shares were mortgaged to IPIC (International Petroleum Investment Company), Sovereign Wealth Fund for United Arab Emirates," he said.

"This is a fund that is controlled by the Royal Family and the government of United Arab Emirates. "Our government officials at that time went there and mugged the shares and borrowed the money to pay for these shares in the PNG LNG project. "That is an indisputable fact. I think it was A$1.6 billion (K3.7bil)," he said. O'Neill said they mortgaged every state-owned entity of the country. "So if we wanted to sell one of the planes of Air Niugini, we had to ask the Arab Emirates, literally we were mortgaged to the Arabs. "The arrangement between IPIC, it is the same company not a public-listed company and has no transparent and accountable reporting company." O'Neill said this was the same company that was involved in the US$1billion (K3.3bil) scandal in Malaysia.

"The IPC fund is the same fund involved in the US1billion to the private account to the prime minister of Malaysia.

"Then Government went and dealt with the same fund, no accountability and transparency. "The five-year term loan was due, the arrangement was that they will surrender back to us and we will pay them A$1.6 billion (K3.7bil) in the five years so we can secure our 10 per cent interest in Oil Search. "We had to find the money to pay for the shares so the money was endorsed and Treasury negotiated the funds and we told IPIC we want shares back but they refused to return the money." O'Neill said Oil Search investment was a strategic investment to the Government. The company decided to offer the Government of PNG to secure the 10 per cent.

"We cannot afford to lose such an investment, this is why we have to secure the shares. "We have lost a lot of money because of stupidity. The Solwara deal investment for undersea mining should not have happened. "The business confidence in our country remains, and I give credit to the treasurer, our economy is doing well," he said. O'Neill explained that the investment that would be made in Papua LNG was over US$14bil (K47.3bil). He said the treasurer provided details of the negotiations and agreement to Parliament. "The negotiations were done with the Governor of Gulf from day one and he will be very happy. "The landowners will do a development forum and I will stand on my record about protecting landowners, and ensure they get the right benefits," O'Neill said.

Wafi-Golpu Mine project on hold

By JIMMY KALEBE, May 10, 2019, The National Main Stories

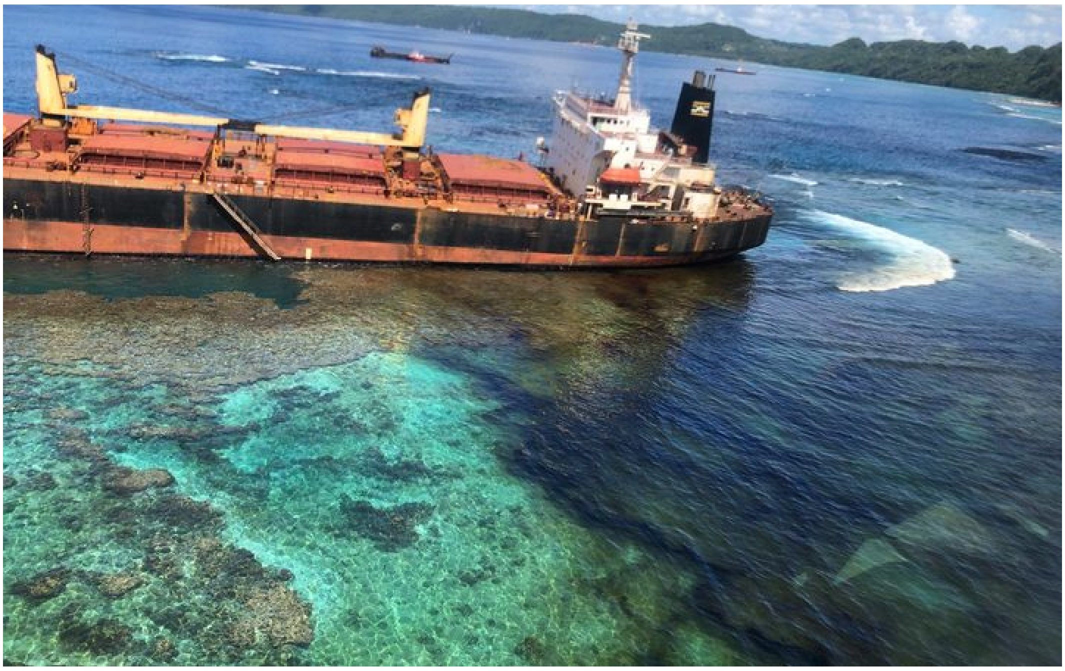
A COURT has put on hold operations of the K9 billion Wafi-Golpu copper-gold mining project in Morobe pending a review of a deal signed between the Government and developers. Morobe Governor Ginson Saonu took the matter to court challenging the legality of the signing of the memorandum of understanding last December between the Government and Newcrest Mining Limited and Harmony Gold. Saonu on behalf of the Morobe government claimed that the signing of the memorandum was done without proper consultation with, and input from, the provincial government and other stakeholders. The memorandum was signed on Dec 11 following a clearance letter from State Solicitor Daniel Rolpagarea. National Court acting judge Justice John Numapo ruled that the stay order also applied to any representation by Saonu or the parties who signed the memorandum regarding the project, including any meetings or consultations.

Saonu and the provincial government had asked the court to review the letter constituting the legal clearance issued by Rolpagarea for the execution of the memorandum. Lawyer Paul Mawa, representing the State, asked the court to refuse the leave for review because the application was premature, misconceived and defective. He argued that it was not supported by any clear and tangible evidence. He said the legal clearance purportedly issued by Rolpagarea was not the decision of a public body or authority and therefore could not be reviewed. But Justice Numapo stated that Rolpagarea was public office holder and what he did fell under a public body or authority which was subjected to review. Justice Numapo dismissed the claims by Mawa and ruled that the issues raised by the plaintiffs were prima facie as they contained substantive issues of law. He said the issuing of the letter to clear the memorandum for signing was done when the constitutional process had not been fully exhausted and, therefore, not only premature but also a clear breach of the Mining Act and the Constitution.

He said the second issue related to the terms of the memorandum was that the Morobe government wanted to benefit fully from the project. Saonu and the Morobe government had wanted half of the 30 per cent State equity to be awarded to the Morobe government. Justice Numapo said this was not accommodated in the memorandum. He also highlighted the fourth goal of the national goals and directive principles enshrined in the Constitution which called for collective benefits and equal distribution of natural resources and environment for all citizens. The case will return for a directions hearing on May 24 at the National Court in Lae.

Solomon Islands to refloat ship after oil spill

Radio New Zealand, 10 May 2019



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

Since early February, bulk carrier, *Solomon Trader*, has been wedged on a reef off Rennell Island, where it has spilled an estimated 100 tonnes of oil. The spill happened near a protected marine area and poisoned local water supplies and fishing grounds, sparking an international outcry. More than three months on, the Solomon Islands Disaster Management Office said the vessel will be refloated and towed from the reef. Its director, Loti Yates, said the process, which is being led by a salvager contracted by the shipowner's insurer, will take around three days. "It is a huge and very, very difficult operation," he said.

Mr Yates added that cleanup efforts which began in March are ongoing, with oil still coating the shoreline of the nearby and once pristine Kangava Bay. He added that all oil onboard the ship had been removed but based on ship records there was an unknown amount missing. "Maybe they evaporated, maybe they just sailed away or sunk into the bottom of the ocean. Not sure yet." Mr Yates said investigations by the Solomon Islands government into the disaster had been obstructed by a missing data drive taken from the ship by its owner. He said requests for the data - which is too big to transfer online - to be sent physically had gone unanswered for the past three weeks. "We are sort of frustrated but we are still hoping that it will arrive."

PanAust enters 20pc share deal

May 9, 2019, The National Business

PANAUST Limited entered into an agreement in March for the purchase of Highlands Frieda Limited’s 20 per cent interest in the Frieda River copper-gold project in West Sepik. According to the company's quarterly report released yesterday, the agreement was subjected to a number of conditions including the implementation of a transaction whereby Cobalt 27 Capital Corp acquires all of the shares in Highlands Pacific Limited which it does not currently own by way of a "scheme of arrangement". It stated that the Mineral Resources Authority confirmed the renewal of six exploration licences related to the Frieda River copper-gold project. Last December, PanAust announced the Sepik development project, a new development pathway for the Frieda River project. It focuses on the development of shared-use infrastructure that will support, and in turn be supported by, a hydroelectric facility and mine operation.

The Sepik development project contemplates four interdependent projects that together will create a new economic corridor in West and East Sepik – the Sepik infrastructure project, the Frieda River hydroelectric project, the Frieda River copper-gold project, and the Sepik Power grid project. The Sepik development project will improve transport and connectivity, facilitate delivery of services to remote communities, and boost domestic and international trade and investment. PanAust executives had met PNG Cabinet ministers during the March quarter focused on key environment aspects, project scope and cost, funding strategy and indicative project timelines. PanAust says it remains committed to advancing the nation-building Sepik Development project. PanAust holds an 80 per cent interest in the Frieda River project with Highlands Frieda Ltd holding 20 per cent. The copper-gold project is located 175km north-west of the Porgera gold mine in Enga and 75km north-east of the Ok Tedi mine in Western.

Alternative govt sees need to review resource law

May 9, 2019, The National

THE alternative government is looking at reviewing all the resources laws in the country if they were elected into power. Speaking on behalf of the alternative government, National Alliance party leader Patrick Pruaitch said the country's laws governing lands, resources and contracts would be reviewed if they get into power. He said the review was to empower the people to take ownership of their resources. Pruaitch said they would review some of the laws and agreements recently signed such as the Papua LNG, which he claimed was not done in the best interest of the people. He said the alternative government was made up of like-minded leaders who put the interest of the nation first. Tari-Pori MP James Marape, the opposition's alternative prime minister candidate, said their team had convictions for change.

Marape said they wanted to promote local content in every aspect of development in the country. He said they would review the resource ownership laws so the landowners and the provincial governments would not be mere royalty collectors but active equity participants. Marape said PNG was bestowed with an abundance of natural resources in the sea, on land and the air, which was free from pollution. However, he said the people were still poor while the government continuously to promoted foreign interests. Enga Governor Sir Peter Ipatas said he believed in the decentralised system of government in the country instead of concentrating power in Waigani. Hela Governor Philip Undialu told The National that one of the reasons why many MPs defected from the O'Neill-Abel government was the alleged irregularities with the recent signing of the Gulf LNG.

Solomon Islands new govt prioritises mining reforms

Radio New Zealand, 8 May 2019

Mr Sogavare told the *Solomon Star* the decision was taken in light of the country having recently been caught in a very awkward situation over mining issues. Earlier this year a cargo ship ran aground on a reef off of Rennell while trying to load bauxite from a mine on the island. It eventually spilled hundreds of tonnes of heavy fuel oil into the ocean causing one of the worst man made disasters in Solomon Islands in recent times. The whole saga has revealed inadequacies in Solomon Islands mining law when it comes to holding mining companies accountable for environmental disasters caused by their operations. In the Rennell case, the mining company Bintan Mining continues to deny liability for the spill and has said it would be suing the ship's owner. Manasseh Sogavare said his government is committed to delivering new legislation for the mining sector as part of a larger aim to build a broad-based and environmentally sustainable economy. Mr Sogavare said he hopes the new law will create a robust and conducive local mining sector that can attract good investors.

Oil Search gas play a target in latest PNG power play

Matthew Stevens, Australian Financial Review, May 7, 2019

A former prime minister of Papua New Guinea has claimed that a technical study prepared for the government has raised doubt over the quality of a Papuan Basin gas and liquids discovery that has so far lured $4.5 billion of acquisition investment by Total, Oil Search and Exxon. Sir Mekere Mourata said on Friday that a study “available” within the PNG Department of Petroleum says the Elk-Antelope gas and condensate discovery that has lured investment by two super majors and the Australian-listed Oil Search could prove a marginal and excessively risky investment for the state. The study that has fired up Sir Mekere was written by a consultancy called Sarkal Energy and it was delivered on December 31. According to the widely respected former PM, the review reveals “five major problems” at Elk-Antelope.

The most profound of them is the claim that there is less recoverable gas than had been stated in past communications with the government and that the gas is of poorer quality than assumed. “The report suggests that progress on the project should cease until a detailed independent assessment of the Elk-Antelope field is carried out,” Sir Mekere said in the latest of a recent flood of his bellicose “public statements”. “It says the financial risk to Papua New Guinea is too high not to conduct such an inquiry. If the project fails, according to the report, the cost to PNG could be up to K20 billion ($8.5 billion),” Sir Mekere advised. Given the wild political times being lived in PNG and Sir Mekere’s standing as an MP opposed to the present leadership, these are claims that need testing. So, naturally, we asked Oil Search people to respond. They did not.

Not every expert's view

Certainly though, it needs to be noted that this gloomy view of Elk-Antelope’s prospectivity stands in violent contrast to those of two rather better-known independent experts and of the usually equally informed internal technicians at Oil Search. And the idea that gas majors both super and regional that are steering a $16 billion growth story might have so thoroughly and consistently overlooked the potential that recoveries at Elk-Antelope will be sub-standard is, frankly, a little hard to accept. Separate assessments of Elk-Antelope in 2016 by sector-leading independent experts Netherland Sewell & Associates and Gaffney, Cline & Associates certified the fields’ contingent resources at 6.1 trillion cubic feet (tcf) and 6.9 tcf respectively. And Oil Search’s internal reserve modelling puts the gross resource near 6.45 tcf.

While that is not quite the potential that was marketed by the discoverer of the novel Elk-Antelope play, a Singapore listing called InterOil, it is certainly enough to justify its acquisition by Exxon for $US2.5 billion in 2017. To secure that deal Exxon had to fight off Oil Search, which bid for InterOil after earlier acquiring a 22.84 per cent slice of the Elk-Antelope concessions. That 2014 deal cost $900 million. And it was funded from the proceeds of the $1.24 billion that was raised in delivering a 10 per cent stake in Oil Search to the PNG government. PNG funded its recovery of a 10 per cent stake in Oil Search through a debt raising led by UBS that has been the subject of domestic and regional controversy pretty much ever since. As *The Australian Financial Review* reported back in 2014, the then treasurer, Don Polye, lost his job after objecting to the debt raising on the grounds that it was unconstitutional and a breach of budget debt law. In March the *Financial Review* reported that Swiss authorities were investigating the circumstances of the UBS loan to assess whether it breached local regulations.

Gas heats O'Neill dissent

PNG's Prime Minister back in 2014 was Peter O'Neill. And, for the moment at least, the hardest man of PNG politics still has that job. O'Neill has successfully stared down frequent challenges over recent years, but this week his grip on power seems as vulnerable as at any point since his rise to the top in 2011. One of the trigger points for a threatened no-confidence motion against O'Neill is the April 5 agreement the government signed with the proponents of $16 billion worth of expansions to PNG's most successful resources developments, the PNG LNG project. This is an expansion of two parts that involves adding three new liquid natural gas trains to the two that began their campaign back in 2014. One of those new trains will be fed by gas provided by the current joint venturers. The other two are supposed to be filled by gas from the Total-led Papua New Guinea joint venture, which will draw its gas from Elk-Antelope.

High among the issues of contest triggered by the April agreement is that it appears to preclude the usual free-carry arrangements that are offered to host governments of small nations that own equity in capital-heavy resources projects. It seems, instead, that the agreement assumes that the state will borrow from the other joint venturers whatever funds are necessary to cover its 22.5 per cent equity participation in the expansion. This prospect has created anxiety in some corners of government not least because there is no indication as to the potential interest rate on the lending nor, indeed, what appetite there may be among the partners to offer funding. There is concern, too, that marketing rights for the entirety of PNG equity share of the expansion gas has been passed to Total, which is the major owner and operator of the Elk-Antelope play.

Through successive public statements of complaint about the content and processes of the April agreement, Sir Mekere has made particular complaint about the way the expansion gas project is to be taxed. The expansion trains have been deemed a gas project. They attract a 30 per cent tax take in PNG. But the project will produce maybe 92 million barrels of condensate. It is light oil. Sir Mekere reckons this is extracted through a separate process and it should be taxed at the same 45-50 per cent rates that were demanded of the Kutubu oil development. Analysis of the gas agreement seen by the *Financial Review* claims that this missed condensate income, along with a fleet of exemptions from goods and services taxes, could cost the PNG exchequer $US20 billion-$US30 billion over the life of the project. The same analysis values exemptions from dividend and interest withholding tax at upwards of $US15 billion.

"On most of the country's standard fiscal terms we have exempted the developers of the two important projects, the PNG LNG and Papua LNG," the analysis complains. "The critical issue is will a project of such magnitude and size ever be developed in the country again where PNG will have chance to negotiate better deals for the country? "The gas resources we have discovered left for future development account for smaller volumes if each discovery is to be developed along like the case of Papua LNG."

Total go slow?

Now, separate to that, we understand there is growing frustration at the lack of urgency of Total's efforts to procure development approval for Elk-Antelope. An internal petroleum ministry briefing note written as recently as March 27 complains that the documentation so far presented by Total lacks the "technical detail that the department requires in order to make a decision" on the application for a development licence. The note, which was written by the acting secretary of the department, Lohial Nuau, made its way into the public arena via Facebook. "Based on the fact that none of the required documents have been submitted and the Department of Petroleum has no ability to verify any of the important economic parameters provided by Total in the economic analysis," Nuau wrote.

The point about the complaint is that the department was being asked to make assessment of the terms of the landmark PNG LNG-Papua LNG gas agreement. The acting secretary noted that the want of Total's development application and its supporting technical data made it difficult for the department to make informed input to the landmark gas agreement. The agreement was signed just nine days after Nuau's briefing note was written. Would it be too cynical to imagine that, with the PNG LNG-Papua LNG agreement now a done deal, Total's deeply informed application will now land with a thump with the acting secretary?

PM labels Solwara venture as a wasted investment

Post-Courier, May 7, 2019

In yesterday's heated exchange of words and debate in Parliament, Prime Minister Peter O'Neill labeled the now considered sunk Solwara 1 project for deep sea mining as a wasted venture that government was haste in investing in. The PM made reference to this when questioned by the shadow treasurer for the Opposition and Kavieng MP, Mr Ian Ling Stucky on the estimated K400 million investment in the State's stake in the project by Nautilus Minerals Inc. Mr O'Neill was quick to blame the investment decision on the former Somare Government, which signed into the deal initially at 30 per cent. The State eventually took on a 15 per cent stake in 2014, which the PM described was the only component that kept, what was touted to be a world's first full scale project using deep sea mining, afloat till its recent financial upheavals over the past few years leading to its delisting from the Toronto Stock Exchange last month. "In the case of Solwara (1), again this investment was done during the Somare government; it was not an investment during our government.

"It was not an investment that our government made. We have lost a lot of money because of stupidity and hundreds of millions of kina. "We were buying ahead of all the shareholders. We were underwriting the project itself. A deal that should not have happened, and as a result it has cost us a lot of money," the prime minister said. Mining Minister Johnson Tuke said last month the company had been given sometime to prove it can source funds or will have its license revoked. This is after Toronto-based underwater mineral exploration company was unsuccessful to appeal the initial decision by TSX to delist its shares as a result Nautilus's common shares has been suspended from trading on TSX. "As long Nautilus is compliant to our conditions of Mineral Resources Authority (MRA) then MRA does not have the right to underwrite their licence only until such a time when they are not compliant to the conditions of the licence. MRA on the other hand stated earlier that once the agreed schedules set under the licence have been breached it will take on the necessary actions needed if it is deemed to have breached those agreements.

Wafi-Golpu mine first to practice block caving

Post-Courier, May 7, 2019

The proposed Wafi-Golpu mining project will be the first mine in the country to use the block caving system. Mineral Resources Authority managing director Jerry Garry said this is an old mining method but will be the first to be used in the country and is very much different from other operating mines in the country. Mr Garry said this method involves blasting at the bottom of the ore body allowing the body to collapse by itself and in doing so they can be able to mine there for over a period of 10 years. He said this method was identified after the state team paid a visit to a mine operating in the New South Wales. “About six or eight state teams and every one of us are exposed to the mining operation for the first time… I must give credit to Newcrest because the current mine is about 1.2 kilometres below the surface.

This is one of the largest block cave mines and it is producing about the same amount of gold as Lihir mining operation. “And because they have a team of people who have developed three or four block cave mines around the world, they have the experience and the expertise to deliver Wafi-Golpu that is the assurance I can give you,” he said. Mr Garry stated this following the presentation of the Morobe provincial government’s presentation of its position paper. He said the path to receiving this position paper has not been an easy one and came with a very long process. “We have been waiting on the Morobe provincial administration to give us their position papers so that we could initiate the MOA process not so much to initiate but continue the MOA process which has already been started.

This is a very long process, there are other factors that are also involved which include the mining development contract,” he said. “Basically the umbrella agreement between the state and the developers once that is concluded it will capture the fiscal regimes and once that we got that tied in it will be passed on down to the other stakeholders which include of course the Morobe provincial government and the landowners.” He said that process is about to be concluded, the state negotiating team have given their discussion points to the developers and they are now finalising the mining development contract. “As soon as that is done we will then set a permanent date for every stakeholder to come to the table to conclude and initiate the MOA process.”

U.S. allies propose financing for power plant for Papua New Guinea gold mine

Colin Packham, Reuters, 6 May, 2019

The United States and a group of Pacific allies are proposing to finance a power plant to kick-start the Wafi-Golpu mine in Papua New Guinea, one of the world’s largest untapped gold resources, two sources familiar with the plan said. The proposal would be the first to be funded by a partnership of the United States, Australia, New Zealand and Japan that pledged to support electricity projects in Papua New Guinea (PNG) during the Asia Pacific Economic Co-operation Summit held in November in the capital of Port Moresby. The countries promised to fund projects to provide electricity for up to 70 percent of the PNG population by 2030, a centerpiece of efforts to undercut Chinese influence in the Pacific. Officials from the four countries met last month in Port Moresby with the PNG government to discuss the power plant funding for Wafi-Golpu, jointly owned by Newcrest Mining and Harmony Gold, the two sources said.

The exact size of the investment has yet to be concluded, but the coalition is seeking to back a power natural gas-fired station that would eventually be owned and operated by the PNG government, the sources said. “If the mine can get reliable power, it could be a major revenue earner for PNG,” a U.S. source who attended the meeting told Reuters. He declined to be identified as he is not authorized to talk to the media. Representatives for Australia’s Foreign Minister Marise Payne and the country’s Department of Foreign Affairs did not immediately respond to requests for comment. “We would welcome any proposal that would bring reliable power to the region,” said Christopher Maitland, a spokesman for Newcrest.

Wafi-Golpu is located about 65 km (39 miles) southwest of Lae, the second-largest city in Papua New Guinea, according to the joint venture’s website. UBS estimates the mine could produce 270,000 ounces of gold and 160,000 tonnes of copper each year from around 2025. Newcrest and Harmony hope the government will grant a mining license for Wafi-Golpu in July, said Newcrest’s

Maitland. By providing support for the mine and its power supply, the U.S.-led group is hoping to boost its diplomatic standing in the Pacific. “Infrastructure is the proxy for the greater competition happening between the U.S with its allies and China,” said Nick Bisley, professor of international relations at Melbourne’s La Trobe University. “The U.S. has to deliver on major projects to ensure it doesn’t lose ground on China.” The United States and its allies worry that China is increasing economic aid to the Pacific region to exert influence over vast swathes of resource-rich ocean and international forums like the United Nations.

Doubt Over Value Of Elk Antelope Gas Field

Post Courier, May 6, 2019

The secrecy and haste surrounding Prime Minister Peter O’Neill’s approval of the gas agreement for the Papua LNG Project may be hiding a multi-billion kina problem for Papua New Guinea – the value and viability of the Elk-Antelope gasfield that underpins the project. A report available in the Department of Petroleum suggests that the field has five major problems, according to former prime minister and Northwest MP Sir Mekere Morauta. He said the gas may not be anywhere near as extensive as first thought, nor as easily extractable, there is a high water content, the gas is of low quality, requiring expensive treatment, and the geology of the field is suspect. “Mr O’Neill’s haste and secrecy, and his sidelining of the State negotiating team and the department of petroleum, may result in a multi-billion kina loss for the nation,” he said. “These questions should have been resolved prior to the approval of the Gas Agreement by Mr O’Neill.

“Instead we have the acting secretary of the Department of Petroleum telling us that a large number of critical documents have not been filed by the project partners, and critical processes have not been completed. “I do not have a view one way or the other about the veracity of the doubts being expressed. “But they are sufficiently serious to warrant a comprehensive and independent investigation, which would be in the national interest. “Something smells very fishy here. It goes right back to Mr O’Neill’s decision to take out the UBS loan to buy 10 per cent of Oil Search, enabling the company to buy a share of Elk-Antelope from the discoverers, InterOil.” He said the report suggests that progress on the project should cease until a detailed independent assessment of the Elk-Antelope field is carried out. It says the financial risk to Papua New Guinea is too high not to conduct such an inquiry. If the project fails, according to the report, the cost to PNG could be up to K20 billion.

NZ Māori disappointed ancestral land up for tender for oil and gas drilling in Taranaki

Leigh-Marama McLachlan, Radio New Zealand, 5 May 2019

Iwi in Taranaki are upset the government has put their ancestral land up for oil and gas drilling. The latest block offer, announced this week, covers 2200 square kilometres of land around Mt Taranaki. Ngāti Ruanui chief executive Debbie Ngarewa-Packer said it stirred a feeling of anxiety they know too well. "The whole community is caught up on what happens if they come. What happens if they are irresponsible around our wāhi tapu? "What happens if they ruin our whenua and then go off when they have found nothing and dug holes everywhere? "A community with uncertainty can't reach its full potential." This is the first block offer for this government and comes after last year's announcement it would ban new oil and gas exploration out at sea - but not onshore.

This week's offer excluded conservation land and cultural sites like Maunga Taranaki and Parihaka. But Ngāruahine iwi leader Daisy Noble said it was still unacceptable. "It should have been a stake in the ground: There is not going to be any more offers," she said. "They went for a bob each way and we are sick and tired of these sorts of attitudes." In the South Taranaki town of Patea, 53 percent of the adults earn less than $20,000 a year. Ngāruahine recently settled its treaty claims for $67.5 million dollars but Ms Noble said oil exploration was holding them back. "The opportunities that exist for us at home, near my hapū, is about our whenua. By the time it comes back to us, all the goodness of it is gone. It's already taken out. "How do we develop our whenua when you have already taken the best part away?"

Former Green Party candidate for Te Tai Hauāuru, Jack McDonald, is gutted with the offer, which covers his own tribal lands. "It is a slap in the face that this so-called progressive government, which is meant to be taking a new approach to climate change and a new approach to Māori-Crown relations, would actually continue with this approach." The government aims to reduce New Zealand's emissions to net zero by 2050. Te Tai Hauāuru MP Adrian Rurawhe said he understood their concerns. "I sympathise with them but until we can transition to a low emissions economy, we are basically going to have to live with the situation we are in." The tender closes 28 August. In a new move, companies must engage with iwi if they want to explore within 200 metres of a sacred site or waterway.

Land covering 2200 square kilometres around Mt Taranaki has been put up for tender for oil and gas drilling. Photo: RNZ / Rebekah Parsons-King

But Ms Ngarewa-Packer said under the Resource Management Act and in agreements they formed with the companies, their area of influence extended to 500m. "But for us, some companies could sit there and say, 'Oh we are going to default to the Crown process, versus yours.' So to a large degree, it falls shy off the expectations we have on the company." She said without the power to veto, iwi ended up in costly legal fights. Last year, Ngāti Ruanui won a lengthy battle to stop seabed mining off the coast of Patea. It is one of many legal challenges the iwi has pursued. Ms Ngarewa-Packer said it took a toll and all of that pressure came back each time a block offer was announced.

Theft of resources in Papua New Guinea

Vijay Prasad, Asia Times, May 4, 2019

Few people outside Papua New Guinea know about Porgera. Those who do know about it know that it is one of the centers of international gold mining, with a major company with an innocuous name – Porgera Joint Venture (PJV) – sucking out the enormous deposits of gold from its mountainous landscape. The Porgera mine is one of the world’s top 10 producers of gold, which makes it remarkably rich – although the people who live near the mine have not shared in the spoils. The proven gold reserves of the Porgera mine are worth more than US$10 billion at today’s gold prices.

This is only one of Papua New Guinea's mines. There are more that run from one end of the country to another. The population of PNG is only 8 million, which – given such wealth – would suggest that its people lived enriched lives. But this is not the case.

Behind the name PJV sits the Canadian mining company Barrick Gold and the Chinese mining company Zijin Mining. Both are making enormous profits from this mine – and others. Barrick Gold, as a new briefing by the Tricontinental: Institute for Social Research, "Ten Canadian Mining Companies: Financial Details and Violations," shows, is worth billions of dollars and has mining operations across the world. It has been the primary owner of the mine from 2006 to 2015. Zijin Mining is one of China's largest gold producers, which has gradually left Chinese shores to enter joint partnerships abroad.

Last November, lawyers on behalf of the Justice Foundation for Porgera (landowners of the Special Mining Lease Area) filed a suit worth $13 billion against the PNG government. The contracts signed between Barrick Gold and the government prevent any third party from suing the company for anything (this is called a "privity of contract" in legal terms), so the Justice Foundation for Porgera could not directly sue the company. This is why the lawyers – based in Australia – have filed their claim in accord with the rules of the United Nations Commission on International Trade Law. It has taken the lawyers and the plaintiffs seven years to prepare this important suit. It has brought some attention to the situation in Papua New Guinea.

Shooting fields

The main human-rights group in Porgera, the Akali Tange Association, is not part of this lawsuit. The ATA is pushing Barrick Gold to establish a grievance mechanism that responds to the claims of the people. The locals have complained about a range of human-rights violations since 1989, just as the mine was being prepared to start production, but no one listened. In 2004, the ATA – newly formed – focused some attention on the mine and got various international groups to pay attention to the alleged violations of their land and their bodies. In 2005, the ATA released its first major report, "The Shooting Fields of Porgera Joint Venture." It documented the killing of 14 people as well as torture and arbitrary arrests of people by the PJV security guards. At that time, the mine was owned by the Canadian company Placer Dome.

It caught the attention of Mining Watch Canada, a group formed in 1999 to monitor the activities of Canadian mining companies around the world. Placer Dome did not deny the shootings. But little came of the outcry, largely because Placer Dome sold the mine to Barrick Gold the next year. Barrick, one of Canada's largest mining companies, did not provide respite to the population. Conversations with the activists of the ATA and the voluminous files that they have archived show that the violence and the impoverishment continued. Shootings at miners and at activists started almost as soon as Barrick took over. The PNG government conducted an investigation in 2006, in which it heard from witnesses, but no report was issued.

On deaf ears

McDiyan Robert Yapari, one of the leaders of the ATA, worked for a janitorial company that had a contract with the Porgera Gold Mine. He became active in the ATA after his brother, Jerry Yapari, was allegedly murdered by the mine's guards, who threw rocks on him and crushed him to death. Jerry's death a decade ago was "terrible," McDiyan tells me. It inspires his work now to fight for justice in Porgera. The ATA, McDiyan says, currently has a total of 940 human-rights allegations against the company. These have been filed with the company's own grievance mechanism. These allegations run from extrajudicial killings to gang rapes to chemical poisoning. Their calls, McDiyan says, "have fallen on deaf ears." "We have tried to reach for assistance to air our grievances for everyone to know what a Canadian mining company – the Barrick Gold Corporation – does to the indigenous communities here in Porgera," McDiyan tells me.

After "The Shooting Fields of Porgera Joint Venture," the ATA produced two more reports: "Porgera Gross Human Rights Violations" (2017) and "Cost of Gold" (2018). Reading these texts is painful. The first text provided the basis for the US-based non-governmental organization BSR (Business for Social Responsibility) to develop its own report, "In Search of Justice." The Akali Tange Association is working closely with BSR to push Barrick to accept its 10 – very basic – recommendations. Barrick responded with a media brush-off typical of multinationals, and it canceled a November 2018 meeting with the ATA. McDiyan says that Barrick has made no effort to dialogue with the ATA. The second text, "Cost of Gold," carries the correspondence between ATA and various government authorities. It is a one-sided correspondence. The ATA writes into the void, asking for help but not getting much in the way of serious consideration.

The descriptions of the violence are vivid and sincere. Women write of rape as an object to destroy their society, to humiliate the women and create social discord inside families. Routine violence is the order of things, they say. On March 25, 2017, security guards linked to the mine and the police allegedly burned down 150 homes near the mine, attacked the community and raped at least eight women. McDiyan reported on this case of forced eviction. He was arrested under the cybercrimes law of Papua New Guinea and detained for more than 30 hours. After his release, McDiyan – with community support – fought his case and prevailed. It is one of the few victories in Porgera.

The fight for compensation is an old one. The people – through the ATA's recommendations – seek compensation not merely to heal their wounds but as a mechanism to assert their dignity. They have taken the toll of the mines and produced powerful demands, which press for a different kind of mining operation. They want to be taken seriously, to make sure that the miners and their families become partners in the production of the gold. They want to enforce environmental rules to prevent the dumping of harsh chemicals into the rivers. They want a hospital in the area to be tasked with dealing with mercury poisoning and the broad impact of the toxic soil produced by the mining techniques of Barrick Gold.

Their demands are clear and reasonable. Neither Barrick/Zijin nor the government of Papua New Guinea has taken them seriously. On May 12, the Special Mining Lease for the Porgera mine will need to be renewed in Papua New Guinea. Both the lawyers who filed the arbitration case against the government and the ATA, which pursues the reform of the grievance mechanism, are aware of this deadline. No one believes that the government of Papua New Guinea is going to drop Barrick.

That is unlikely. In a position paper from last month, the ATA suggests that Barrick is “ignorant and negligent.” That may be so, but it is also very rich. And its removal of gold has left the Porgerans very poor, and very angry.

Pope: mining activities should ensure integral sustainable human development

Robin Gomes, Vatican News, 3 May 2019

Pope Francis on April 3 addressed participants in a meeting on “Mining for the Common Good”, promoted by the Vatican Dicastery for Promoting Integral Human Development.

Pope Francis on Friday denounced a voracious economic model that is profit-oriented, shortsighted, and based on the misconception of unlimited economic growth, saying its impacts are disastrous on the natural world and in the lives of people. “We need to see that what is at stake is our own dignity,” he told some 60 participants in a Vatican meeting on the theme, “Mining for the Common Good”, promoted by the Dicastery for Promoting Integral Human Development. Citing amply from his environmental encyclical, “Laudato Si”, the Pope regretted that “economic powers continue to justify the current global system where priority tends to be given to the pursuit of financial gain, which fail to take the context into account, let alone the effects on human dignity and the natural environment.”

Mining and indigenous communities

Pope Francis urged that mining, like all economic activities, should be at the service of the entire human community, and should involve local communities in every phase of mining projects. In this regard, he urged special care for indigenous communities and their cultural traditions, saying they are a vulnerable minority who should be the principal dialogue partners, especially in large projects affecting their land. However, the Pope noted that in various parts of the world, they are being pressured into abandoning their homelands to make room for mining projects which are undertaken “without regard for the degradation of nature and culture.” “I urge everyone to respect the fundamental human rights and voice of the persons in these beautiful yet fragile communities.”

Centrality of the human person

The Argentine Pope also urged that mining be at the service of the human person and his or her inalienable fundamental human rights, and not vice versa. “We need to ensure that mining activities lead to the integral human development of each and every person and of the entire community.”

"Circular economy"
The Pope encouraged what he called a “circular economy” in mining activities against the unbridled tendency of “extractivism” which tries to extract the greatest amount of materials in the shortest possible time and convert them into products and services that turn out polluting waste for nature. Indicating that our industrial system has not developed the capacity to absorb and reuse waste and by-products, the Pope said, “We need to denounce and move away from this throwaway culture.” The promotion of a circular economy and the “reduce, reuse, recycle” approach, he said, are very much in consonance with the 12th Sustainable Development Goal of the United Nations. Moderation, he said, is vital to save our common home and pointed out that religious traditions have always presented temperance as a key component of responsible and ethical lifestyle. The Pope hoped that the meeting be able to discern what appropriate or inappropriate extractive activities are and then help propose and plan policies and strategies for the purpose of achieving the common good and genuine human development that is integral and sustainable.

Bougainville Mine records loss

May 3, 2019, The National Business

BOUGAINVILLE Copper Limited (BCL) has recorded a consolidated loss of K10.6 million for last year ending Dec 31 compared to a loss of K7.3 million previous year. Chairman Sir Melchior Togolo said the loss was attributed to the cost of running the company which includes K3.5 million of direct project expenditure. He said expenditure was concentrated on tenure issues, stakeholder engagement and community project delivery. Togor, during the company’s annual general meeting in Port Moresby yesterday said that a change in accounting standards for last year meant that realised gains on the sales of investment for the year of K4.1 million will no longer be recorded as income for the year in the income statement.

Sir Mekere critical of low domestic allocation in gas deal

Papua New Guinea's latest LNG deal fails to meet government policy requirements or laws on the supply of gas for the domestic market, a former PNG prime minister says.
Radio New Zealand, 2 May 2019

Photo: linkedin

Sir Mekere Morauta has been a strong critic of aspects of the Papua LNG agreement signed last month with Total. He criticised Prime Minister Peter O'Neill for sidelining the State Negotiating

Team, the Department of Petroleum and other national experts during the negotiations. It was also clear Mr O'Neill breached his own policies and in so doing - trashed attempts to develop a domestic gas industry and to support other sectors of the economy through the availability of cheap domestic gas, Sir Mekere said. This was on top of giving away billions of kina worth of concessions and exemptions in the deal, and agreeing to demands against the national interest made by project partners, he said. The agreement provides for a maximum five percent of gas from the project as a domestic market obligation but the Natural Gas and National Energy policies both call for a 15 percent domestic obligation, the former PM said.

Launch of Another Seabed Mining Experiment Is Put on Hold for Several Months
Patricia Tummons, Environment Hawai'I, 1 May 2019

The Global Sea Mineral Resources robot, Patania II

The Belgian company Global Sea Mineral Resources (GSR) had planned to start small-scale testing last month of a bus-sized tracked robot – 40 feet long, 13 feet wide, and 15 feet high – designed to vacuum up poly-metallic nodules from the seafloor of the Clarion-Clipperton Zone. That is an area of the Pacific that stretches from east of Hawai'i to west of Mexico and which has been eyed for years as a new source of metals to feed the world's growing demand. But the launch of the machine, dubbed the Patania II, has been delayed until sometime later this year, GSR has said, after a vital cable connecting the robot to a surface support vessel was damaged. According to the website of GSR's parent company, DEME Group, the damage occurred "during functionality testing" ahead of the proposed launch. "The cable, known as an umbilical, is 5 kilometers in length and contains specialized wiring to power, control, and communicate with Patania II … as well as to hold Patania II's 25-ton weight. … [R]egrettably, GSR has concluded that it will need to postpone the launch of Patania II for a few months."

Accompanying the deployment of the Patania II will be a team of independent scientists from institutions in 10 European countries and Jamaica. From a separate ship, they will monitor the impacts of the mining effort, with the results of their work being used by GSR to develop an environmental impact statement in anticipation of large-scale mining. One of the inevitable consequences of seafloor mining is the release of giant clouds of sediment in waters that, as University of Hawai'i benthic ecologist Craig Smith has said, "are the most particle-free bottom waters in the world's ocean." As a result, "the biota and ecosystem processes are likely to be extremely sensitive to increased suspended sediment concentrations," Smith stated in an email to Environment *Hawai'i* . The effect on marine life will be locally devastating, with the feeding and respiratory structures of animals living in the sediment buried by the sediment stirred up by the mining processes, while animals that live on or depend on the nodules themselves will be destroyed.

One of the scientists involved in the team that will be monitoring the test of the Patania II is Andrea Koschinsky, a geochemist at Jacobs University in Bremen. In an article that appeared in the March 15 edition of Science, Koschinsky minimizes the risk it poses to the seafloor ecosystem. “Most of the silt particles” that will be stirred up by the mining operation, she told Science, “will clump together and fall out within a kilometer or two.” “That’s a bit misleading,” Smith says. “Whereas some plume models suggest that most of the sediments will drop out within a kilometer or two of the mining, the bottom waters in the Clarion-Clipperton Zone are so clear that if even a very small percentage of the re-suspended sediment stays in the water column, it is likely to have major impacts. “The most recent models of plume dispersal from 10 days of simulated mining indicate that suspended sediment concentrations and sediment accumulation rates will be four orders of magnitude – 10,000 times – greater than background levels as far as 10 kilometers from the site of the mining.”

In 2015, a team of scientists from Scotland and Germany looked at the natural currents that exist at the seafloor in the CCZ area proposed for mining. At times, the currents can be increased, but there is little disturbance of the sediment. However, should the sediment be disturbed by mining, the currents would be able to disperse the suspended particles over a wide area. Or, as the authors state, “During eddy-induced elevated flow periods mining-related plumes, potentially supplemented by natural sediment resuspension, are expected to spread and disperse more widely and rapidly,” they concluded. (See Dmitry Aleynik et al., “Impact of remotely generated eddies on plume dispersion at abyssal mining sites in the Pacific,” published online in Nature/Scientific Reports, December 5, 2017.) “The natural level of background sedimentation in the Central Pacific, accumulated during one thousand years (1-6 mm) is reached within just 10 days” under one of the mining scenarios modeled by Aleynik’s team. “The re-deposition of plume [particles] at this scale is expected to have a huge impact on the generally non-resilient deep ocean ecosystems, which could be prone to irreversible changes under such enormous pressure.”

Move to roll PNG PM threatens $16 billion LNG deal

Angus Grigg, Lisa Murray, Angela Macdonald-Smith, Australian Financial Review, May 1, 2019

PNG Prime Minister Peter O'Neill is facing a no-confidence motion as early as next week. AP

Moves to oust Papua New Guinea Prime Minister Peter O’Neill over claims of financial mismanagement threaten a $16 billion gas deal agreed by Australia’s Oil Search just three weeks ago. In the biggest challenge to his almost eight years in power, Mr O’Neill is set to face a no-confidence vote after Parliament resumes next week as key allies abandon his ruling coalition. Mr O’Neill has brought stability to the often fractious world of PNG politics, but the opponents are now pledging to review the LNG deal he signed and investigate allegations of corruption and abuse of process. Any review of the Papua LNG project being developed by Oil Search and its partners, ExxonMobil and France's Total, would see renewed scrutiny of the so called "UBS loan affair", whereby the Australian arm of the Swiss bank advanced the PNG government $1.2 billion. The deal was championed by Mr O'Neill.

"A big item on the agenda for the new government will be to investigate the UBS loan agreement in its entirety," shadow attorney-general Kerenga Kua told *The Australian Financial Review*. He also warned the Papua LNG partners not to make any further investments in the project as the deal was set to be reviewed. The move against Mr O'Neill comes at an awkward time for Canberra as it seeks PNG support to blunt China's influence in the region and continue to house refugees on Manus Island. "This is the biggest challenge Prime Minister O'Neill has faced," said Shane McLeod, a research fellow focused on the Pacific at the Lowy Institute. "It's not entirely clear who is in control of the numbers, but the move is definitely on." The 2014 loan from UBS' Australian arm to the PNG government is already being investigated by the Swiss regulator after the highly complex deal saw the Pacific nation lose as much as $400 million in just three years after it borrowed the money to buy a 10 per cent stake in Oil Search. Former Prime Minister Mekere Morauta said the LNG agreement and the "illegal" UBS loan need to be investigated "as a matter of urgency". "The two are connected and all the detail needs to be exposed to scrutiny," Sir Mekere said.

"Neither the Papua LNG agreement nor the UBS-Oil Search loan were in the national interest." Opposition figures claim the UBS loan was illegal as it was never approved by Parliament, as stipulated in the constitution. Oil Search chief executive Peter Botten said any move against Mr O'Neill could delay the final agreement for the $16 billion Papua LNG project, but he doubted it would see the deal scrapped. "Clearly, if there's a change of government or whatever in Papua New Guinea that might impact timing, but all sides of politics recognise the importance of this project and the need to move forward given competition from others," Mr Botten said in Sydney on Tuesday. "Papua New Guinea has had two prime ministers in the last 19 years. Compared to Australia it's doing OK. But there are times when political shake-ups happen. This may or may not be the time when it happens but we'll know over the next week." The deal agreed with the PNG government on April 9 sets out the tax and fiscal details of the project.

Oil Search CEO Peter Botten says any change of government in PNG could delay his latest LNG project. Vanessa Kerton

Efforts to topple Mr O'Neill, who came to power in August 2011, have been brewing for months amid claims he has centralised power, and not followed due process. Mr O'Neill has been rocked by the resignation of two cabinet ministers and an estimated eight MPs from his ruling People's National Congress. It had been the largest party with 27 MPs, but Mr O'Neill was still reliant on an often fluid coalition to rule in the 111-seat Parliament. The opposition is confident momentum is building for a move to roll Mr O'Neill via a no-confidence motion on the floor of Parliament. But all sides acknowledge Mr O'Neill is highly skilled at forming and retaining coalitions and has the advantage of incumbency to fend off any challenge. "He's got plenty of tools at his disposal, like ministries and prominent positions within the government," said Mr McLeod from the Lowy Institute.

The opposition also lacks a natural leader and at this stage has not said who it would put up to be prime minister if it won the no-confidence vote. This is slowing down the process. The shadow attorney-general Mr Kua said the UBS loan agreement had "destroyed the integrity, image and trust in this government". "We need to look at all the terms and conditions, whether fees were paid at a commercial rate and all the boxes were ticked before we can come to our own view about whether the loan approval went through a proper process." In 2014, PNG borrowed $1.24 billion to purchase a 10 per cent stake in Oil Search, which was developing natural gas assets in the PNG Highlands. The PNG government's stake then allowed Oil Search to purchase a 23 per cent interest in the Elk-Antelope gasfields, the resource that will supply the Papua LNG project. Oil Search and Exxon along with Australia's Santos are also shareholders in the $25 billion PNG LNG project, which began production in 2014.

Porgera villagers lack access to good water, study finds

Communities living around Papua New Guinea's Porgera gold mine lack enough access to clean water to meet their basic needs.

Radio New Zealand, 1 May 2019

Communities living around Papua New Guinea's Porgera gold mine lack enough access to clean water to meet their basic needs. Photo: Columbia University

They are also exposed to concerning levels of chemicals linked to mine operations, according to a new report 'Red Water: Mining and the Right to Water in Porgera'. It's based on a study by the Columbia Law School Human Rights Clinic and the Advanced Consortium on Cooperation, Conflict, and Complexity of Columbia University's Earth Institute. Cressida Kuala from the Porgera Red Wara Women's Association says she has long suspected that water in the rivers which flow through her village and others in the mine area is unsafe to drink. "Some times we walk about three or four hours up to the mountains to fetch water, when there's no water during the dry season. When it rains, we are a little bit scared that it contains chemicals that are being let out from the smoke," said Cressida Kuala.

PNG communities are exposed to concerning levels of chemicals linked to mine operations, according to a new report 'Red Water: Mining and the Right to Water in Porgera'. Photo: Columbia University Ms Kuala had been seeking a response on the problem from the Porgera Joint Venture which operates the mine, but said it had been less than forthcoming about its own data on environmental impacts from the mine. Meanwhile, she said many people in the local community still used the water from these rivers. "There's a lot of uneducated people living in the community. They don't care if the water is contaminated.. they don't know."

The interdisciplinary team of human rights experts and environmental scientists who conducted the study urged the PNG government and the mining companies--Barrick Gold of Canada and Zijin Mining of China--to take action to ensure the human right to water. "People in Porgera live in fear about whether they will have enough water to last the week and whether their water is poisoning them," said Professor Sarah Knuckey, Director of the Columbia Law School Human Rights Clinic and a lead author of the report which can be read here. "The mine emits a giant red river of tailings waste through the Porgeran Valley. Porgerans often have to wash their clothes, dishes, and bodies in rivers that reek of chemicals. "All across Porgera, residents told us that they want facts to help them better understand and respond to the water risks."

Communities living around Papua New Guinea's Porgera gold mine lack enough access to clean water to meet their basic needs. Photo: Columbia University

Ms Kuala said the water problem was just one of a number of human rights issues that both the miner and government had failed to address in any transparent way over the years. "They actually know about the issues at Porgera mine... but they just seem to leave the problem behind," she said. While Zijin Mining hasn't yet responded to the report, Barrick has provided a response. "The mine remains committed to working with the Government and the local communities to find workable solutions," a Barrick statement said. "However, this is a matter beyond the sole scope and control of any entity and requires effort on the part of all relevant stakeholders."

But with the miner looking to have its mine lease renewed this year, Mr Kuala said it had to front up on addressing a littany of problems that have affected many lives of local people. As well as the health impacts from the mine's toxic waste, dozens of Porgera women have been acknowledged as victims of rape and assault by Barrick's former security contractors, but not adequately compensated. "The company is being held responsible for everything that has gone wrong," she said. So the company should stay back and work along with the government to fix the problems that have been arising for the thirty years that they were mining the area."
Link: http://ac4.ei.columbia.edu/research-themes/environment-peace-and-sustainability/red-water-mining-and-the-right-to-water-in-porgera-papua-new-guinea/

Haiveta wants more from Papua LNG

The Gulf provincial government is pushing for more benefits for the people and the province in a memorandum of understanding between the State and the Papua LNG project.
Post-Courier, April 30, 2019

The Gulf provincial government is pushing for more benefits for the people and the province in a memorandum of understanding between the State and the Papua LNG project. Governor Chris Haiveta updated the Gulf provincial assembly last week on the outstanding issues included in the stand of the Gulf provincial government in the memorandum of understanding of Papua LNG with the State. He said negotiations with the national government for an additional 5 per cent share equity on the same terms as Kumul Petroleum that the State is to grant to the provincial government in the Papua LNG project. Mr Haiveta said collective stand by the people of Gulf province is that certain arrangements are agreed to by the State and other relevant stakeholders on specific benefits generated for them throughout the life of the Papua LNG project. Other outstanding issues that Mr Haiveta highlighted included:

– The support of the State to grant it relevant opportunities via the development of Papua LNG project to propel its economic, social and human resource development and growth aspirations;
– The provincial government understands that a national content plan will be developed for the Papua LNG project on the basis that the State agrees that Gulf business entities and its people are entitled to have first priority in all development and business opportunities arising from the Papua LNG;
– That the State endorses and approves the provincial government to have direct access to 50 per cent of the domestic market obligaton gas allocations;
– That the State endorses provincial government being a partner on a consortium of PNG interests including the State,Mineral Resource Development Corporation and Kumul Petroleum Holdings Limited to build and operate a strategic condensate pipeline from the PRL 15 petroleum field to a near-shore export terminal in the waters of Gulf Province;
– The provincial government also expects that in all options, the export facilities and the condensate pipeline must be located in Gulf Province and jointly owned by the GPG, MRDC and Kumul Petroleum Limited. The gas pipeline must have off-take valves at Herd base and Muro to serve the power generating and downstream processing needs of the province. This issue for my province is non-negotiable;

– The provincial government has called on the State through the NEC to endorse, approve and direct the State negotiating team to ensure these arrangements are appropriately included; and also commit to ensure support provincial government obtain the opportunities it seeks under these understanding.

Porgera landowners supports call for new mining lease

April 30, 2019, The National Business

ENGA Governor Sir Peter Ipatas says the 24 Special Mining Lease (SML) landowners of the Porgera mine are supporting the provincial government's call for a new mining lease under a new mining development contract. The mines SML lease expires in August. "The provincial government held meetings and consultations with the leaders of the different SML groups to seek their views and concerns in light of the impending end of the 30-year lease for the mine," he said. "(We) agreed that the end of the SML means that the ownership rights of the land and the minerals revert back to the landowners and State. "And as such, it provides a great opportunity for us to take greater ownership in the development and exploitation of our natural resources."

One of the issues raised was that the mine operating in Porgera for the past 30 years was not the mine approved under the MDC (Mining Development Contract) and Special Mining Lease approved and issued in 1989. "The original mine plans approved in 1987 and based on which the MDC, Special Mining Lease and memorandum of agreements were signed in 1989 was for an average mine that would process around 8,000 tonnes of ore a day for a mine that would last less than 20 years," Sir Peter said. "All environmental, social and economic models and plans for the mine were structured around the assumption of this mine development plan. "However major amendments to the plan were done in 1994 when the mine plan was expanded from the original 8,000 tonnes of ore a day to a new mine that processed 17,000 tonnes of ore a day that has lasted 30 years with potentially another 20 to 50 years of mining remaining."

Morauta says new gas deal could be a disaster for PNG

Radio New Zealand, 30 April 2019

Papua New Guinea opposition MP, Sir Mekere Morauta, says key agencies were sidelined in negotiations for the Papua LNG deal. The government of Peter O'Neill has trumpetted the benefits that will accrue from the gas deal, led by French company Total. But Sir Mekere, who is a former prime minister, said Mr O'Neill hijacked the approval process, putting state and landowner interests at risk. He said Mr O'Neill shut out the State Negotiating Team and the Department of Petroleum, meaning the gas agreement was largely the work of private companies. Sir Mekere said this risks royalties and development levies not being paid, as he claims happened with the earlier PNG LNG project.

PM must come clean on Papua LNG

PNG Blogs, April 29, 2019

The Member for Moresby North-West, Sir Mekere Morauta, today questioned the legitimacy of the Gas Agreement the O'Neill Government has signed with the Papua LNG partners, saying the Prime Minister and his cronies have hijacked the approval process and put State and landowner interests at risk. "I have seen evidence from a variety of sources that suggests we are heading for a repeat of the PNG LNG model which has brought few benefits to the state and landowners," he said. "Peter O'Neill has shut out the State Negotiating Team and gone with a Gas Agreement that is largely the work of Total, ExxonMobil and Oil Search. The Department of Petroleum and other Papua New Guinean experts have been sidelined in favour of shadowy participants in the O'Neill Government's corruption, waste and mismanagement. Why?"

Mr O'Neill's interference in due process opens PNG to another financial disaster, as it did with PNG LNG and the UBS-Oil Search loan, Sir Mekere said. It risks resource owners not being paid their royalties and development levies, as has happened with PNG LNG. Mr O'Neill has still not provided answers as to where he has secreted the money, whether it is still there, and when resource owners will be paid. It means that once again foreign resource giants have been granted huge financial and tax concessions that will cost the nation billions of kina in lost revenue. Mr O'Neill's mismanagement of PNG LNG means the operation is still paying virtually no tax. It means that questions remain about the actual technical and financial viability of the project. "Will it become another financial and social burden on ordinary Papua New Guineans that PNG LNG has become because of Mr O'Neill," Sir Mekere asked. "Mr O'Neill and Total and its partners have many questions to answer. For now, I want to know why the State Negotiating Team and the Department of Petroleum have been sidelined. Who is advising Mr O'Neill?

Logo at French oil and gas company Total gas station in Marseille. REUTERS/Jean-Paul Pelissier

"A potentially expensive and dangerous failure of due process has resulted from Mr O'Neill and his cronies taking over the negotiations. These failures are outlined in a letter to the Chief Secretary from the Department of Petroleum immediately before the Gas Agreement was initialed by Mr O'Neill and then signed by the participants." Acting Secretary Lohial Nuau wrote on March 27 that at least 11 critical documents have not been provided by Total which are required before any commercial and financial terms can be agreed to, nor has the Department received the required Application for a Petroleum Development Licence. "The APDL, as per the Oil and Gas Act 1998, will require supporting technical documentation that will give confidence to the Department of Petroleum of proven gas and oil reserves, investment cost, project schedule and environmental compliance," he wrote. "These are key parameters in the economic model and therefore form the basis for the commercial and fiscal negotiations.

"The department has received and reviewed from Total preliminary documents … for the purpose of discussing the APDL application process. These documents have shown little progress on the Papua LNG project and are NOT at the level of technical detail that the Department requires in order to make a decision on an APDL. In addition in the letter from Total of February 8, Total committed to an APDL application on March 15, 2019. Until today the Department has not received such application. "Based on the fact that none of the required documents have been submitted and the Department of Petroleum has no ability to verify any of the important economic parameters provided by Total in the economic analysis, I come to the following recommendations to the SNT:

1. Because no Application for an APDL and associated licenses have been submitted. On January 29 2019, I requested Total, as required by the Oil and Gas Act 1998, to apply for these permits and provide the Department of Petroleum with the supporting documentation urgently.
2. As the Department of Petroleum has not received the application for the APDL including any of the Technical documentation required by the Oil and Gas Act 1998, the Department cannot review and endorse any of the key economic parameters provided by Total in their economic model. Therefore the Department recommends for Total to urgently submit the APDL and all supporting documents before input can be provided to the Gas Agreement.
3. Social Mapping and Landowner Identification process still has to be completed. Therefore there is no proper due diligence by the stakeholders on the Gas Agreement. The Department recommends for Total to urgently complete the SMLIS. "

Sir Mekere said: "These are damning comments from the department. They are supported by evidence from other experts who have been following Papua LNG progress, and are alarmed at the multi-billion-kina risks that Mr O'Neill has exposed the nation to. "I am also concerned about reports of visits to China by O'Neill officials in the company of Total executives. I am surprised at Total's willingness to associate itself so closely with Mr O'Neill and his cronies. I would hate to hear any suggestion of a special sale of an interest in Papua LNG. "A new Government must review the agreements personally entered into by Peter O'Neill to make sure that the State, the landowners and the developers share the risks and the benefits fairly," Sir Mekere said.