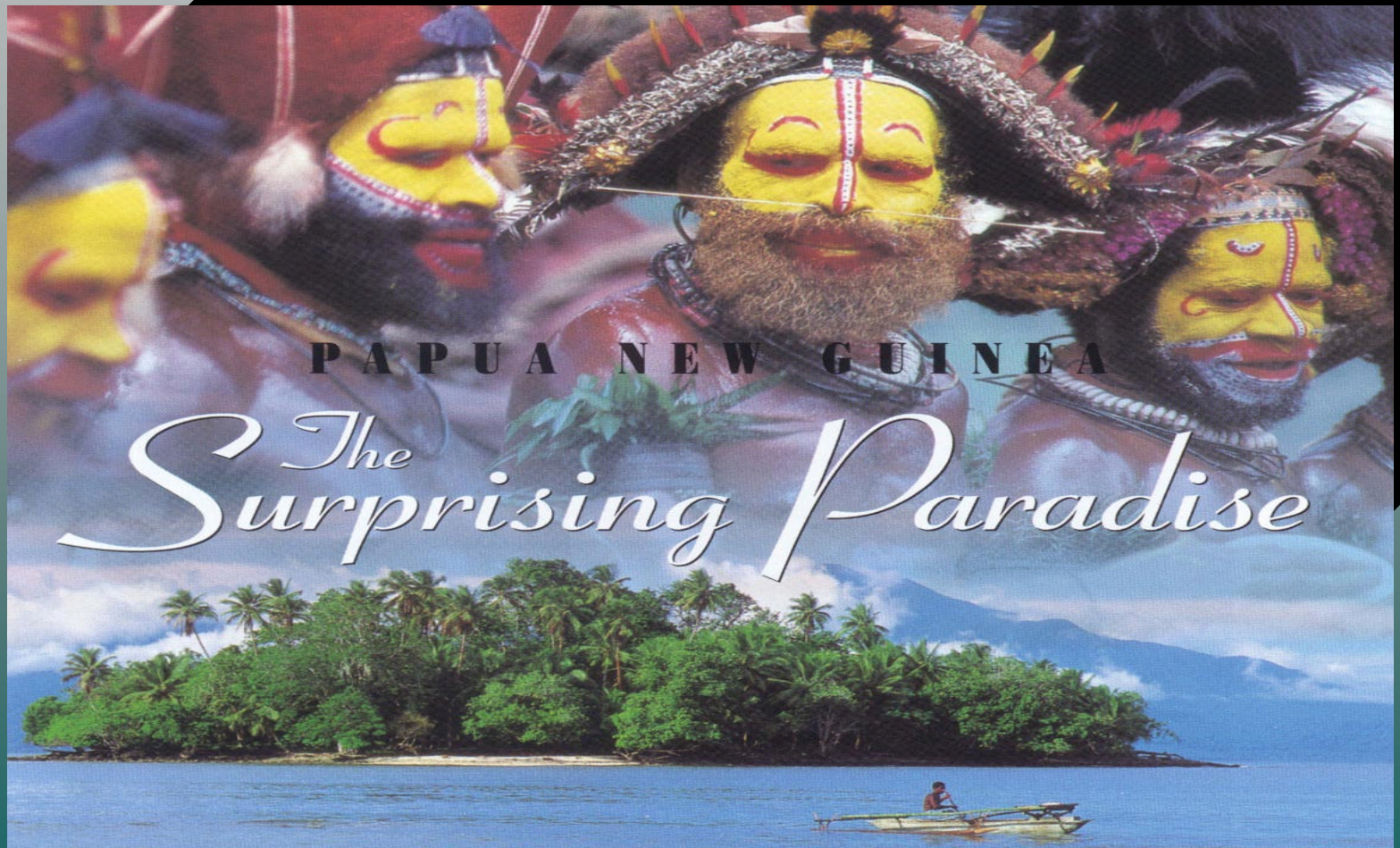
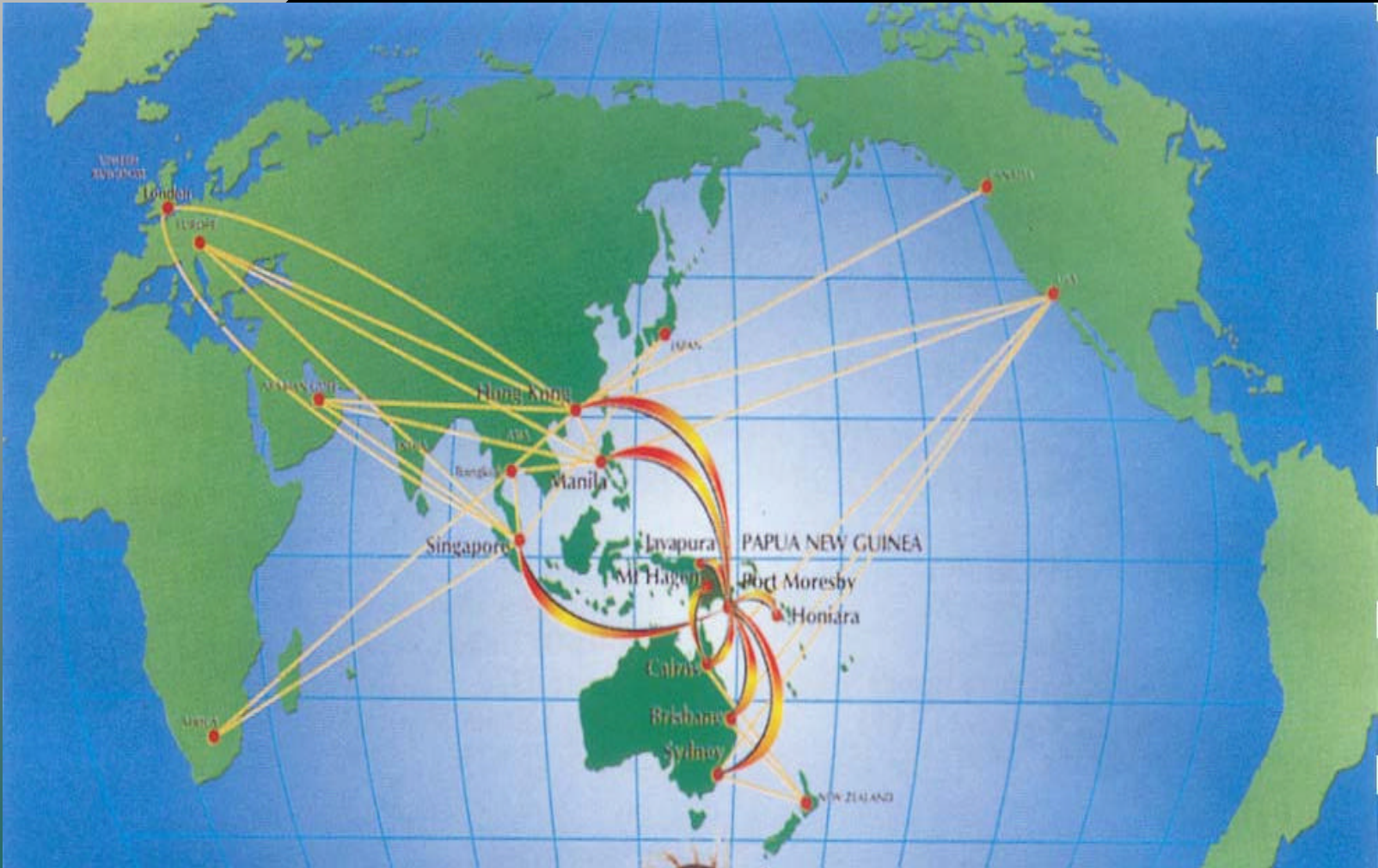


PAPUA NEW GUINEA



Location



Major Towns



Capital City - Port Moresby



Country Overview

Vibrant

Parliamentary

3 Levels of Government

National

Provincial

Local

Country Overview

- Population 10.5 million
 - 60% live in the capital
 - 60% live in the capital
- 850 different languages
- Official language is English
- 97% of land customary
- 3% owned by Government and business

Mining Industry

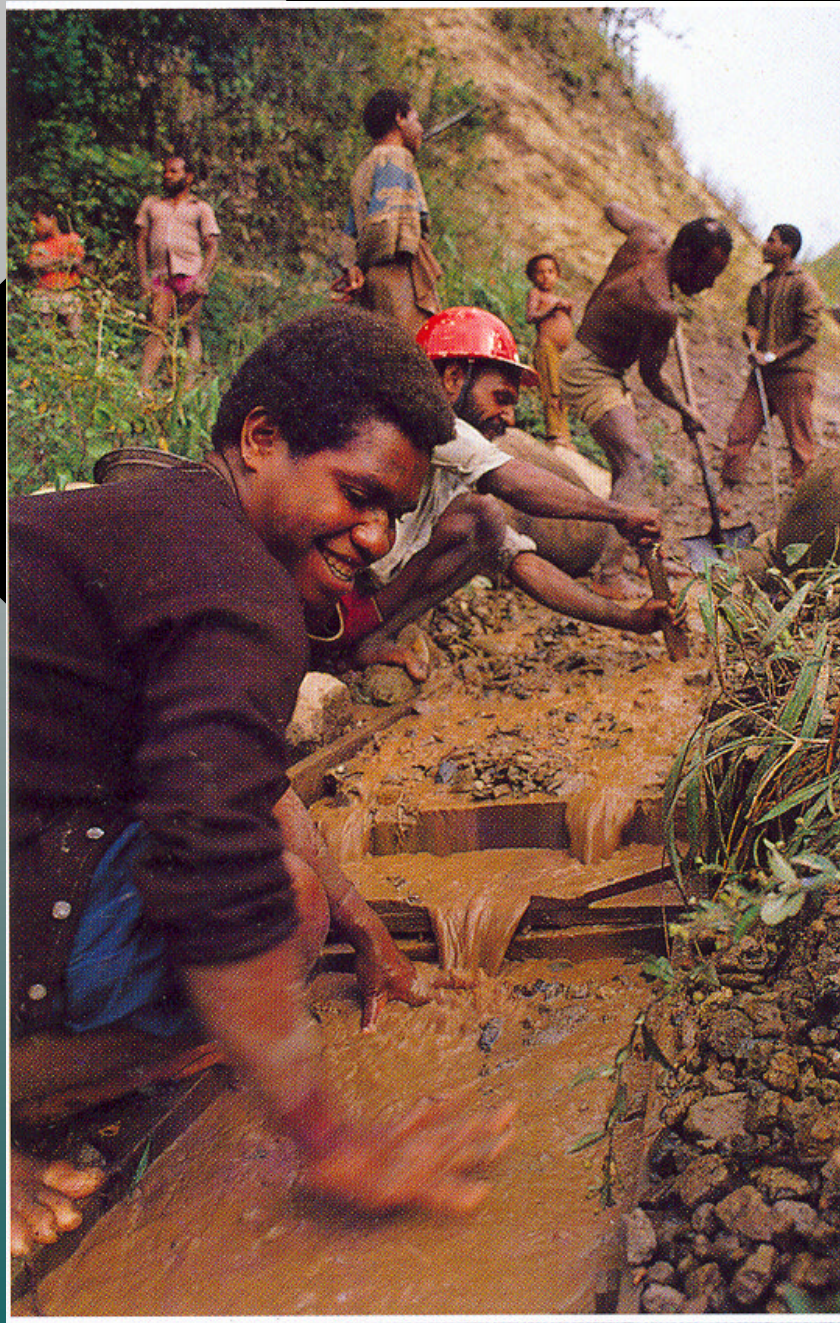
- Minerals owned by the State
- All mining is regulated by Mining Act 1992
- Act administered by Department of Mining
- Small Scale Mining administered by a Division of the Department
- Small Scale miners only mine gold
- Alluvial gold reserved for National Citizens only
- No restrictions on other minerals

Mining Tenements

- No Licence Required: Non mechanized mining on own land using gold dish/ sluice box
- Alluvial Mining Lease: Mechanized mining on own land or by contract with landowner using water pumps, suction dredges, hydraulicing and earth moving equipment . Lease size 5ha.
- Mining Lease: Mechanised small to medium scale hardrock mining. Lease size up to 5000ha
- Special Mining Lease: Only for large scale operations.

Small Scale Mining Sector

- Estimated 50,000 miners countrywide
- 4.5 tonnes (145,000 oz) gold produced each year
- Kina 165 million (US\$ 45 million)
- Average Income per miner is K3600 (US\$900)
- PNG average income is K994 (US\$250)
- Mining improves income - reduces poverty
- Approx. 400,000 benefit (PNG multiplier=8)









Mining Regulation

- Illegal mining is a problem for leaseholders but not on customary owned land.
- Mining regulation and control of illegal miners enforced by Mining Warden.
- Under staffing reducing enforcement
- Courts and Police often used.

Selling and Buying of Gold

- Export of gold controlled by Central Bank
- Buying and selling within the country is unregulated. Very competitive
- Miners receive good price
- Gold Refinery in Port Moresby offer international prices. Services large and small mines.

Aid Programs

- Small Scale Mining is well supported by international aid agencies
- 3 year AusAid program 1999-2002
- World Bank
- Japanese Social Development Fund 2003-2005
- Sysmin (EU) 2003-2008
- Micro finance (PNG/ADB/AusAid)
- Success of programs due to clear outputs and industry support

Aid Programs - AusAid

- 3 year program 1999-2002
- Mostly outreach programs for mining communities- very successful, strong support from mining industry
- Produced series of booklets and videos in English & Pidgin
- Developed a portable information system
- Developed 5 year plan

Aid Programs - World Bank

- Part of 4 year Technical Assistance Loan
- Re-surveying all Small Scale Mining leases
- Review of Mining Legislation
- Training of Government Officers

Aid Programs - JSDF

- Japanese Social Development Fund administered by World Bank
- 2 year program to commence in 2003
- Emphasis on Communities
- Training of health workers on the effects of mercury, community health workshops
- Training mining development officers for each Province (19)

Aid Programs - JSDF

- Improving governance - environment, health and safety, code of practice
- Supporting Miners Associations
- Continuation of Outreach programs
- Supporting Micro Credit scheme

Aid Programs - Sysmin

- ACP grant after 1997 drought
- 60 million euros (K200 million)
- 5 million euros (K20 million) for SSM
- Development of 3 vocational schools for miners and 1 center for women

Aid Programs - Micro finance

- Joint program by PNG Government, Asian Development Bank and AusAid
- US\$ 24 million
- Available to everyone in Community
- Pilot scheme for small scale miners at Wau. If successful will operate countrywide

Sustainable Development

- Two World Bank Conferences in PNG 1998 and 2002
- Good historical examples of Sustainable Development from closed mines
- Significant component of current mine closure plans for large mines
- Increasingly recognised as important in the reduction of poverty

The Future

- Increasingly importance to PNG as a growing sector of economy
- Important component in sustaining communities after closure of large mines
- Important in alleviation of poverty and unemployment in rural areas
- Improvement in productivity, health & safety, and environmental issues through outreach education programs

Faces of PNG

