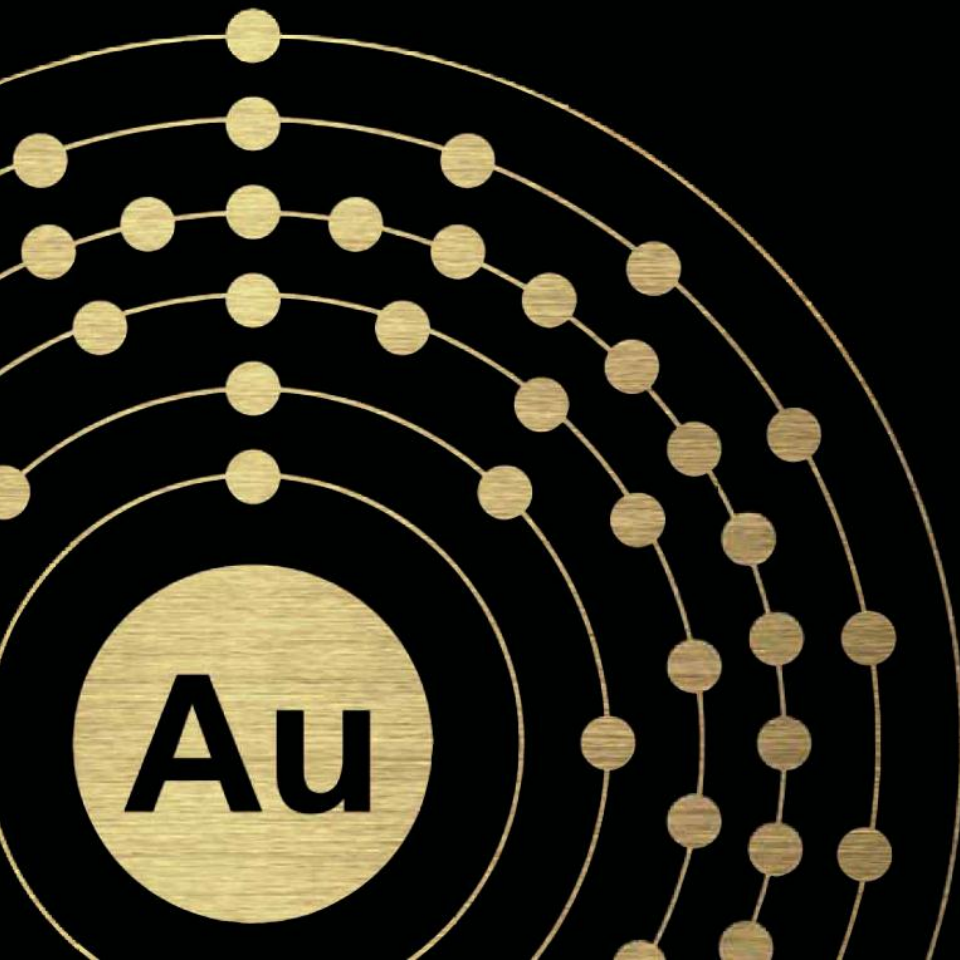


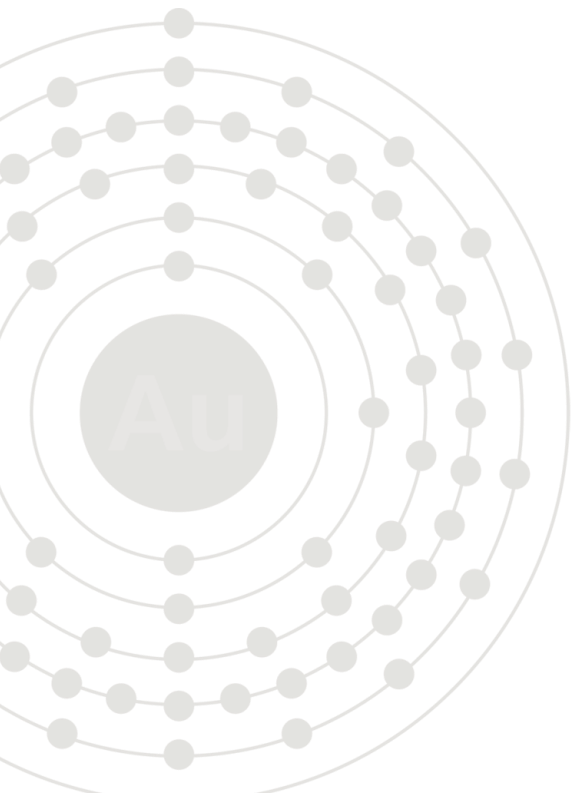
# MMJV COMMUNITY AFFAIRS AND MINE PERMITTING

Reuben Aila and David Wissink

*Analyst site visit*

26 September 2012





- 1 Overview and regulatory requirements
- 2 Communities and compensation
- 3 Community affairs' activities
- 4 Impact on PNG
- 5 Conclusion

## Overview and regulatory requirements







- Community relations is critical to the success of any resource development project in PNG
- Complex and diverse social environment
- Over 95% of land is customarily owned
- Lack of government services – health, education, water supplies, extension services and economic prospects
- Agreements must be negotiated, communicated, implemented and monitored primarily with communities
- Community issues require time, patience and perseverance



- Exploration License (EL)
- Special Mining Lease (SML)
- Lease for Mining Purposes (LMP)
- Mining Easement (ME)
- Development Forum
- Compensation Agreement (CA)
- Memorandum of Agreement (MoA)
- Mining Development Contract (MDC)

## Communities and compensation

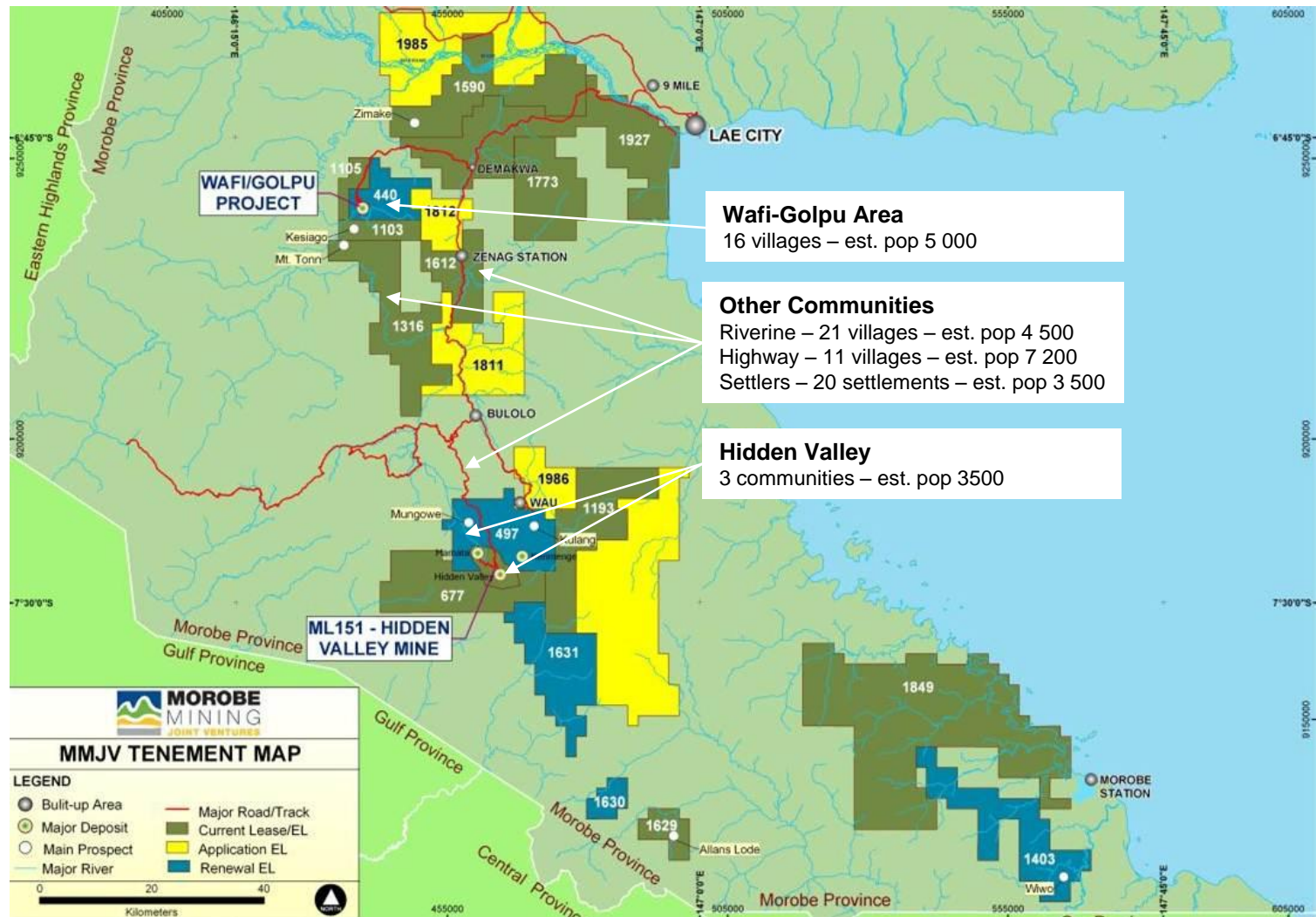






# Stakeholder communities

## Operations covering Bulolo and Huon Gulf Districts





## **Through the mining act, landowners are entitled to compensation for**

- Depravation for the possession or use of the natural surface of the land
- Damage to the natural surface of the land
- Severance of land or any part thereof from other land held by the landowner
- Loss or restriction of a right of way, easement or other right
- Loss of or damage to improvements
- In the case of land under cultivation loss of earnings
- Disruption of agricultural activities on the land
- Social disruption

**Mining can not occur until a compensation agreement has been negotiated and registered with the mineral resources authority**



## Community affairs' activities





- Continue to build a credible reputation for MMJV and enhance our stakeholder relationships
- Develop a common, consistent and timely approach to stakeholder relationships and issues across all sites
- Ensure alignment of MMJV-sponsored development programs and projects with Government and community development plans and priorities
- Identify and develop strategic partnerships to leverage funds for successful development outcomes
- Understand and be able to proactively address the mine-related environmental and socio-economic issues
- Provide communications support and advice on company initiatives and emerging issues



- Building business compatibility with our host communities.
- Successful review of Hidden Valley MoA
- Successful negotiation of access agreements for Wafi-Golpu and preparation of communities for mining
- Gaining and maintaining access for Regional Exploration Programs
- Regional focus on health and education programs
- Delivery of health, education, infrastructure and economic partnership programs/projects
- Shifting from reactive to proactive stakeholder engagement in all areas
- Accurately record and attend to stakeholder grievances





- Regular community liaison
- Government briefings – Local, Provincial and National
- Mine visits by community leaders and government officials
- Joint MMJV/Government community patrols
- Regular employee briefings and updates
- Capturing and responding to stakeholder grievances

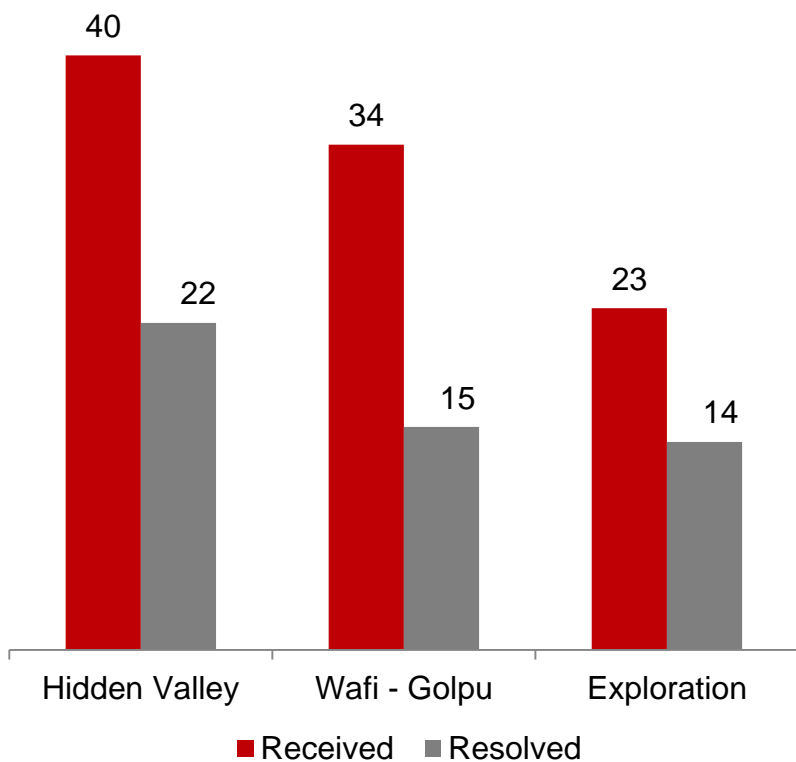


# Grievance management

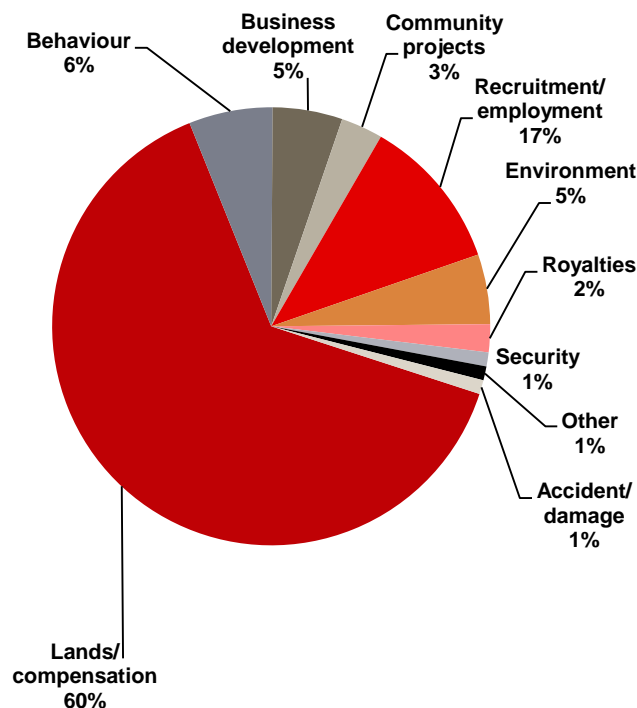
## System introduced to record/manage grievances



### MMJV Grievances by operation – Q4 FY12



### MMJV Grievances by type – Q4 FY12





# Hidden Valley – external stakeholder advisory panel (ESAP)



- Expert advisory panel formed to review environmental and related social impacts of the Hidden Valley
- Chaired by Sir Joe Tauvasa and consists of other prominent citizens
- The key objectives of the ESAP include
  - assisting the HVJV to formulate and implement appropriate environmental policies and strategies
  - recommend and review the results of relevant technical studies and investigations
- Four meetings held to date and draft annual report provided to HVJV
- Scope to expand the ESAP to include the Wafi-Golpu operations





## Hidden Valley

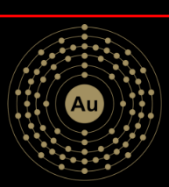
- Memorandum of Agreement for ML 151
  - Hidden Valley, Landowners, National, Provincial and Local Governments
  - Guiding document for stakeholder commitments
  - Covers royalties, employment/training, business development
  - To be reviewed FY13
- Compensation agreements
  - ML 151 and ME 82
  - Specifies compensation payable for damages
  - Reviewed every 5 years
- Benefit sharing agreement
  - Guaranteed income for sustainable development initiatives in lieu of equity participation in Hidden Valley

## Wafi-Golpu

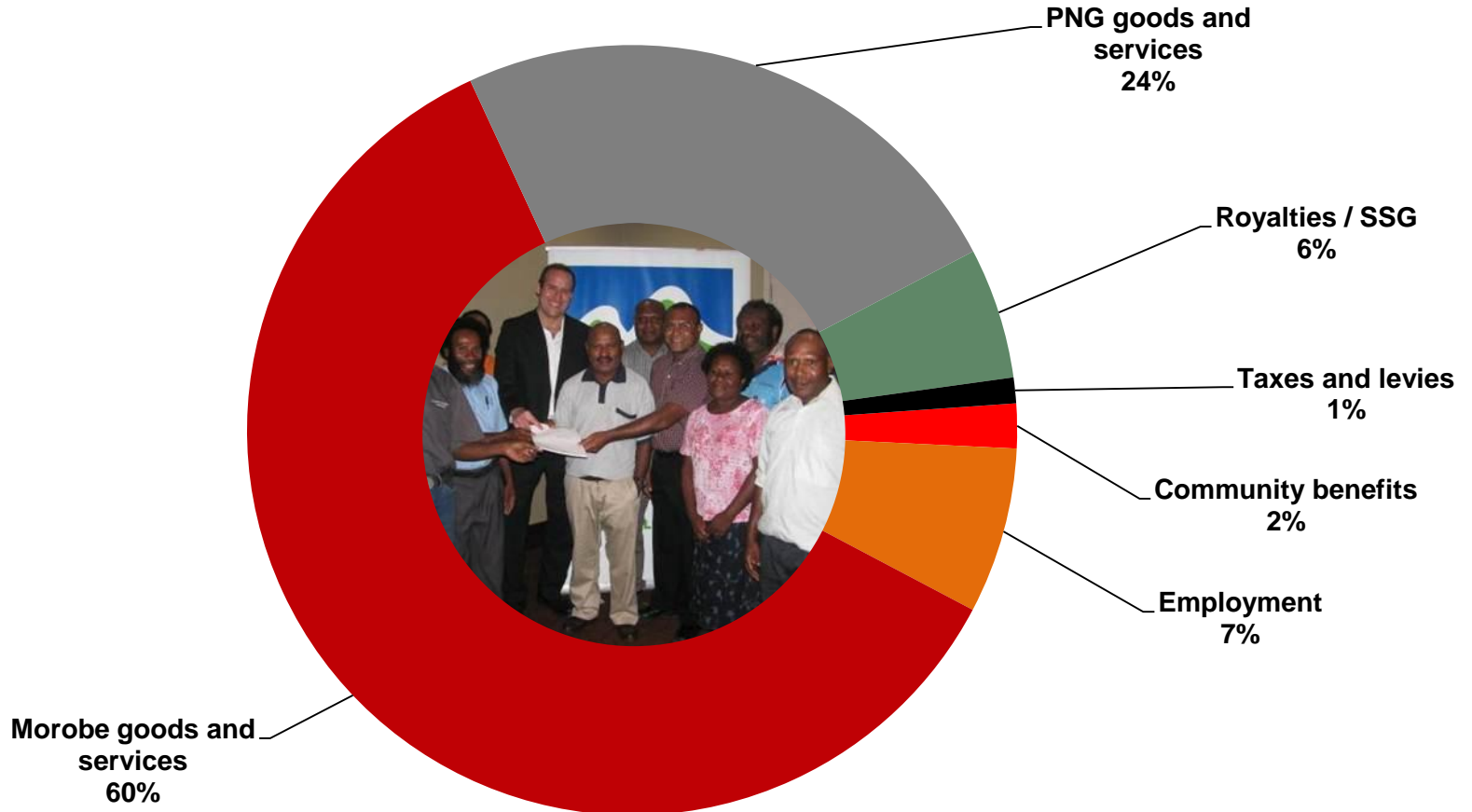
- Camp site agreement
  - 500 man camp site on Watut Flats with Babuaf
- General compensation agreement over exploration area
  - Agreement reached in 1998 for compensation rates in EL 440 with Hengambu and Yanta
- Community mine participation agreements
  - Agreements currently being discussed now to assist with early works program with Wafi – area communities
  - Will cover community services, projects, employment, training and other benefits

## Impact on PNG





# Economic benefits to PNG – K510m spent in PNG (FY12)



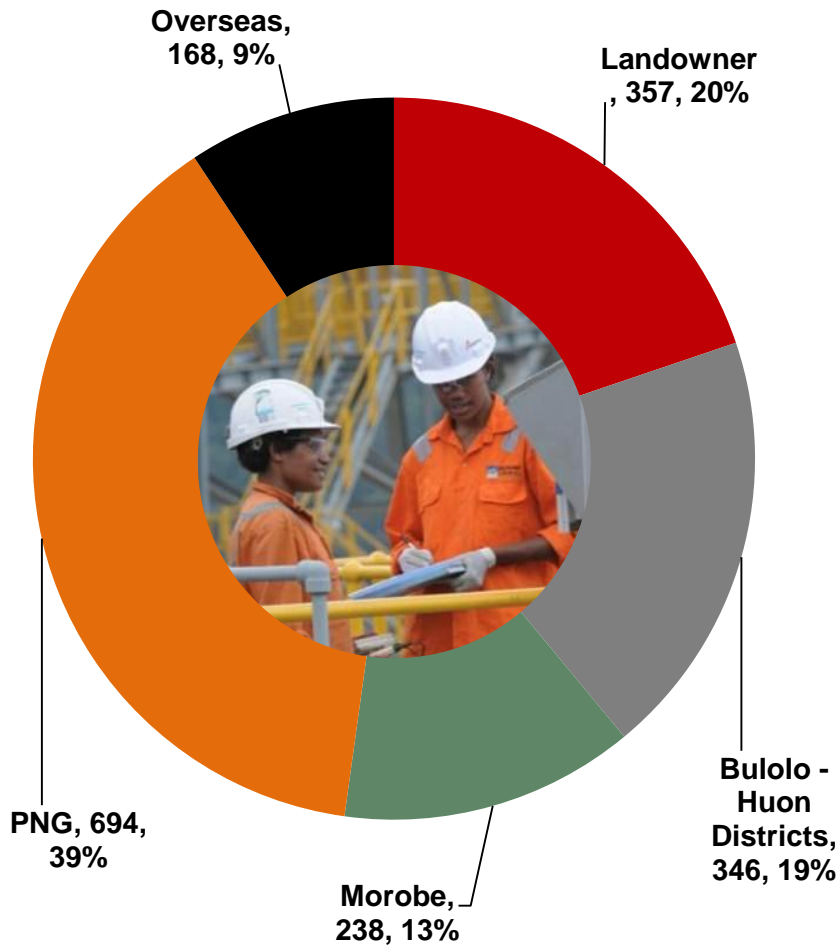




# Benefits for Morobe Province



Procurement within Morobe	K300m pa
Wages & benefits	K15m pa
Royalties and special support grants	K28m pa
Benefit sharing and other community assistance	K9.5m pa



## Direct employees

- 1 663 direct employees
- 91% are PNG citizens
- 54% are from Morobe
- 41% are Bulolo district
- 14% are female

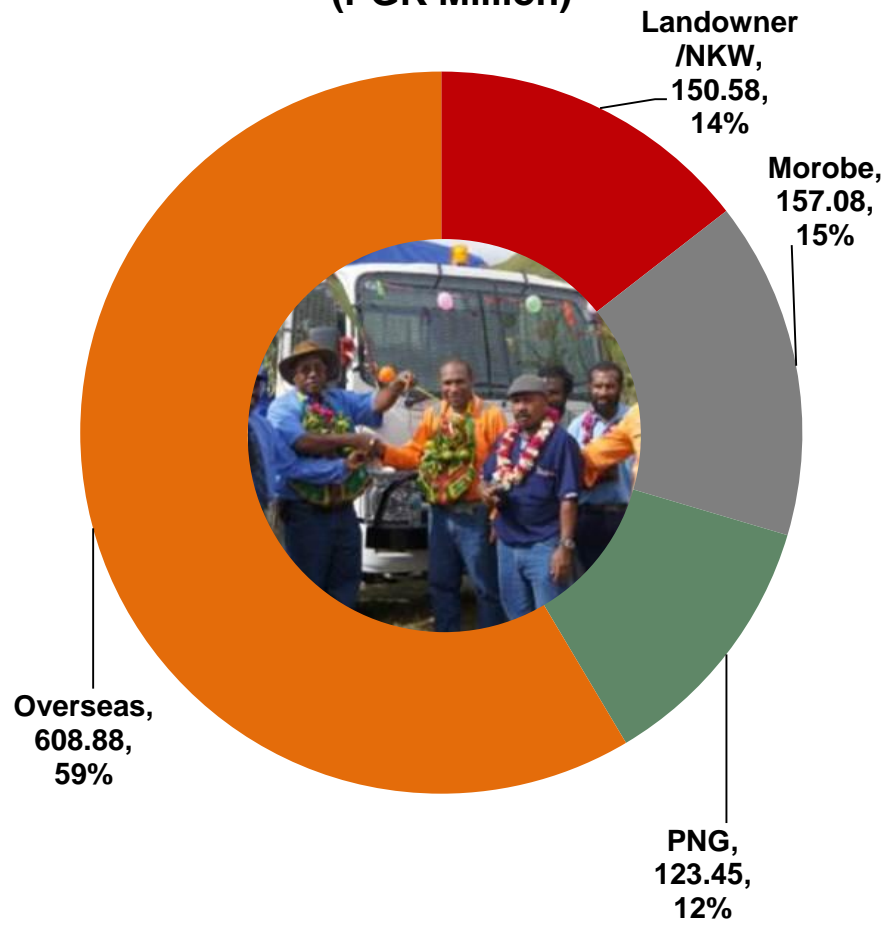
## Contractors

- 2 521 contractor employees
- 90% are PNG citizens
- 46% are from Morobe

**Strong focus on training and development of local employees**



**MMJV Supply and procurement FY12  
(PGK Million)**

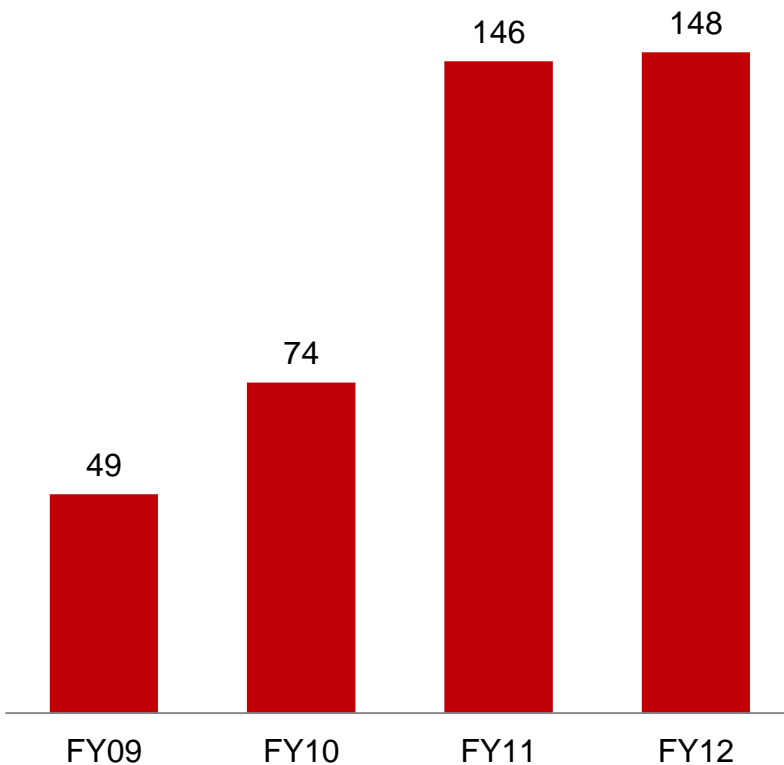


- Since July 2008 (FY09), K3.86 billion in goods and services used by MMJV – 39% sourced in PNG
- FY12 goods and services were 41% sourced in PNG
- Landowners, NKW Holdings, and their associated JVs account for 14% of total spend in FY12
- A concerted effort is underway to increase opportunities for local businesses and increase PNG spend in FY13 – targeting 30% increase from FY12





**Earnings for NKW/ NKW Joint Ventures  
(Jul08 – Jun12)  
(PGK million)**



- NKW Holdings Limited is the local landowner company representing Nauti, Winima and Kwembu
- Critical to maintaining our license to operate
- Involved in a number of key mine support contracts
  - Catering & Cleaning
  - Mine construction/support
  - Freight transport
  - Bus Service
  - Labour Hire
  - Light vehicle hire
  - Construction equipment hire
  - Rubbish collection/recycling
  - Rock crushing/screening
  - Revegetation
- Contracts in FY12 – K148 million
- 300± employees



- Sustainable development plan initiated in 2010
- Development planning aligned with Ward, LLG and District priorities
- K20 million invested in community and regional development in since 2010
  - Health
  - Water supply and sanitation
  - Education
  - Agriculture / aquaculture
  - Community infrastructure
  - Community and LLG capacity building programs
  - Lae to Bulolo Highway maintenance
- K11 million in special support grant funds available through the Morobe project management unit

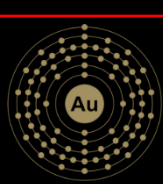


- Joint community health patrols
- Capacity building for health workers
- Mother Child Health Clinics, TB, HIV/AIDS and malaria community education
- Partnership agreements discussed with Morobe Provincial Health, National Department of Health, Rotary against malaria, and others
- Engagement of Angau Hospital, UPNG and Unitech for utilization of specialist surgeons, trainee doctors and nursing students
- MMJV Baseline Health Survey

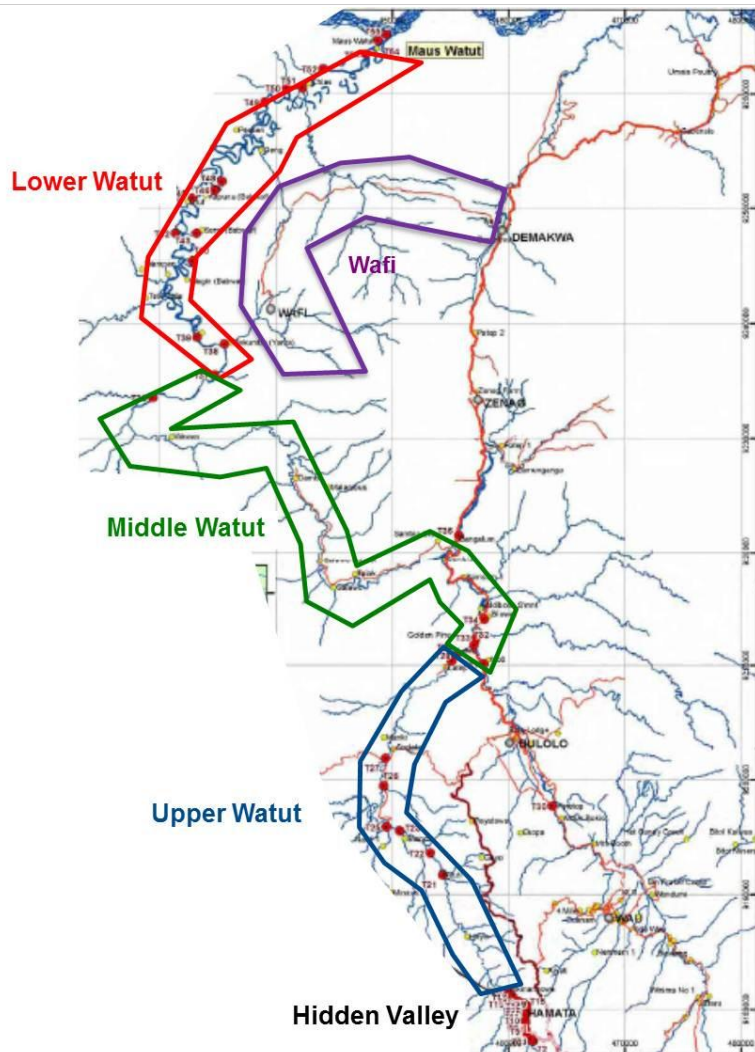




- 5 Year partnership agreement reached with Oil Search Health Foundation
- Project commenced with malaria in the Wafi area but will expand to other health objectives throughout Bulolo and Huon Gulf Districts
- Core objectives
  - To improve access to quality malaria diagnosis and appropriate treatment
  - To decrease malaria related morbidity by improving knowledge and treatment seeking behaviour and compliance.
  - To decrease malaria transmission by improving community early treatment seeking behaviour
  - To strengthen technical capacity at the local level in accurate and consistent malaria diagnosis and treatment and program management
  - To ensure accurate surveillance prevalence and incidence data for malaria diagnosis and treatment To promote income generation in communities
- Indicative cost K1.5 million per annum
- Field work has now commenced with malaria surveillance surveys



# Water and sanitation – project sites



- Lower Watut
  - 14 Completed (Goraris, Chiatz, Mafanazo, Uruf, Wonkinz, Kapungung, Wampan, Tsilitsili, Malarina, Kasek, Magaring, Pekumbe, Wawas)
- Middle Watut
  - 13 Widiapos, Baiyun, Samsam/Pelengkua, Sambio, Galawo, Taiak, Gawapu.Biamena, Piu, Dambi, Kapin Nayakes (being implemented by Watut Union – Watut Development Company)
- Upper Watut
  - 18 Completed, Winima, Kwembu 1, 2 & 3, Golden Pine, Manki1 and 2, Nauti, Latep, Tapanda, Erowa Creek, Saksak, Mango Block, Neranda, Aibinka, Minianda, Society, Heyu
- Hidden Valley
  - Nauti, Winima, Kuembu, Hikenagowe, Heyu, Ayati
- Wafi
  - Nabonga, Bavaga, Hekeng in progress. With other sites being evaluated
- Huon Gulf District Water Supply
  - Kina for Kina projects, Completed Kamsileng & Siu



Pioneer class at Winima Elementary School



Double 2-storey classroom at Grace Memorial H/School

- Three year school fee program has benefited over 1500 students attending over 50 schools at a cost of over K580 000
- Education infrastructure program has delivered benefits to 10 schools in footprint in line with District Education plans
- First elementary schools established in Nauti and Winima
- Outstanding works program completed with Wau Primary to be opened Aug-12
- Education infrastructure planning now focusing on Wafi-area schools with District Education officials
- Teacher training remains a key component
- Currently reviewing our support to regional education in the MMJV footprint area – FY13





# Agriculture and aquaculture – assisting to develop non-mine related activities



- Focus on cocoa, coffee, fresh produce and aquaculture
  - Improve production
  - Improve marketing and management
  - Improve downstream processing and manufacturing
  - Strengthen extension, research and development
- Cocoa
  - Phase 2 of Watut Chocolate Project underway with B4MD
- Mumeng Fresh Produce Project
  - To supply Hidden Valley and Wafi-Golpu and other markets
- Aquaculture
  - Initial discussions with NARI and Hydrobiology on Watut Rainbow Fish for tank markets



## Conclusion





## In summary



- Regular engagement and consultation with key stakeholders critical for success, particularly communities and Government
- We have outstanding relationships with our stakeholders as we listen to their issues
- Delivering benefits in the communities where we work, Morobe Province and PNG through employment, business opportunities and community projects/programs in health, education, agriculture and community infrastructure
- Key agreements are in place for Hidden Valley and being advanced for the Wafi-Golpu Project
- Have established an excellent foundation for the Wafi-Golpu Project

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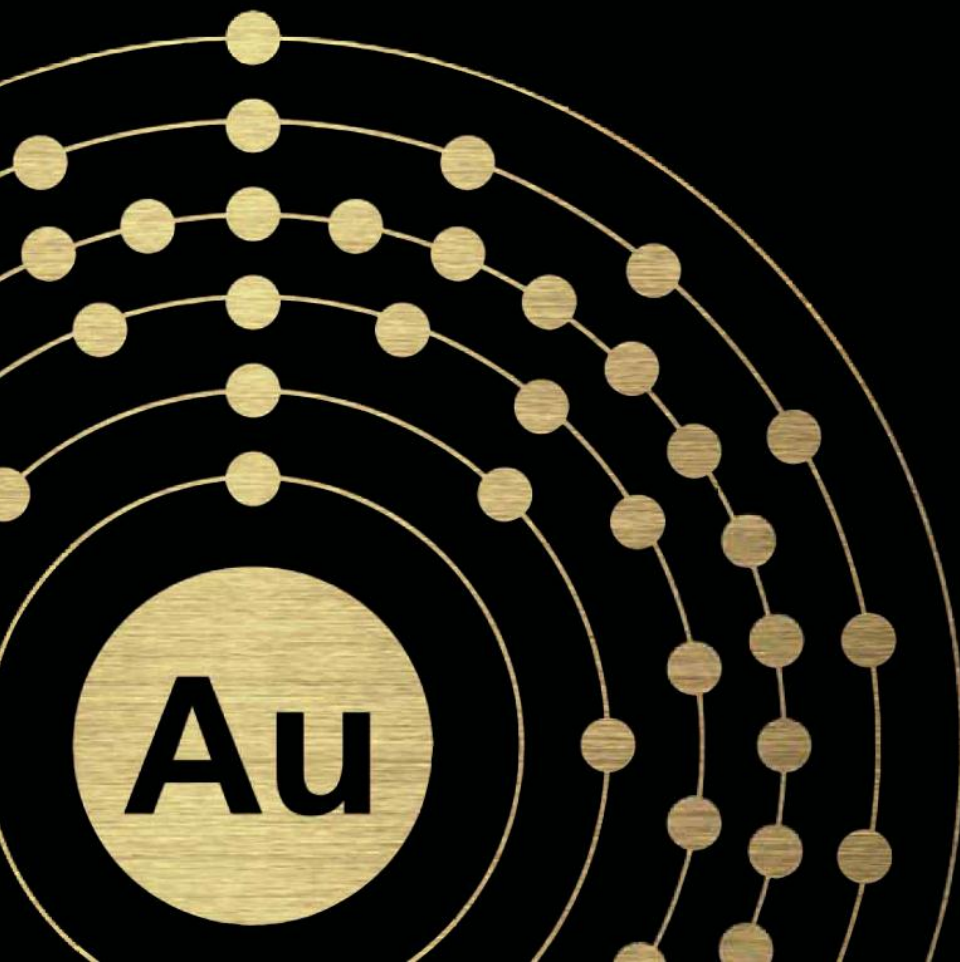
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