
SPEECH

BY

The Hon. C. E. BARNES, M.P.

ON

BOUGAINVILLE COPPER DEVELOPMENT
(Ministerial Statement)

[From the 'Parliamentary Debates', 12 August 1969]

Mr BARNES (McPherson—Minister for External Territories)—by leave—Mr Speaker, this statement is concerned with the recent incidents near Kieta, Bougainville, in the Territory of Papua and New Guinea, in connection with the provision of land for the Bougainville copper project. On 31st July a lease was issued to Bougainville Copper Pty Ltd under the Territory Mining Ordinance over 175 acres of land at Rorovana. On 1st August, surveyors commenced marking the boundary of this land. In view of reports that there might be violence 100 police were sent to the area in three groups. A group of approximately 20 women crowded around police guarding a concrete survey peg. The police did not use force and eventually the peg was removed and carried away by the women. Clearing and marking of the area continued on 2nd and 4th August without interference. On 5th August a bulldozer clearing scrub for the survey team was confronted by a group of approximately 65 men and women. There were approximately 70 police present. The officer in charge warned the people to disperse on at least two occasions. He then ordered a group of 15 police carrying shields and batons to move in front of the bulldozer and attempt to push the crowd away with their shields. There was a general melee and at this point the officer in charge decided to attempt to disperse the crowd with tear gas. The tear gas used is non-

toxic. It was only partially effective. After further warnings police were ordered to use their batons about the legs of the natives and after a very short time the crowd dispersed. There were no injuries other than one man who appeared to have grazed his leg falling over a log. No-one was injured by the police. Minimum force was used.

The members of the Papua and New Guinea constabulary acquitted themselves with distinction in these incidents, behaving with the greatest restraint and discipline. Their actions were at all times fully in accordance with the fine traditions of this force. These are the facts of the incidents. I turn now to the situation behind them.

For many years there has been some knowledge of the mineral wealth at Bougainville Island but it was not until 1960 that an Administration geologist reported the possibility of a major low-grade copper deposit. Conzinc Riotinto of Australia Ltd began prospecting the area in 1964. In 1967 after more than 12 months of negotiation an agreement was signed between the company and the Administration. This agreement was tabled in the Commonwealth Parliament. It was debated in the Territory House of Assembly and a ratifying Ordinance was passed by the House. The House consisted of 54 elected and 10 official members. The House also amended the Territory mining legislation so as to provide that 5% of all

royalties for minerals should be paid to the owners of the land from which the minerals were taken. This was accepted by the Government.

In June of this year the Territory House of Assembly (now consisting of 84 elected and 10 official members) debated a comprehensive White Paper on the Bougainville project and again endorsed it. The motion passed by the House on this occasion described the project as 'a major and essential development in the economic future of the Territory'.

In relation to the situation at Rorovana as well as at Arawa, the Administrator consulted the Administrator's Executive Council, which has a majority of elected members of the House of Assembly. The Council gave unanimous support to the Administrator's proposals for further direct consultation with the people, to be followed if unsuccessful by leasing under the Mining Ordinance or by compulsory acquisition under the Lands Ordinance, and endorsed the employment of police if necessary to ensure protection of those going about their lawful business in the area. The Council also expressed an earnest wish that the Rorovana and Arawa villagers would sell their land to the Administration.

The Bougainville copper project offers gigantic benefits to the Territory as a whole. These benefits will include jobs for 2,500 New Guineans within the next 5 years, a township of 10,000 people, a \$2m training programme for indigenous people during the period to 1973, revenue to the Administration of between \$200m and \$300m in the first 10 years of operation, and export income in excess of \$100m per annum.

In addition, the Administration, on behalf of the people of the Territory, has the option of a 20% equity interest in the project. CRA has indicated that it may also provide opportunities for individual equity participation by the people of Bougainville. The project therefore offers a tremendous opportunity for the Territory to lift itself up out of the field of competition of low priced tropical products in international trade, and to make a giant stride towards economic self-reliance.

In view of its importance to the Territory and in view of the nature of the problems involved, the Government and the Administration approached this whole question with

great and careful consideration of the problems extending over many months. Advice regarding particular aspects of the attitude of the local people from expert anthropologists and psychologists has been carefully examined and the whole matter has been the subject of the most careful study.

Certain difficulties were experienced in 1966 and 1967 in the actual area of mining operations at Panguna, where the open pit mine, the concentrate plant, the mine town and a location for stacking waste rock will be sited. The 10,000 acres of this land covered by a special mining lease.

The people of Guava, Moroni and Dapera who occupy or own land in this lease were originally antagonistic to the project as are the coastal people of Rorovana and Arawa now. The problems were handled patiently and sympathetically. These inland people are now reconciled to the mining operation. They are receiving full compensation for loss of housing and gardens and there will also be annual cash payments for the loss of use of land and for royalties. In summary there are about 1,000 men, women and children involved and when the mine is fully in operation cash payments are expected to total approximately \$100,000 per year. Not all the compensation for loss of houses and gardens, et cetera, has yet been determined by the mining warden but some fifty people in the village of Moroni have been awarded cash and kind compensation valued at approximately \$40,000.

Other leases required for roads, disposal of tailings, sources of aggregate and limestone et cetera may total up to 40,000 acres. Much of this area will be swamp. It is not expected that village dwellings will be involved.

The incidents on 1st and 5th August that I have referred to above relate only to requirements for the port. The company had, however, proposed that the town be sited on the coast in an area of some 2,000 acres south of the site proposed for the port. This location would have deprived some 650 villagers of their houses, gardens and economic crops. To avoid this the Administration decided to locate the town at Arawa plantation of 998 acres and to supplement this area with some 640 acres of adjacent sparsely planted village land which contained no village houses.

The arrangements for land for the port and for the town that were decided upon were chosen so as to cause the least disturbance to the minimum number of native people. The land is uninhabited. No homes are lost. No villages are displaced. The people have other land. Full compensation will be paid. If need be, however, the Administration will also make other land available.

In providing land for the port or for the town associated with the copper project the Administration is acting first and foremost in the interests of the Territory. The Territory gets more out of the copper project than the company does. The project will not be on full stream until about 1980. When that happens, however, the following points apply:

- (a) 50% of the taxable income goes to the Territory Treasury;
- (b) royalties are payable to the Territory Treasury in accordance with the Mining Ordinance scale;
- (c) if the Administration's option on 20% of the equity is taken up then one-fifth of the dividends paid or profits accumulated but not distributed will accrue to the Territory.

Quite apart from these financial considerations and the indirect tax benefits flowing from the huge payroll that will be financed by the project there are the jobs, training and development benefits I have already referred to. The people of Bougainville have known for years that the project would require substantial areas of land but until the detailed investigations were completed it was not possible to specify the particular areas. In March of this year the company applied for its special mining lease. This brought into operation major aspects of the Agreement, including the obligation by the Administration to provide land. For over 3 years the Administration has used all possible means to explain to the people of Bougainville the nature and implications of the mining project. The construction of Radio Kieta was expedited in 1967 to facilitate communications with the native people.

Since mid-1966 over forty Administration patrols have been made in the area affected by the mining project. A primary objective of these patrols has been to explain to the people the nature of the pro-

ject and how it would affect them. In addition, individual officers have spent in the aggregate hundreds of days visiting villages and individual families for this same purpose. The Administrator himself visited Bougainville earlier this year and spoke to the people and talked over Radio Bougainville. Last month an Assistant Administrator led a special mission to the Island and held meetings in the villages most affected. This mission included indigenous ministerial members of the House of Assembly and all three Bougainville members of the House. Radio and news sheets have been used extensively and the elected members for Bougainville have been given every opportunity and encouragement to inform themselves and their people of the project and the consideration it had been given by the House of Assembly.

As an example of the detailed and painstaking effort on the part of the Administration to achieve communication with the local people I refer to the fact that the Assistant District Commissioner of the area visited Rorovana four times in the past 4 months and the people of Rorovana themselves visited the District Headquarters at Kieta 12 times in the past 5 months for discussions. There have also been frequent discussions with the Councillors of the Rorovana Council and the Council President.

It appears that the opposition of the Rorovana people to the sale of their land to the Administration is not related to lack of information nor, indeed, to the amount of compensation offered to them. Some 175 acres of Rorovana land is required for the port area. The Rorovana people number some 450 and they have total land of approximately 1,600 acres. The loss of this 175 acres will not seriously affect their economic livelihood. They have been offered a good price and alternative productive land. There has never been any real indication that they would sell at any price. On the other hand, not all the native people are opposed. At the village of Lonsiro only a few miles from Rorovana, one native landholding family concluded arrangements with the Administration under which they were paid \$5,600 for a 42-year lease of 49 acres of land.

The Administration's position in relation to negotiations for land for such public purposes as ports, town sites, airfields and so

on has to take account of the need for these public facilities throughout the Territory. The proposed port for which the Rorovana land is required will be for public and not just for company use. The legal authority for compulsory acquisition or lease of land exists in the Territory as in other countries to avoid the need for excessive payments out of the public purse, that is, to serve the interests of the public as a whole.

Compulsory acquisition is an essential power in all communities. It is used in Australia more freely than in the Territory. Individuals or small groups are not allowed to hold the whole community up. In the Territory as here the amount of compensation is in the last resort subject to law.

The Agreement between the Administration and CRA which the Commonwealth Government is backing is modern in its approach and enlightened in its ideas. There will be adequate return to the Territory Government in terms of taxes, royalties and dividends from the profits of the operation. There are those who would accept the merits of the Bougainville Copper Agreement but who would criticise the way in which the Government or the Administration had handled the matter. This is easily done. Nevertheless it ignores the tremendous difficulties of communication and of comprehension which have confronted the Administration in this matter. I have explained the painstaking nature of the Administration communication activity. There has been no effort spared. The basic difficulty has been that people of this area are living in one world and the problems of development and the requirements of development confront them with another world.

In the absence of skill and patience and moderation on the part of the Administration, especially its field officers, we could easily have had a much worse situation than that which confronts us. As it is we cannot expect easy solutions. We must understand that what happened at Rorovana and what may happen elsewhere reflect the problems of transition into a modern world and a modern society. These cannot be sidestepped by an Administration that must act in the interests of the Territory as a whole. The Government, however, is grateful to the officers of the Administration for the extent to which their efforts have so far contained the problem.

The Government makes no apology for the Agreement. It considers that the Agreement is a spectacular contribution to harnessing the interests of private capital and the skills of the large corporation to the development requirements of the Territory. Not many developing countries are fortunate enough to have the prospect of so large and so remunerative a development within their boundaries. In this, confidence plays a major part. The investment of \$300m demands confidence. In this case the investors are showing their confidence not only in the Commonwealth Government but in the people of the Territory themselves because the mining project looks ahead to the time when the people will be running their own affairs. In this respect the projected investment is an act of imagination and confidence. There are many who seek to knock it but it has the backing of the Territory people through their House of Assembly. It will survive.

The Government considers the Administration's actions are fully in accordance with the law. Action has been taken in Papua and New Guinea to test the law. The Government will welcome an authoritative and definitive judicial interpretation of the legal position.

Since 1964, the Government has made available to the Territory by way of grant in aid sums totalling \$400m. The Government and the House of Assembly have last year jointly backed a 5-year \$1,000m development programme for the Territory. The Bougainville project offers a unique opportunity for the Territory to make a dramatic advance towards these objectives of development. The attitude of a handful of people may attract our sympathy, and we may go to considerable lengths to resolve their problems. But in the last resort we cannot allow them to block this great prospect and thus throw into doubt the policies on which the futures of more than 2 million people depend.

In the structure of ignorance, superstition and prejudice, persuasion and explanations are not easy but with other expatriate influences working in the opposite direction—some not without prestige in native eyes—difficulties become great. The present choice before the people of this Territory is whether to drift in a primitive and backward situation in close dependency

on the generosity of the Australian taxpayer to provide a modicum towards health, education and the preservation of law and order and burdened by their ancient customs or whether to advance as a modern state financed substantially by its own resources.

These resources lie dormant and will continue that way under traditional attitudes. Developed they will provide the revenues

for the hospitals, the schools, the better standard of life and most important a nation not only able to stand on its own feet economically but able to opt for a meaningful independence should this be desired. This progressive transition has been the way chosen by the people of the Territory; its achievement needs sympathy and understanding from us in Australia as well as our continuing support.