

**Government Decision-Making
and
Environmental Degradation:**

A Study relating to
Mining Activities in
Papua New Guinea

This thesis is presented for the degree of
Master of Philosophy
of Murdoch University

2007

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STATEMENT OF ORIGINAL AUTHORSHIP

I declare that this thesis is my own account of my research and contains as its main content work which has not been previously submitted for a degree at any tertiary educational institution.

I also declare that this thesis is my own composition and, to the best of my knowledge, any assistance received in its preparation and all sources used have been duly acknowledged.

A handwritten signature in black ink, appearing to read 'Frank Carr', written in a cursive style.

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ACKNOWLEDGEMENTS

I would like to record my appreciation and thanks for the guidance and support of Dr. Rajasundram Sathiendrakumar during the final stages of preparation of this thesis.

My thanks are also due and extended to Professor Herb Thompson and Doctors Frank Harman, Ameer Ali, and Simon Avenell for their support and encouragement throughout.

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
ANU	Australian National University
AusAID	Australian Overseas Aid Programme
BHP	BHP Limited (later BHP Billiton Ltd.)
BRA	Bougainville Revolutionary Army
CIA	United States Central Intelligence Agency
CSIRO	Commonwealth Scientific and Industrial Research Organisation of Australia
ECA	Environmental Contaminants Act 1978 of PNG
ECP	Enhanced Co-operation Package
EPA	Environmental Planning Act 1978 of PNG
IIED	International Institute for Environment and Development
IMF	International Monetary Fund
K	Kina, PNG's unit of currency
LMC	Lihir Management Company Limited
MDC	Mining development contract
MPI	Mineral Policy Institute
MTDS	Medium Term Development Strategy
MWMP	Mine Waste Management Project - Risk Assessment
NGO	Non-Government Organisation
OECD	Organisation of Economic Co-operation and Development
OTML	Ok Tedi Mining Limited
PEAK	Porgera Environmental Advisory Komiti
PJV	Porgera Joint Venture
PNG	Papua New Guinea
SPREP	South Pacific Regional Environment Programme
STD	Submarine Tailings Disposal
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WANTOK	PNG members of the same tribe or clan who speak the same language

ABSTRACT

Papua New Guinea (PNG) is a country possessing abundant resources of gold, oil, copper, timber, and fish stocks. It is hampered in its development and management of these resources, however, by serious problems of governance and corruption. These problems are evident throughout the economy and also in the management of the environment. The level of environmental damage caused by the mining industry in PNG is now such that it will require extensive rehabilitation, if the areas affected can, indeed, ever be fully rehabilitated. The mining companies which precipitated this damage were licensed and encouraged by the PNG Government in the initiation and exercise of the mining operations. The resulting environmental impact has affected the lives of thousands of New Guineans to their detriment. The degradation caused remains unredressed.

Compounding the problem, there is a growing reliance by Papua New Guinea on mineral exploitation for foreign direct investment, government revenues, and foreign exchange. Gold exports accounted for the biggest share of export revenues in 2002 representing 37.5% of the total. In light of this growing dependency on mining activities, there is a correspondingly urgent requirement to address the deficiencies in the administrative, monitoring, and policing aspects of the protection of its environment.

Despite the public evidence of the damage to the environment and the ensuing affect on the people of Papua New Guinea by mining activities; and despite universal condemnation of these activities and the companies responsible; the companies continue to conduct these activities without official hindrance and with little apparent concern for the long-term ramifications of their actions.

This thesis will examine the degradation resulting from the mining activities of companies in Papua New Guinea over the last three decades – particularly those of Placer Dome’s Porgera gold mine, BHP’s Ok Tedi gold and copper mine (the waste from both of which is dumped into the Ok Tedi and Strickland rivers which are tributaries of the Fly River and form part of the Fly River system) and Lihir Gold Limited's gold mine on Lihir Island. It will examine the extent to which the Government of Papua New Guinea may have wittingly (in the sense of a prescience as to the possible or probable likelihood of deleterious impact) or unwittingly contributed to that degradation as a result of its actions or omissions.

Studies of available literature suggest that there has been little attention paid to the subject of culpability on the part of successive PNG governments in matters of environmental damage. This research will contribute to reducing this gap in the literature by focusing on possible motives of the PNG government and its actors which precipitated those

decisions and which resulted in environmental degradation. The discussion will examine the likely motivation of the PNG government in its deliberations and decisions and the extent to which corruption and incompetence may have played a role.