

Summary Notes from Working Group 4

These notes represent the facilitators' views of important matters discussed items and themes from Working Group four. These summary notes do not represent any agreement or consensus. Additional materials are available to explain the details (amounts) included in the offer

The Mining Minister came to the meeting and presented an offer on behalf of all shareholders including:

- Ok Tedi Mining Limited
- PNG SDPL
- The National Government
- INMET

The offer has not yet been accepted or rejected by the leaders

The offer has several pieces

- 2.5% Equity ownership in the mine is offered by OTML on behalf of all shareholders
- A commitment of at least K18 million a year for projects in the CMCA regions is offered by PNG SDP
- A commitment of 5% of total dividends (profits) is offered by the Government, and will come from the Western Province People's 10% fund
- A new independent CMCA entity [organisation] would hold much of the resources that would come from the offer. CMCA regions would manage projects and resources through this entity. PNG SDP has agreed to fund a consultant to assist in the establishment of this entity.
- There would be an extra one-time payment to a new CMCA entity. This would be about K94 million and will come from the 2006 payment to the Western Province People's 10% fund.

The offer would provide part ownership in the mine

- The CMCA regions would have equity ownership in the mine (2.5%)
- This is part ownership, but is not enough shares to have a seat on the board of the mine

The offer would give money for projects until the mine closes

- These commitments and ownership of the mine will last from 2007-2013, which is when the mine is planned to close
- After the mine closes, the money and projects that will come to the area will come from the PNGSDP long-term fund, any government projects, or possibly other donor organisations.

This offer would be an increase in money for projects

- At the least, this offer would result in 3 times the amount now available to CMCA regions (all together).
- If copper and gold prices stay high, the amount of money for projects would be many times greater than available now to CMCA's

It is not yet decided how the money for projects will be shared

- Current CMCA agreements still stand, though the amount for each CMCA region will increase.
- Delegates will have to decide how some of the new money for projects would be shared among regions.

A mine waste storage solution affects this and any offer

- The Government has said that the dividends (profits) offered by the Government will only come if the mine waste management project proposed by OTML goes ahead (this includes a new pipeline and the storage of mine waste on the west bank of the Ok Tedi near Dome).
- If no waste storage solution can be found, the threat of damage to the river from copper is so great that the mine should close. Closure would mean that no money would be available to the CMCA's.
- It is recommended that the National Executive Council (NEC) direct the Ministers of Mining, Treasury and Environment to negotiate with OTML to undertake specific initiatives to investigate and monitor environmental monitoring of the Fly River system beyond mine closure under the Mine Closure Code.

There are important time considerations

- Given elections, the timing of Parliamentary sessions and the possibility of a new Mining Minister next year, it is possible that if leaders wait too long to respond to the Minister, that the offer may no longer be available.