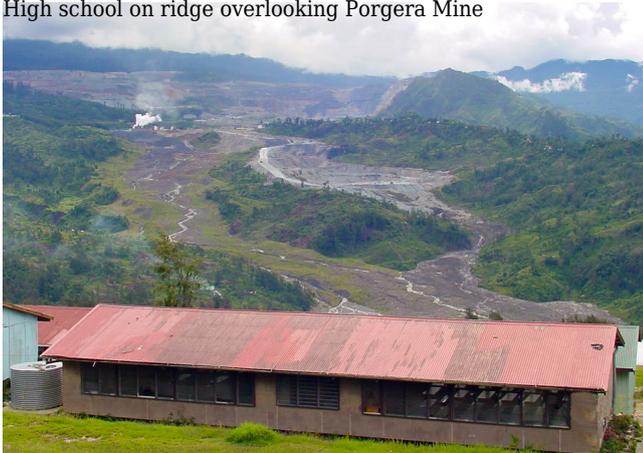


High school on ridge overlooking Porgera Mine



A new Porgera? Part II

By Glenn Banks and John Burton
19 February 2024

“It’s the same old blues again,” sang Eric Clapton, and there might be a few Ipili and Engan people at Porgera feeling much the same with the announcement of the start-up of the “New Porgera” gold mine a few days before Christmas (see our [previous blog](#)).

While the economic benefits to the nation and the local population [have been celebrated](#), it’s uncertain how the mine will go about addressing the long-standing points of contention that led to its closure in 2020. As outside observers, we see a number of outstanding issues and risks.

At the Development Forum meetings in Wabag and Alotau in August 2023, the parties committed to a Community Development Agreement informed by the submissions received from stakeholders. The Mineral Resources Authority (MRA) indicated they would develop a response to all the submissions “within two weeks.” There is no public evidence that this has happened.

This continues the vagueness in development planning promises that has troubled Porgera since 1990. With no clear roadmap in place, it is not surprising that past spending has been wasteful and development progress limited. Without such a plan now, a similar trajectory seems inevitable. [Andrew Mako](#) is one who has advocated for [longer-term thinking](#), linked to a long-term fund, which we find very sensible.

The agreement to restart the mine was made without having a revised compensation agreement in place. The intensity of initial compensation demands during the construction period took the company and the government by surprise, as compensation had not been paid within the leases at Ok Tedi, which opened six years before Porgera. However, the practice of paying compensation quickly came to define the company-community relationship, reflecting as it did the specific nature of rights to land at Porgera.

The broad principles of local landownership are clear but they give rise to a jigsaw of

individual claims that have to be documented and addressed one by one. It is not clear whether the MRA, the Enga Provincial Government or the New Porgera company have grasped this and will properly resource a record-keeping system to safeguard fairness. Nor is it known whether landownership records for the period 1988 to 2020 have been safeguarded over the past four years.

The original [Special Mining Lease 1](#) was issued on 12 May 1989. The Minister for Environment, Jim Yer Waim, had earlier written to the Joint Venture rejecting plans to tip mine waste into the river system. Undertakings - it was assumed - were made that dump sites inside the lease would suffice. But the dumps failed and seven Leases for Mining Purposes (LMPs) had to be added later to cover impacts outside the lease, doubling it in size.

It might be thought that the new mining lease, [SML 13](#), issued on 13 October 2023, would rectify the error, but MRA's online [Mining Cadastre](#) shows that SML13 is identical to the old SML1. The consequences are that "the key landowners" are only the people with rights to land in the SML (old or new). The rights of those people in the extended mining area are poorly defined. They must be compensated, but have no entitlement to royalty payments.

Those who remember developments in the 1990s will know that the [Porgera River Alluvial Miners Association](#) (PRAMA), which represented people in the extended mining area, won a ministerial determination of K15.2 million in 1996 (approximately K75 million at 2024 prices), and that pressure from PRAMA resulted in Australia's CSIRO being called in to investigate damage to the river system. What will prevent this happening all over again?

MRA assurances that [landowners present at the Porgera Development Forum](#) fairly represented all groups, including women and LMP communities, and their conduct of a "[sub-clan agent vetting exercise](#)", do not constitute a demonstration of Free Prior and Informed Consent for the re-opening of the mine. It is essential that steps are taken to address the historical grievances of *all* groups. There are many relevant groups beyond the [Porgera Landowners Association](#): the afore-mentioned PRAMA, the [Akali Tange Association Inc.](#), the [Porgera-Mt Kare Young Generation Association](#), the [Porgera District Women's Association](#), the [Porgera Red Wara River Women's Association](#), the [Justice Foundation for Porgera](#) and more.

In a society where leadership and representation are highly contested - and where women in particular are in a weak position - how can anyone be sure it is not just the loudest voices from hand-picked representative structures that are having a say?

Critically, how are the issues that [many felt were intractable](#) or non-negotiable going to be

handled under the New Porgera deal? These include the resettlement of landowners, improvements in what is now called “social performance” in areas such as grievance handling and the de-escalation of conflict, the management of “illegal miners”, the implementation of measures to improve [health and education services](#) and promote sustainable economic development, and the protection of human rights, particularly for women and vulnerable people.

Based on public announcements about the mine’s re-opening, it appears the approach will be to provide [significant monetary benefits](#) - K56 million as an initial “social contribution” from the New Porgera company, with an ongoing commitment of K12 million per annum for ten years. In addition, there will be K100 million in Business Development Grants, K100 million per annum for seven years for infrastructure investments, and dividend payments worth up to K2.5 billion over the life of the mine. Further, there will be jobs and compensation payments.

The resettlement of SML and other affected landowners is to be undertaken on the basis of a Resettlement Action Plan to be developed over the next two years (disclosure: we were involved in the initial stages of several other attempts to develop such a plan at Porgera over the last 20 years). There are no plans - in the public sphere at least - to do things differently in relation to tailing and waste rock management, so the pre-existing environmental impacts will likely continue, and increase incrementally.

Is this really anything more than old wine in new bottles?

We, along with many others, would like to see the New Porgera contribute to real and equitable development for the landowners and other people at Porgera. But this is ambitious given the history of Porgera. We fear that an under-resourced, last-minute rush to pull together new agreements without clear plans to address the issues above will come back to haunt the developer, the government and especially the people of Porgera.

This is the second blog in a two-part series on the reopening of the Porgera gold mine. [Read Part 1.](#)

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