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## **MEDIA RELEASE**

### **Chamber calls for collaborative and transparent consultation on proposed Organic Law after Ministers cancel industry seminar attendance**

The Papua New Guinea Chamber of Mines and Petroleum has again reiterated its calls to government to invite resource industry expertise to consult on its proposed changes to the mining and petroleum sectors.

This follows both the Minister for Mining and the Minister for Petroleum and Energy cancelling their participation in a virtual seminar hosted earlier today by the Chamber.

Minister Johnson Tuke and Minister Kerenga Kua were both invited to speak as part of the online seminar, an important forum created by the Chamber to encourage discussion and information sharing around proposed government reforms to resource sector legislation, which will see PNG move to a production sharing regime. Both declined to attend this forum.

The Chamber of Mines and Petroleum said it stands ready to consult with both ministers who are currently engaged with parliament.

The seminar brought together leaders from across the industry, as well as other impacted stakeholders, to discuss ongoing concerns around the proposed changes and the suitability of production sharing for the mining sector in particular.

The seminar marked yet another attempt by the Chamber to commence a process of consultation with the government as the industry seeks to transparently discuss the changes and share information and perspectives on the risks it could create for PNG's people and economy, as well as the resources industry.

Minister Tuke and Minister Kua were invited to speak at today's seminar in order to share the Government's views on these areas and take questions from stakeholders that would enable discussion.

However, Minister Tuke sent his apologies late last week while Minister Kua advised this morning he was not able to attend. Minister Kua did attend the Chamber's August 13 seminar and, in turning down the opportunity to attend today, pointed to there not being much development since last month's seminar, and that his official views had been captured then, and was accessible via the Chamber's website.

In his apology to the Chamber, Minister Kua also explained that the changes to the Organic Law on Hydrocarbons and Resource Ownership has already been listed on the National Parliament's notice paper, with a view to have it tabled for the first reading in November, or February 2021.

Invited in the Minister's place, was former Public Enterprise Minister Arthur Somare, who has extensive knowledge and experience with the PNG LNG Project.

Mr. Somare shared his experiences and highlighted how crucial it is for the government to ensure wide enough consultation to cover all stakeholders in the industry, and most importantly, resource landowners.

"Current legislation necessitates that a development forum is called for. Where the state, together with the corporate, will hear the views of the landowners. That is necessary for the project and government to secure. It's a social licence that does not belong to the state. It belongs to traditional customary landowners of PNG. This process is critical," Mr. Somare said.

The seminar was chaired by Chamber Vice President Richard Kassman, and featured legal representative Vaughan Mills, Petroleum Industry representative John Chambers, and Mr. Somare.

Chamber President Gereia Aopi said the mining and petroleum sector remains concerned over the lack of consultation from the Government, with any of the impacted stakeholder groups in PNG.

He further reiterated his call to the Government to slow down and engage with landowners, the industry and the community, emphasising the need for engagement between the Government and impacted groups if the best outcome for all of PNG is to be achieved.

"While we understand there may be no new information from the Government at this stage, this seminar was an opportunity for Ministers Tuke and Kua to listen to and speak with those who will be directly impacted by the proposed Organic Law - an opportunity to hear from highly experienced experts in the resources industry discuss potential implications that could arise and have not yet been addressed, and begin a conversation that will help secure a positive outcome for all of PNG," Mr Aopi said.

"The seminar went ahead today and featured considered debate and insights from representatives from the mining and petroleum industry, while also discussing the legal implications of the proposed Organic Law.

"Two weeks ago, Prime Minister James Marape said the move to a production sharing regime would not hurt the profit margins of the mining and petroleum industries. However,

our concerns are far greater than just profit margins – we’re concerned for the PNG landowners, for our communities and for ongoing, long-term health of the PNG economy, all of which stand to be impacted.

“We will be sending Ministers Kua and Tuke a recorded copy of the seminar and implore them to view the discussion, address the issues raised and join future consultation forums to discuss these further.

“The Chamber, on behalf of the resources industry, continues to demonstrate its intent and ability to work collaboratively, proactively and transparently with the Government on the legislative reforms and Production Sharing contract. We are now calling for the Government to return this commitment in an effort of securing the best outcome for all involved, including the people of PNG and the future of its economy.”

Key issues raised at the seminar included:

- The PNG Chamber of Mines and Petroleum has consistently showed its willingness to engage with government on reviews of existing resource sector laws;
- That while there is a strong push from government to have both mining and petroleum projects utilise the same benefit-sharing regime of Production Sharing Contracts; PNG’s current royalty tax regime, is unique and strong enough to be changed to accommodate what Government is trying to achieve;
- That by virtue of the fact that landowners own the land on which any project is set up on, and that it is crucial for their voices to be heard;
- That with changes proposed to effect production sharing contracts, investors will not invest in any project in PNG, if their rate of return is not established clearly enough.
- That there is limited evidence of production sharing working effectively in Mining; and that its complexity does not guarantee increased revenue to the state; and unlike petroleum, the mining sector requires ongoing capital injection, which would make implementing Production Sharing too cumbersome and inefficient to manage effectively;
- That a consultation process between the executive government and the National Parliament must happen to ensure all our leaders fully understand the implications of their decisions, and a parliamentary committee established to lead this consultation; and
- That the PNG Chamber shares the government’s vision to improve the country’s revenue from resource projects; but changes to law must be made through an open and transparent process of consultation with all impacted stakeholders.

The PNG Chamber of Mines and Petroleum will continue to facilitate this series of virtual seminars, in an attempt to inform and educate all resource sector stakeholders of how the industry operates, and how it impacts the country’s economy, and people.

**Authorised for Release: PNG Chamber of Mines and Petroleum Executive**