



15 February 2019

MEDIA RELEASE

Uncertainty over mining leases could threaten economic growth in PNG

The PNG Chamber of Mines and Petroleum today said that the continued success of existing projects and the development of new ones is critical to the future of Papua New Guinea.

And that any significant delay in the renewal and extension of mining licences for the country's biggest producing mines would have a detrimental effect on the nation's economy.

Chamber President Mr Gereia Aopi CBE commented following reports that projects such as Porgera, Ok Tedi and Ramu Nickel may not have their leases extended.

"Security of tenure and continuation of mining leases is essential if we want investors to spend billions of Kina in our country," said Mr Aopi.

"Delays and uncertainty about mining leases could cause major interruptions to some of the big mines, and discourage any new investors."

Mr Aopi said the Chamber and its members are keen to work with Government to ensure that PNG's investment climate for resource projects remains attractive as this will underwrite a strong growing economy and increased prosperity for the people.

Mr Aopi said the industry is concerned that mineral exploration activity in PNG has fallen significantly in the past six years even though global exploration has experienced a significant upturn since 2016.

With this decline in exploration, any uncertainty about renewal of mining licences would have an impact on the country's economy, and also send international investors the wrong signal, particularly at a time when the World Bank through its PNG Economic Update released this month projected a positive rebound in the country's real Gross Domestic Product to 5 per cent this year on the back of upcoming major resource projects.

According to data supplied by the Mineral Resources Authority, mineral exploration expenditure in 2018 was K295.9 million compared to K339 million in 2017, K373 million in 2016 and K358 million in 2015. The last time mineral exploration expenditure reached its peak was reached in 2013 when it was K596 million.

While certainty of mining leases is critical, Mr Aopi said all Chamber members are committed to ensuring that benefits flow from their operations to local communities and he applauded the Government's continuing commitment to ensuring the sustainable and accountable sharing of benefits.

"The industry remains ready and willing to work with Government and relevant authorities to ensure a fair distribution of benefits for the State, local communities and the industry," he said.

“PNG is one of the first countries in the world where mining and petroleum projects consistently provide socio-economic opportunities to the local areas they operate in. Projects have opened up access and opportunities in some of the most isolated rural communities in PNG,” he said.

In 2017, the mineral and petroleum resources sectors contributed over 26% of PNG’s GDP and about 84% of the nation’s export revenue valued at K23 billion. The major producing mines, Ok Tedi contributed to PNG’s mineral export revenues in 2017 over K3.1 billion while Porgera contributed over K1.8 billion, Ramu Nickel over K1.1 billion, and Lihir over K3.6 billion (FY18).

According to the 2017 PNG Extractive Industry Transparency Initiative report, the industry paid a total of K1.5 billion in direct and indirect taxes.

The mining and petroleum industry directly employs over 20,000 people, with significantly more working in other sectors dependent on the industry, including landowner businesses. The industry invests millions of Kina in community development in sectors such as health and education, infrastructure including roads and airstrips, employment and training, and agriculture and livelihood programs.

The industry also establishes and supports landowner companies and other PNG-based businesses that provide services to the project sites such as transportation, labour hire, catering, security, earthmoving, freight and logistics, janitorial services, agriculture, and livestock and livelihood programs to promote food security and agribusiness.



Communities living between the Usino and Bundi areas of Madang Province have been able to access vital government services and transport their cash crops and garden produce to markets since 2008 after the Ramu Nico mine constructed a new bridge connecting both areas at a cost of K20 million.



Ok Tedi Mining Limited continues to contribute to the pool of trade skills in PNG. Pictured are its’ Apprentice and Preferred Area Development trainees after graduating from their training programs in November 2018.

Media Enquiries:

Mackhenly Kaiok
Manager – Public Relations & Communications
MKaiok@pngchamberminpet.com.pg
Ph: +675 7632 8875