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Papua New Guinea - Political Development - Bougainville Separation Movement

DEPARTMENT OF EXTERNAL AFFAIRS

File No. 936/4/1?

SUBJECT: PAPUA AND NEW GUINEA POLITICAL DEVELOPMENTS - BOUGANVILLE SEPARATION MOVEMENT

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STATEMENT OF REASONS UNDER SECTION 40 OF THE ARCHIVES ACT
1983

CRS: A1838/2

ITEM: 936/4/13

TITLE: Papua and New Guinea - Political Developments -
Bougainville Separation Movement

DECISION: The folios listed below are wholly/partially exempt under sub-sections 33(1)(a) and (b) of the Archives Act 1983

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FACTS ON WHICH THIS DECISION IS BASED:

The exempted folios contain :

- information provided in confidence by a foreign government, the disclosure of which would constitute a breach of that confidence.
- the identity of an overseas intelligence agency/agent. The country concerned has requested that the Australian Government not release this identity in this context.
- intelligence/information the release of which could cause damage to the security of Australia's international relations

REASONS FOR THE DECISION:

Section 33(1)(a) of the Archives Act 1983 states that a record is exempt if it contains information or matter the disclosure of which under this Act could reasonably be expected to cause damage to the security, defence or international relations of the Commonwealth.

The foreign government has asked that the information receive continuing protection. Release could reasonably be expected to cause damage to Australia's international relations.

Section 33(1)(b) of the Archives Act states that a record is exempt if it contains information or matter communicated in confidence by or on behalf of a foreign government, an authority of a foreign government or an international organisation to the Government of the Commonwealth, to an authority of the Commonwealth or to a person receiving the communication on behalf of the Commonwealth or of an authority of the Commonwealth, being information or matter the disclosure of which under this Act would constitute a breach of that confidence.

International relations are dependent upon the adequate flow of information between one country and another. If disclosure would lessen the confidence of another country in the Government of Australia, that is sufficient ground for a finding that disclosure could reasonably be expected to damage international relations.

936 / 4 / 13

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C O N F I D E N T I A L

251

TERRITORY OF PAPUA AND NEW GUINEA

7 MAY 1969

7 MAY 1969

ECONOMIC MODEL
SHOWING
TENTATIVE PROJECTIONS
OF
PROBABLE IMPACT ON TERRITORY ECONOMY OF
BOUGAINVILLE COPPER PROJECT
1969 - 1982

Department of External Territories,
E.R. & P. Section.
11th April, 1969.

Amended

- 7 MAY 1969

File (inside cover)

C O N F I D E N T I A L

BOUGAINVILLE COPPER MODEL

The attached model, based on three assumptions for the future price of copper i.e. \$660, \$880 and \$1100 per long ton, incorporates the latest estimates from C.R.A. (Melbourne visit - Mansfield/Cooper 3rd April, 1969) as well as the Administration Revenue and Expenditure estimates received on 7th April, 1969.

The model covers the period 1968/69 to 1981/82. Peak workforce for Company during construction, including some pre-production employment, is estimated at 4,800; production workforce 1800. Administration peak workforce is estimated at 750 in 1972 building up to 1110 by 1977. Total indigenous employment (Company, Other Private and Administration) is estimated at 3030 in 1971 and 3700 in 1982.

Other Key magnitudes are:-

- Administration revenue generated by project 1969/70 \$3.5M; 1973/74 \$13.9M and 1981/82 \$50.9M ($\frac{3}{4}$ full additional/tax).
55.5 *\$17.3M*
- Administration expenditure generated by project 1969/70 \$17.1M (includes \$10M equity payment) 1973/74 \$3.9M and 1981/82 \$4.0M.
- Total Company investment to 30th June, 1972 \$328.5M of which \$24M will be spent by June 1969 (includes \$6M spent in Territory).
- Exports by Company \$156.7M in 1973/74; peak of \$157.2M in 1979/80.
- Imports by Company \$85.5M in 1971/72; ranges from \$20.5M to \$28.5M during production.
- Total Economic Impact
 - . Total expenditure generated in Territory - peak of \$50.3M in 1970/71; ranges from \$22M to \$32M during production.
19 *24*
 - . Total private consumption - Peak of \$27.5M in 1976/77.
20.1 *70/71*
 - . Total imports and other payments - Peak of \$14.3M in 1979/80.
119 *78/79*
 - . Total exports and other receipts - Peak of \$160M in 1979/80.

- . Addition to G.M.S. Product - peak of
\$~~15.3~~M in 1978/79.
14.8 *72/74*
- . Net Monetary Movement - During construction
peak of +\$19.2M in 1970/71; during production
N.M.M. ranges from +\$~~5.5~~M to \$~~58.4~~M.
13.1 *57.9*

Other Matters:-

- Training The model does not provide estimates for the training programme to be undertaken by the Company. Mr. Quodling has promised to provide this information including numbers likely to be involved and costs.
- Local Purchases The model estimates for local purchases includes timber for housing although it has not been decided what type of construction material will be used.
- Immigration Most of the saving through the selection of a Japanese tenderer would result from the signing of a composite contract, i.e. for fabrication and erection. The total saving on the composite contract could be of the order of \$15M, but the saving in labour cost alone might be only of the order of \$1 - \$2M.
- Inflation The model has assumed that operating costs could go up at the rate of 4% p.a. and that copper prices would go up on average 2% p.a. But since operating costs is roughly 50% of total cost, the balance of 2% increase in operating costs would equal the increase in copper price.

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GRAPH - Copper Prices 1960 to 1969

SUMMARY OF ESTIMATED KEY MAGNITUDES FOR COPPER PRICE OF \$880 (LONG TON PRICE)

YEAR ENDED 30TH JUNE

Page No.	Key Magnitudes	Construction				Production									
		1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
		No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.
	<u>WORKFORCE</u>														
10	Company (Incl. Pre-production)	1200	3400	4800	4000	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800
10	Other Private	250	370	500	750	900	950	1080	1050	1100	1150	1200	1250	1300	1400
10	Administration	125	350	560	750	900	970	1020	1070	1110	1110	1110	1110	1110	1100
10	Total	1575	4120	5860	5500	3600	3720	3820	3920	4010	4060	4110	4160	4210	4300
10	Indigenous Component incl. in Total above	1100	2380	3030	2970	2490	2630	2790	2950	3100	3210	3320	3430	3540	3700
	<u>COMPANY FINANCIAL OPERATIONS</u>	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
12	Investment	15.7	62.7	107.8	119.3	4.1	4.6	5.2	8.6	8.3	5.7	4.9	3.0	1.8	1.9
48	Imports	12.0	48.2	79.0	85.5	20.5	24.7	25.6	28.4	28.1	26.3	26.4	25.7	25.7	26.5
14	Exports	-	-	-	-	111.4	156.7	153.3	146.9	149.7	153.6	156.1	157.2	144.8	133.0
	<u>ADMINISTRATION</u>														
23	Revenue	0.55	3.48	5.49	6.40	6.01	13.89	13.79	12.58	13.99	16.00	36.22	49.82	47.75	50.86
21	Expenditure	-	17.1	16.5	5.0	4.5	3.9	3.8	3.8	3.8	3.9	3.9	3.9	4.0	4.0
	<u>TOTAL ECONOMIC IMPACT</u>														
46	Total Expenditure generated in Territory	9.1	34.8	50.3	45.8	24.0	22.6	22.2	32.2	32.5	32.2	31.6	30.9	30.6	30.0
47	Private Consumption	4.7	13.6	20.1	18.3	17.8	17.2	17.0	27.1	27.5	27.2	26.7	26.2	25.8	25.3
50	Imports & other Payments	15.0	61.2	102.6	115.1	66.6	110.4	107.8	134.0	133.6	134.6	139.6	143.2	129.2	109.0
50	Exports & other Receipts	-	-	-	-	113.6	159.8	156.4	149.8	152.7	156.7	159.2	160.3	147.7	135.7
50	Net Monetary Movement	+ 0.2	-0.4	+2.1	+ 1.4	+49.9	+12.9	+12.8	-16.6	-13.5	-12.2	+10.3	+19.4	+19.6	+27.9
50	Gross Monetary Sector Product	7.4	26.6	43.6	47.8	108.5	148.0	143.8	151.6	147.6	150.4	152.5	150.6	136.4	124.8
	<u>ECONOMIC IMPACT COMPANY ONLY</u>														
52	Net Monetary Movement	+3.3	+11.4	+19.2	+17.1	+58.4	+10.8	+21.4	5.5	2.3	2.0	+21.2	+30.0	+30.1	+38.2
53	Gross Monetary Sector Product	7.3	24.7	43.8	47.6	104.4	144.2	140.4	149.1	145.3	148.1	149.5	148.9	143.8	121.7

CONFIDENTIAL

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I. BACKGROUND

TO

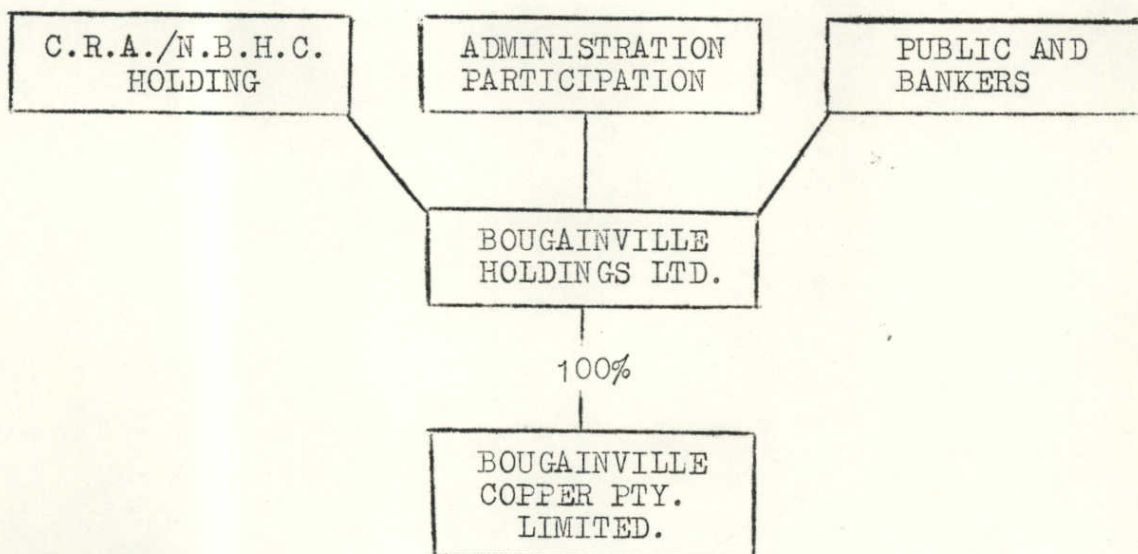
PROJECT

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BACKGROUND TO PROJECT

CORPORATE STRUCTURE

- Bougainville Copper Pty. Ltd. the operating company, is at present owned two-thirds by Conzinc Riotinto Australia Ltd. and one-third New Broken Hill Consolidated Ltd.
- Loan financing arrangements will require the pledging of shares in the operating company and to enable this, it is envisaged that the final corporate structure will be -



ORE BODY

- Diamond drilling to outline the copper ore body in Panguna-Barapinang area has been completed.
- Estimated quantity of ore available for open pit mining operation is 760 million tons with an average grade of 0.47% copper and 0.4 dwt. gold per ton around which there are further tonnages of low grade ore.

TIMETABLE

- Engineering feasibility studies are still being completed. Work has commenced on critical activity on the construction schedule and full scale construction programme is expected to be under way by mid 1969/70. Production will commence in July 1972 building up to full production by December, 1972.

INITIAL CAPITAL EXPENDITURE - 1969/1972

- The following estimate covers all expenditures required of Bougainville Copper Pty. Ltd. before and during the construction period. The total estimate carries an order of accuracy of -10% and +15%.

Table 1: Capital Expenditure by Company

	<u>\$A'000</u>	<u>\$A'000</u>
Mine Development		
Preproduction Stripping (82 million tons)	17,021	
Waste Disposal Flume	3,960	
Hydraulic Handling System	601	21,582
	<hr/>	
Mine Plant & Equipment		
Clearing Equipment	373	
Hydraulicking Equipment	897	
Drills	787	
Blasting Equipment	95	
Shovels & Dozers	4,136	
Haul Trucks	5,900	
General Mine Equipment	1,907	
Mine Service Equipment	1,828	
Service Buildings	1,052	16,975
	<hr/>	
Process Plant & Equipment		
Primary Crushing	3,264	
Conveyor to Ore Storage	1,212	
Coarse Ore Storage	602	
Coarse Ore Reclaim	468	
Fine Crushing Plant	6,000	
Fine Ore Conveyors	270	
Fine Ore Storage	3,459	
Concentrator	17,242	
Concentrate Thickening & Filtering	881	
Concentrate Handling & Drying	336	
Tailings Disposal	375	
Concentrate Transport	961	
Site Preparation	5,650	
Service Buildings	2,434	
Mobile Equipment	3,610	
Piping & Water Supply	3,445	
Yard Electrical	1,193	
Insurance Spares	3,000	54,402
	<hr/>	
Service Facilities		
Access Road	5,976	
Communications	910	
Port Facilities		

Table 1 (cont'd.)

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Power Station	20,072	
Power Transmission	2,011	
Lime Plant	500	
Insurance Spares	500	34,653
	<hr/>	
Townsites		
Upper Kawerong	16,378	
Anewa Bay	2,951	
Onovi	3,964	
Recreation & Services	1,217	24,510
	<hr/>	
Common Distributables		
Temporary Construction Services	4,778	
Freight & Handling	13,398	
Personnel Transport	5,227	
Construction Camp	11,585	
Construction Equipment	9,717	
Duty	1,009	
	<hr/>	
	45,714	
Less Salvage Value of Plant	1,052	44,662
Engineering & Construction Management		
Construction Management Design & Engineering	22,400	
Fee	6,441	28,841
	<hr/>	
Administration & Overheads		
Insurance	1,500	
Bougainville Copper Supervision, Administration, Staff Build-up & Training	7,000	8,500
	<hr/>	
Escalation		16,620
Contingencies		18,575
		<hr/>
TOTAL CONSTRUCTION COST		269,320
Capitalised Interest and Financing Charges		22,500
Working Capital as at end of first full operating year		15,200
Exploration and preliminary expenses		21,480
		<hr/>
		328,500 (a)
		<hr/> <hr/>

Source: Interim Evaluation Report

Table 1 (cont'd.)

(a) Includes total expenditure to date (i.e. end June 1969) of \$24 million of which \$6.5 million was spent in the Territory. See following table.

Table 2: Company Expenditure in Territory
(to 30th June 69)

	<u>1966</u> \$000	<u>1967</u> \$000	<u>1968</u> \$000	<u>to June 69</u> \$000	<u>Total</u> \$000
Labour	600	800	1200	900	3500
Stores	80	100	120	100	400
Dillingham Co.	-	-	-	-	2000
Travel and Accommodation	-	-	-	-	300
Duty					
- vehicles	-	-	-	-	30
- foods	-	-	-	-	100
- fuel	3	4	6	6	20
					<hr/> 6,350
Sundries					150
TOTAL					<hr/> <hr/> 6,500

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FINANCING

- Tentative financing arrangements envisage two thirds long-term loans (\$A200m) and one third equity (\$A100m).
- Bougainville Copper Agreement:

".....the Company shall offer one-fifth of its ordinary share capital for subscription by the Administration or a statutory authority of the Administration and the Administrationintends subject to the Company's proposed operation proving sound and offering reasonable prospects of profitable operation that such offer will be accepted;"

EXPORTS AND PRODUCTION

- Company announced on 8th February, 1969 that it had reached agreement with seven Japanese copper smelters on a letter of intent, contingent to further feasibility studies, to supply 950,000 tons of copper in concentrate form over 15 years commencing 1972. Gross value of this agreement at current copper prices is around \$A1000 million.
- Proposed sales to Japan represent around half estimated total production. Other markets are being sought in Europe and Australia.

TABLE : ESTIMATES OF PRODUCTION OF
BOUGAINVILLE COPPER PTY. LTD.

	Copper Concentrate		Copper Content of Concentrates	
	Year ended		Year ended	
	31 th Dec	30 th June	31 th Dec	30 th June
	'000 tons	'000 tons	'000 tons	'000 tons
1972	118		38	
1973	506	371	164	120
1974	522	514	169	166
1975	478	500	153	161
1976	475	476	152	153
1977	480	478	156	154
1978	480	480	156	156
1979	480	480	156	156
1980	473	476	154	155
1981	410	442	128	141
1982	405	407	127	127

Source: C.R.A. 27th Feb. 1969.

EMPLOYMENTTable 3 : Projection of Town Population

	(orders of magnitude only)	1973
Company Payroll		1,800
Other workforce		<u>1,800</u>
Total workforce		3,600

On the basis of experience in Australia and elsewhere a town population of perhaps $3\frac{1}{2}$ to 4 times the total workforce and 6 times the mining workforce seems likely.

This would give total town population of the order of 12,000 to 14,000.

Table 4 : Projection of Sources of Labour for Company Construction

Maximum Non-European labour	1,600
Indigenous (rough est.)	1,700
European (Australian, American etc.)	<u>600</u>
	3,900

Table 5 : Projection of Non-European Labour for Construction

(a) <u>Tasks</u>	<u>Tradesmen and Specialists</u>
Site Preparation	300
Townsite	250
Plant Buildings	250
Plant Erection	400
Wharf and Facilities	100
Power Transmission	150
Concentrate Pipeline	50
Communications	50
	<u>1,600</u>
(b) <u>Types of Labour</u>	
Civil Engineering	200
Buildings	400
Plant Construction	450
Electrical	230
Maintenance	50
Supervision	150
Administration & Services	<u>120</u>
	1,600

Source: C.R.A. 11th March, 1969.

PROJECTED PEAK CONSTRUCTION WORKFORCE - BOUGAINVILLE

Category	Expatriate			Indigenous	Total
	Asian	European	Total		
<u>1. Supervision</u>					
Engineers, Foremen Supervisors etc.	141	199	340	10	350
<u>2. Administrative Services</u>					
	94	16	110	110	220
<u>3. Civil Works</u>					
Dozer Operators	60	45	190	20	80
Loader Operators	15				20
Grader Operators	15				20
Scraper Operators	15				20
Sundry Equipment Operators	40				70
Drivers and Semi-skilled Workers	20	70	90	190	280
Unskilled Workers	0	0	0	160	160
Totals	165	115	280	370	650
Supervision	20	N.A.		N.A.	50
Administration	15	N.A.		N.A.	35
<u>4. Building</u>					
Carpenters	150	90	510	80	200
Roofers	30				50
Concrete Workers	90				140
Steel Fixers	90				110
Plumbers	60				90
Semi-skilled Workers	15	15	30	30	60
Unskilled Workers	0	0	0	100	100
Totals	435	105	540	210	750
Supervision	45	N.A.		N.A.	112
Administration	30	N.A.		N.A.	70
<u>5. Plant Construction</u>					
Riggers	150	130	570	20	190
Erection Fitters	140				180
Boilermakers	80				120
Plumbers	50				70
Crane Operators	20				30
Semi-Skilled workers	20	20	40	40	80
Unskilled Workers	0	0	0	140	140
Totals	460	150	610	200	810
Supervision	50	N.A.		N.A.	124
Administration	30	N.A.		N.A.	70

Category	Expatriate		Total	Indigenous	Total
	Asian	European			
6. Electrical					
Electricians	160				210
Linesmen	40				50
Welders	20	465	300	20	30
Engine Drivers	15				30
Semi-Skilled Workers	10	20	30	20	50
Unskilled Workers	0	0	0	120	120
Totals	245	485	330	160	490
Supervision	20	N.A.		N.A.	50
Administration	15	N.A.		N.A.	35
7. Maintenance					
Diesel Mechanics	20				40
Motor Mechanics	15				30
Other Tradesmen	15	60	110	40	30
Trade Assistants and Apprentices	0				50
Unskilled Workers	0	0	0	80	80
Totals	50	60	110	120	230
Supervision	6	N.A.		N.A.	15
Administration	4	N.A.		N.A.	9
8. Camp and Catering					
Supervisors	0	10	10	0	10
Cooks	0	10	10	20	30
Kitchen Hands	0	0	0	100	100
Camp Maintenance	0	20	20	130	150
Totals	0	40	40	250	290
9. Port Operations					
Cargo Handlers	0	20	20	60	80
Port Maintenance	0	20	20	10	30
Totals	0	40	40	70	110

Source - CPA letters 19/2/69 and 5/5/69

PROJECTED PEAK CONSTRUCTION WORKFORCE - BONGAINVILLE

Category	Expatriate			Indigenous	Total
	Asian	European	Total		
<u>1. Supervision</u>					
Engineers, Foremen Supervisors etc.	141	199	340	10	350
<u>2. Administrative Services</u>					
	94	16	110	110	120
<u>3. Civil Works</u>					
Dozer Operators	60	45	190	20	80
Loader Operators	15				20
Grader Operators	15				20
Scraper Operators	15				20
Sundry Equipment Operators	40				70
Drivers and Semi-skilled Workers	20	70	90	190	280
Unskilled Workers	0	0	0	160	160
Totals	165	115	280	370	650
Supervision	20	N.A.		N.A.	50
Administration	15	N.A.		N.A.	35
<u>4. Building</u>					
Carpenters	150	90	510	80	200
Roofers	30				50
Concrete Workers	90				140
Steel Fixers	90				110
Plumbers	60				90
Semi-skilled Workers	15	15	30	30	60
Unskilled Workers	0	0	0	100	100
Totals	435	105	540	210	750
Supervision	45	N.A.		N.A.	112
Administration	30	N.A.		N.A.	70
<u>5. Plant Construction</u>					
Riggers	150	130	570	20	190
Erection Fitters	140				180
Boilermakers	80				120
Plumbers	50				70
Crane Operators	20				30
Semi-Skilled workers	20	20	40	40	80
Unskilled Workers	0	0	0	140	140
Totals	460	150	610	200	810
Supervision	50	N.A.		N.A.	124
Administration	30	N.A.		N.A.	70

Category	Expatriate		Total	Indigenous	Total
	Asian	European			
<u>6. Electrical</u>					
Electricians	160				210
Linesmen	40				50
Welders	20	165	300	20	30
Engine Drivers	15				30
Semi-Skilled Workers	10	20	30	20	50
Unskilled Workers	0	0	0	120	120
Totals	245	185	330	160	490
Supervision	20	N.A.		N.A.	50
Administration	15	N.A.		N.A.	35
<u>7. Maintenance</u>					
Diesel Mechanics	20				40
Motor Mechanics	15				30
Other Tradesmen	15	60	110	40	30
Trade Assistants and Apprentices	0				50
Unskilled Workers	0	0	0	80	80
Totals	50	60	110	120	230
Supervision	6	N.A.		N.A.	15
Administration	4	N.A.		N.A.	9
<u>8. Camp and Catering</u>					
Supervisors	0	10	10	0	10
Cooks	0	10	10	20	30
Kitchen Hands	0	0	0	100	100
Camp Maintenance	0	20	20	130	150
Totals	0	40	40	250	290
<u>9. Port Operations</u>					
Cargo Handlers	0	20	20	60	80
Port Maintenance	0	20	20	10	30
Totals	0	40	40	70	110

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Table 6: Projected Peak Construction Workforce
(Indigenous and Non-indigenous)

<u>Civil Works</u>		<u>Expatriate</u>	<u>Indigenous</u>
Dozer Operators	80)		
Loader Operators	20)		
Graders	20)		
Scrapers	20)	190	20
Sundry Equipment Operators	70)		
Truck Drivers	200	50	150
Field Labour -			
- Semi-skilled	80	40	40
- Unskilled	160		160
	<u>650</u>	<u>280</u>	<u>370</u>
<u>Building</u>			
Carpenters	200)		
Roofers	50)		
Concrete Workers	140)	510	80
Steel Fixers	110)		
Plumbers	90)		
Semi-Skilled Workers	60	30	30
Unskilled Workers	100		100
	<u>750</u>	<u>540</u>	<u>210</u>
<u>Plant Construction</u>			
Riggers	190)		
Erection Fitters	180)		
Boilermakers	120)	570	20
Plumbers	70)		
Crane Operators	30)		
Semi-Skilled Workers	80	40	40
Unskilled Workers	140		140
	<u>810</u>	<u>610</u>	<u>200</u>
<u>Electrical</u>			
Electricians	210)		
Linesmen	50)		
Welders	30)	300	20
Engine Drivers	30)		
Semi-Skilled Workers	50	30	20
Unskilled Workers	120		120
	<u>490</u>	<u>330</u>	<u>160</u>

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Table 6 (cont'd.)

<u>Maintenance</u>		<u>Expatriate</u>	<u>Indigenous</u>
Diesel Mechanics	40)		
Motor Mechanics	30)		
Other Tradesmen	30)	110	40
Trade Assistants & Apprentices	50)		
Unskilled Workers	80		80
	<u>230</u>	<u>110</u>	<u>120</u>
<u>Camp and Catering</u>			
Supervisors	10	10	
Cooks	30	10	20
Kitchen Hands	100		100
Camp Maintenance	150	20	130
	<u>290</u>	<u>40</u>	<u>250</u>
<u>Port Operations</u>			
Cargo Handlers	80	20	60
Port Maintenance	30	20	10
	<u>110</u>	<u>40</u>	<u>70</u>
<u>Administrative Services</u>			
Accounting & Clerical	50	30	20
Stores and Supply	60	30	30
Communications	20	10	10
Transport	60	20	40
Personnel	30	20	10
	<u>220</u>	<u>110</u>	<u>110</u>
<u>Supervision</u>			
Engineers, etc.	100	100	
Foremen & Supervisors	250	240	10
	<u>350</u>	<u>340</u>	<u>10</u>
TOTAL	<u><u>3,900</u></u>	<u><u>2,400</u></u>	<u><u>1,500</u></u>
<u>Note</u>			

This is a preliminary estimate subject to review as planning develops but presents an assessment in broad terms of the overall workforce requirement.

Source: C.R.A.
19th February, 1969.

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TABLE 7 : EARLY PRODUCTION WORKFORCE - COMPANY

	Expatriate	Indigenous	Total
Managerial & Professional	50	-	50
Sub-Managerial, Sub- Professional, Technical & Clerical	180	50	230
Tradesmen & Semi-Skilled	420	350	770
Unskilled	-	600	600
Replacements	50	100	150
Total	700	1,100	1,800

TABLE 8 : WORKFORCE PROJECTIONS FOR BOUGAINVILLE PROJECT AREA (a)

(including Joint Admin/Company Town)

PRELIMINARY ESTIMATES ONLY

Year ended 30th June -

	Construction (1970/1972) (b)				Production (c)									
	1969 No.	1970 No.	1971 No.	1972 No.	1973 No.	1974 No.	1975 No.	1976 No.	1977 No.	1978 No.	1979 No.	1980 No.	1981 No.	1982 No.
<u>PRIVATE SECTOR</u>														
(i) <u>ON COMPANY PAY-ROLL INCL. CONTRACTORS</u>														
<u>Construction</u>														
Indigenous	800	1400	1700	1200	-	-	-	-	-	-	-	-	-	-
Expatriate	400	1350	2200	1750	-	-	-	-	-	-	-	-	-	-
Total	1200	2750	3900	2950	-	-	-	-	-	-	-	-	-	-
<u>Production</u>														
Pre Production														
Indigenous	-	400	500	600	1100	1100	1150	1200	1250	1300	1350	1400	1450	1500
Expatriate	-	250	400	450	700	700	650	600	550	500	450	400	350	300
Total	-	650	900	1050	1800	1800	1800	1800	1800	1800	1800	1800	1800	1800
(ii) <u>OTHER PRIVATE</u>														
Indigenous	200	300	400	600	700	750	800	850	900	950	1000	1050	1100	1200
Expatriate & Other	50	70	100	150	200	200	200	200	200	200	200	200	200	200
Total	250	370	500	750	900	950	1000	1050	1100	1150	1200	1250	1300	1400
Total Private														
Indigenous	1000	2100	2600	2400	1800	1850	1950	2050	2150	2250	2350	2450	2550	2700
Expatriate & Other	450	1670	2700	2350	900	900	850	800	750	700	650	600	550	500
Total	1450	3770	5300	4750	2700	2750	2800	2850	2900	2950	3000	3050	3100	3200
<u>PUBLIC SECTOR</u>														
Indigenous	100	280	430	570	690	780	840	900	950	960	970	980	990	1000
Expatriate	25	70	130	180	210	190	180	170	160	150	140	130	120	100
Total	125	350	560	750	900	970	1020	1070	1110	1110	1110	1110	1110	1100
<u>PRIVATE & PUBLIC SECTOR</u>														
Indigenous	1100	2380	3030	2970	2490	2630	2790	2950	3100	3210	3320	3430	3540	3700
Expatriate & Other	475	1740	2830	2530	1110	1090	1030	970	910	850	790	730	670	600
Total	1575	4120	5860	5500	3600	3720	3820	3920	4010	4060	4110	4160	4210	4300

(a) Only covers employment expected to be generated by project e.g., does not necessarily allow for development of a major regional centre.

(b) Calendar year information supplied by Company adjusted to a financial year basis. Includes some production workforce employed during Construction phase.

(c) As discussed with Company.

C O N F I D E N T I A L

APPENDIX 1: TOTAL ADMINISTRATION STAFF BY DEPARTMENTS

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10(a)

DEPARTMENT OF:	1969/70	1970/71	1971/72	1972/73
<u>Administrator</u>				
Expatriate	1	2	3	3
Local	2	4	6	6
<u>Agriculture</u>				
Expatriate	1	4	6	8
Local	2	7	12	25
<u>District Administration</u>				
Expatriate	7	7	7	7
Local	14	14	14	14
<u>Education</u>				
Expatriate	13	50	77	87
Local	26	59	87	115
<u>Electricity Commission</u>				
Expatriate	2	4	6	8
Local	6	12	22	25
<u>Fire Station</u>				
Expatriate	1	1	2	2
Local	25	25	35	35
<u>Forestry</u>				
Expatriate				3
Local				10
<u>Health</u>				
Expatriate	4	6	8	10
Local	40	60	80	90
<u>Information and Extension Services</u>				
Expatriate	2	2	2	4
Local	10	15	20	23
<u>Labour</u>				
Expatriate	3	3	3	3
Local	4	4	4	4
<u>Lands, Surveys and Mines</u>				
Expatriate	3	4	5	5
Local	4	6	8	8
<u>Law</u>				
Expatriate	2	3	3	3
Local	1	1	2	2
<u>Police</u>				
Expatriate	4	7	10	13
Local	50	60	90	130

Appendix 1 (cont'd.)

10(b)
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<u>DEPARTMENT OF:</u>	1969/70	1970/71	1971/72	1972/73
<u>Posts and Telegraphs</u>				
Expatriate	3	6	9	12
Local	12	24	36	48
<u>Trade and Industry</u>				
Expatriate	5	6	6	6
Local	9	12	12	12
<u>Stores and Supplies</u>				
Expatriate	3	5	5	5
Local	21	35	35	35
<u>Taxation</u>				
Expatriate				1
Local				2
<u>Transport</u>				
Expatriate	2	4	4	4
Local	6	8	10	10
<u>Treasury</u>				
Expatriate	3	5	8	8
Local	3	5	5	5
<u>Public Works</u>				
Expatriate	2	4	4	4
Local	12	18	25	25
<u>C.D.W.</u>				
Expatriate				
Local				
<u>D.C.A.</u>				
Expatriate	4	4	4	4
Local	4	6	8	8
<u>Corrective Institute</u>				
Expatriate	2	3	4	5
Local	30	45	50	50
<u>Civil Defence</u>				
Expatriate	1	2	2	2
Local	3	6	6	6
<u>SUMMARY</u>				
Expatriate	68	132	178	207
Local	284	426	567	688
<u>TOTAL</u>				
	352	558	745	895

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TABLE 9: PEAK COMPANY CONSTRUCTION WORKFORCE

	Expatriate	Indigenous	Non European
Managerial and Professional)			200
Sub managerial and sub-professional)	N/A	N/A	400
technical)			
Tradesmen)			1000
Semi-skilled)			
Unskilled)	-		-
TOTAL	600	1700	1,600

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C O N F I D E N T I A L

II COMPANY FINANCIAL OPERATIONS

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BOUGAINVILLE COPPER PTY. LTD.

TABLE 10 : PLANNED INVESTMENT (a)
YEAR ENDED 30th JUNE

	Construction				Production									
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Wages	3.4	12.1	19.0	16.5	-	-	-	-	-	-	-	-	-	-
Territory Products	0.3	1.0	3.0	3.0	-	-	-	-	-	-	-	-	-	-
Other Stores & Services	12.0	48.2	79.0	85.5	-	-	-	-	-	-	-	-	-	-
Capitalized Interest	-	1.4	6.8	14.3	-	-	-	-	-	-	-	-	-	-
Capital Additions & Replacements	-	-	-	-	4.1	4.6	5.2	8.6	8.3	5.7	4.9	3.0	1.8	1.9
Total	15.7	62.7	107.8	119.3	4.1	4.6	5.2	8.6	8.3	5.7	4.9	3.0	1.8	1.9

(a) Derived from calendar year estimates supplied by Company. The estimates for the construction period includes a cost escalation of 4% per annum and a $7\frac{1}{2}\%$ contingency provision. Working capital and investment up to June 1968 are excluded.

C O N F I D E N T I A L

TABLE 11 : ESTIMATES OF B. OF A. LOAN REPAYMENT^(a) AND
INTEREST^(b) FOR VARIOUS PERIODS OF REPAYMENT

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	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	Total
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<u>6 Years^(c)</u>												
<u>Repayment of Capital</u>												
- Calendar Year	-	37.2	37.2	37.2	37.2	37.2	27.3	-	-	-	-	213.3
- Financial Year	-	-	37.2	37.2	37.2	37.2	37.2	27.3	-	-	-	213.3
<u>Interest</u>												
- Calendar Year	9.9	19.2	15.9	12.5	9.2	5.8	2.5	-	-	-	-	75.0
- Financial Year	-	9.9	19.2	15.9	12.5	9.2	5.8	2.5	-	-	-	75.0
<u>5 Years</u>												
<u>Repayment of Capital</u>												
- Calendar Year	-	40.0	40.0	40.0	40.0	40.0	13.3	-	-	-	-	213.3
- Financial Year	-	-	40.0	40.0	40.0	40.0	40.0	13.3	-	-	-	213.3
<u>Interest</u>												
- Calendar Year	9.9	19.2	15.6	12.0	8.4	4.8	1.2	-	-	-	-	71.1
- Financial Year	-	9.9	19.2	15.6	12.0	8.4	4.8	1.2	-	-	-	71.1
<u>4 Years</u>												
<u>Repayment of Capital</u>												
- Calendar Year	-	50.0	50.0	50.0	50.0	13.3	-	-	-	-	-	213.3
- Financial Year	-	-	50.0	50.0	50.0	50.0	13.3	-	-	-	-	213.3
<u>Interest</u>												
- Calendar Year	9.9	19.2	14.7	10.2	5.7	1.2	-	-	-	-	-	60.9
- Financial Year	-	9.9	19.2	14.7	10.2	5.7	1.2	-	-	-	-	60.9

FOOTNOTE: (a) Repayment of Capital made at the end of each full year of production (Evaluation Report). (b) Assumed that interest is likewise payable at the end of each full year of production. (c) Assumed that target production date is July 1972.

TABLE 12 : ESTIMATES OF NET SALES REVENUE
MEDIUM AND HIGH PRICE ASSUMPTIONS FOR COPPER
i.e. \$880 AND \$1100/LONG TON. (a)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Year Ended 31st December											
Net Sales Revenue											
\$660/per ton (b)(\$M)	26.1	114.5	119.6	108.9	110.1	112.4	114.4	116.5	116.5	97.2	98.3
\$720/per ton (b)(\$M)	28.5	125.0	130.6	119.0	120.3	123.1	125.4	127.7	127.7	106.7	107.9
\$780/per ton (b)(\$M)	30.9	135.4	141.6	129.2	130.6	133.8	136.3	138.8	138.9	116.3	117.5
Common Difference in Net Sales Revenue for each \$20/ton rise in Price	0.8	3.5	3.7	3.4	3.4	3.6	3.7	3.7	3.7	3.2	3.2
Net Sales Revenue											
\$880 (a) (\$M)	34.9	153.0	160.3	146.3	147.5	152.0	155.1	157.2	157.2	132.4	133.5
\$1100 (a) (\$M)	43.7	191.5	201.0	183.7	184.9	191.6	195.8	197.9	197.9	167.6	168.7
Year Ended 30th June											
Sales Revenue											
\$660/Longton (c)(\$M)	-	83.4	117.0	114.3	109.5	111.2	113.4	115.5	116.4	106.9	97.8
\$880/Longton(c)(\$M)	-	111.4	156.7	153.3	146.9	149.7	153.6	156.1	157.2	144.8	133.0
\$1100/Longton (c)(\$M)	-	139.5	196.2	192.3	184.3	188.2	193.7	196.9	197.9	182.7	168.2

- (a) Net Sales revenue assumed to increase in arithmetic proportions based on sales revenue supplied by CRA for \$660, \$720 and \$780/long ton.
- (b) CRA Evaluation Report December 1968.
- (c) Calendar year estimates corrected to financial year estimates by averaging.

TABLE 13 : TAXATION CALCULATION TABLE FOR
BOUGAINVILLE COPPER PTY LTD BASED ON
\$660 PER LONG TON OF ELECTROLYTIC COPPER
(AT CONSTANT PRICES)
YEAR ENDED 30TH JUNE

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	1973(a)	1974	1975	1976	1977	1978	1979	1980	1981	1982
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
1. NET REVENUE FROM SALES OF COPPER CONC. (b)	83.4	117.0	114.3	109.5	111.2	113.4	115.5	116.4	106.19	97.8
2. COSTS										
. Wages (c)	5.4	5.5	5.6	5.6	5.6	5.6	5.6	5.5	5.5	5.4
. Local Purchases (c)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
. Imports (c)	17.8	21.6	22.1	22.7	22.6	22.5	23.1	23.7	24.5	25.2
. Insurance & Off-site Changes (c)	2.1	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
. Royalties (c)	1.0	1.5	1.4	1.4	1.4	1.4	1.4	1.5	1.3	1.2
. Indirect Taxes										
- Customs (d)	2.5	3.0	3.1	3.2	3.2	3.1	3.2	3.3	3.4	3.5
- Licences, Postal, Etc. (e)	-	-	-	-	-	-	-	-	-	-
TOTAL COSTS BEFORE DEPRECIATION & EXCL. INTEREST	29.8	35.2	35.8	36.5	36.4	36.2	36.9	37.6	38.3	38.9
OVERDRAFT INTEREST	0.5	0.7	0.9	0.9	0.9	0.9	0.9	1.0	1.0	0.9
INTEREST ON LOAN (Repayable in 7 annual equal instalments)	9.9	19.2	15.9	12.5	9.2	5.8	2.5	-	-	-
TOTAL COST BEFORE DEPRECIATION BUT INCL. INTEREST	40.2	55.1	52.6	49.9	46.5	42.9	40.3	38.6	39.3	39.8
3. NET PROFIT BEFORE TAX & DEPRECIATION (1-2)	43.2	61.9	61.7	59.6	64.7	70.5	75.2	77.8	67.6	58.0
4. ALLOWABLE DEDUCTION FOR CAPITAL EXPENDITURE (f)				335.8	8.3	5.7	4.9	3.0	1.8	1.9
5. NET PROFIT BEFORE TAX & AFTER DEDUCTION FOR CAPITAL EXPENDITURE (3-4)	43.2	61.9	61.7	276.2	56.4	64.8	70.3	74.8	65.8	56.1
6. LOSSES CARRIED FORWARD (g)					276.2	219.8	155.0	84.7	9.9	-
7. TAXABLE INCOME (5-6)	h	h	h	-276.2	-219.8	-155.0	-84.7	-9.9	55.9	56.1
8. TAXABLE INCOME LESS 20% (i)	h	h	h	-	-	-	-	-	44.7	44.9
9. COMPANY TAX										
- Normal (22½%)	h	h	h	-	-	-	-	-	10.1	10.1
- Additional (j)	h	h	h	-	-	-	-	-	-	4.1
TOTAL COMPANY TAX	h	h	h	-	-	-	-	-	10.1	14.2
10. TOTAL ADMIN REVENUE FROM COMPANY (i.e. ROYALTIES, CUSTOMS, TAX) EXCL. EQUITY	3.5	4.5	4.5	4.6	4.6	4.5	4.6	4.8	14.8	18.9

(a) Assuming production commences July, 1972 (b) Net of transport and smelting charges.

TABLE 13 Continued

(c) Supplied by Company. (d) Based on average customs duty of 14% of imports. (e) Insignificant. (f) Section 155 of Income Tax Ordinance. (g) Section 101 of Income Tax Ordinance. (h) Tax Free Holiday. (i) Section 33 of Income Tax Ordinance. (j) Section 7k of Bougainville Copper Agreement Ordinance -

$$\text{ADDITIONAL TAX (x)} = \frac{\text{ADJUSTABLE TAXABLE INCOME}}{2} - (\text{NORMAL TAX} + \text{PRESCRIBED TAXES})$$

$$\text{ADJUSTABLE TAXABLE INCOME} = (\text{TAXABLE INCOME} + \text{PRESCRIBED TAXES})$$

$$\text{i.e.} = \frac{\text{TAXABLE INCOME} + \text{CUSTOMS}}{2} - (\text{NORMAL TAX} + \text{CUSTOMS})$$

FIRST YEAR	x X	0
SECOND YEAR	x X	.25
THIRD YEAR	x X	.50
FOURTH YEAR	x X	.75
FIFTH YEAR	x X	1.00
ETC.)	

C O N F I D E N T I A L

TABLE 14 : TAXATION CALCULATION TABLE FOR
BOUGAINVILLE COPPER PTY LTD BASED ON
\$880 PER LONG TON OF ELECTROLYTIC COPPER
(AT CONSTANT PRICES)
YEAR ENDED 30TH JUNE

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	1973(a)	1974	1975	1976	1977	1978	1979	1980	1981	1982
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
1. NET REVENUE FROM SALES OF COPPER CONC. (b)	111.4	156.7	153.3	146.9	149.7	153.6	156.1	157.2	144.8	133.0
2. COSTS										
. Wages (c)	5.4	5.5	5.6	5.6	5.6	5.6	5.6	5.5	5.5	5.4
. Local Purchases (c)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
. Imports (c)	17.8	21.6	22.1	22.7	22.6	22.5	23.1	23.7	24.5	25.2
. Insurance & Off-site Charges (c)	2.1	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
. Royalties (c)	1.4	2.0	1.9	1.8	1.9	1.9	2.0	2.0	1.8	1.7
. Indirect Taxes										
- Customs (d)	2.5	3.0	3.1	3.2	3.2	3.1	3.2	3.3	3.4	3.5
- Licences, Postal, Etc. (e)	-	-	-	-	-	-	-	-	-	-
TOTAL COSTS BEFORE DEPRECIATION	30.2	35.7	36.3	36.9	36.9	36.7	37.5	38.1	38.8	39.4
OVERDRAFT INTEREST	0.5	0.7	0.9	0.9	0.9	0.9	0.9	1.0	1.0	0.9
INTEREST ON LOAN (Repayable in annual equal instalments)	9.9	19.2	15.6	12.0	8.4	4.8	1.2			
TOTAL COST BEFORE DEPRECIATION BUT INCL. INTEREST	40.6	55.6	52.8	49.8	46.2	42.4	39.6	39.1	39.8	40.3
3. NET PROFIT BEFORE TAX & DEPRECIATION(1-2)	70.8	101.1	100.5	97.1	103.5	111.2	116.5	118.1	105.0	92.7
4. ALLOWABLE DEDUCTION FOR CAPITAL EXPENDITURE (f)				335.8	8.3	5.7	4.9	3.0	1.8	1.9
5. NET PROFIT BEFORE TAX & AFTER DEDUCTION FOR CAPITAL EXPENDITURE(3-4)	70.8	101.1	100.5-238.7	95.2	105.5	111.6	115.1	103.2	90.8	
6. LOSSES CARRIED FORWARD (g)	-	-	-	-	238.7	143.5	38.0	-	-	-
7. TAXABLE INCOME (5-6)	-	-	-	-238.7-243.5	-38.0	73.5	115.1	103.2	90.8	
8. TAXABLE INCOME LESS 20% (i)	h	h	h	-	-	-	58.9	92.1	82.6	72.6
9. COMPANY TAX										
- Normal (22½%)	h	h	h	-	-	-	13.3	20.7	18.6	16.3
- Additional (j)	h	h	h	-	-	-	-	8.8	15.7	20.5
TOTAL COMPANY TAX	h	h	h	-	-	-	13.3	29.5	34.3	36.8
10. TOTAL ADMIN. REVENUE FROM COMPANY (ROYALTIES, CUSTOMS, TAX) EXCL. EQUITY.	3.9	5.0	5.0	4.4	4.5	5.0	18.5	34.8	39.5	41.1

Note: Footnotes as for Table 13.

C O N F I D E N T I A L

TABLE 15 : TAXATION CALCULATION TABLE FOR
BOUGAINVILLE COPPER PTY LTD BASED ON
\$1,100 PER LONG TON OF ELECTROLYTIC COPPER
(AT CONSTANT PRICES)
YEAR ENDED 30TH JUNE

	1973(a)	1974	1975	1976	1977	1978	1979	1980	1981	1982
	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
1. NET REVENUE FROM SALES OF COPPER CONC. (b)	139.5	196.2	192.3	184.3	188.2	193.7	196.9	197.9	182.7	168.2
2. COSTS										
. Wages (c)	5.4	5.5	5.6	5.6	5.6	5.6	5.6	5.5	5.5	5.4
. Local Purchases (c)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
. Imports (c)	17.8	21.6	22.1	22.7	22.6	22.5	23.1	23.7	24.5	25.2
. Insurance & Off-site Charges (c)	2.1	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
. Royalties (c)	1.7	2.5	2.4	2.3	2.4	2.4	2.5	2.4	2.2	2.1
. Indirect Taxes										
- Customs (d)	2.5	3.0	3.1	3.2	3.2	3.1	3.2	3.3	3.4	3.5
- Licences, Postal, Etc. (e)	-	-	-	-	-	-	-	-	-	-
TOTAL COSTS BEFORE DEPRECIATION & EXCL. INTEREST	30.5	36.2	36.8	37.4	37.4	37.2	38.0	38.5	39.2	39.8
OVERDRAFT INTEREST	0.5	0.7	0.9	0.9	0.9	0.9	0.9	1.0	1.0	0.9
INTEREST ON LOAN (Repayable in annual equal instalments)	9.9	19.2	14.7	10.2	5.7	1.2	-	-	-	-
TOTAL COST BEFORE DEPRECIATION BUT INCL. INTEREST	40.9	56.1	52.4	48.5	44.0	39.3	38.9	39.5	40.2	40.7
3. NET PROFIT BEFORE TAX & DEPRECIATION (1-2)	98.6	140.1	139.1	135.8	144.2	154.4	158.0	158.4	142.5	127.5
4. ALLOWABLE DEDUCTION FOR CAPITAL EXPENDITURE (f)	-	-	-	-335.8	8.3	5.7	4.9	3.0	1.8	1.9
5. NET PROFIT BEFORE TAX & AFTER DEDUCTION FOR CAPITAL EXPENDITURE(3-4)	98.6	140.1	139.9	-200.0	135.9	148.7	153.1	155.4	140.7	125.6
6. LOSSES CARRIED FORWARD (g)	-	-	-	-	-200.0	64.1	-	-	-	-
7. TAXABLE INCOME (5-6)	-	-	-	-200.0	-64.1	84.6	153.1	155.4	140.7	125.6
8. TAXABLE INCOME LESS 20% (i)	h	h	h	-	-	67.7	122.5	124.3	112.6	100.5
9. COMPANY TAX										
- Normal (22½%)	h	h	h	-	-	15.2	27.6	38.0	25.3	22.6
- Additional (j)	h	h	h	-	-	-	11.8	19.0	32.5	38.4
TOTAL COMPANY TAX	h	h	h	-	-	15.2	39.4	57.0	57.8	61.0
10. TOTAL ADMIN. REVENUE FROM COMPANY (ROYALTIES, CUSTOMS; TAX) EXCL. EQUITY.	4.2	5.5	5.5	5.5	5.6	20.7	45.1	62.7	63.4	66.6

Note: Footnotes as for Table 13

TABLE 16 PROJECTED CASH FLOW STATEMENT
FOR VARIOUS PRICES OF COPPER
YEAR ENDED 30TH JUNE

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
1. Net Profit/Loss (after depreciation & provision for Tax)										
\$660/Long Ton	21.8	38.3	37.7	35.3	39.8	33.1	37.3	39.1	31.2	24.1
\$880/ " "	29.4	57.5	56.5	52.8	58.6	65.6	70.5	71.7	58.4	46.0
\$1100/ " "	47.2	86.5	85.9	81.5	89.3	98.8	102.0	102.0	85.9	70.8
2. Add Depreciation	21.4	23.6	24.0	24.3	24.9	25.6	26.0	26.4	26.6	26.7
3. Add Provision for Tax-										
(a) \$660/Long Ton	-	-	-	-	-	11.8	11.9	12.3	9.8	7.2
(b) \$880/ " "	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
(c) \$1100/ " "	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
4. Less Tax Paid										
(a) \$660/Long Ton	-	-	-	-	-	-	-	-	10.1	14.2
(b) \$880/ " "	-	-	-	-	-	-	13.3	29.5	34.3	36.8
(c) \$1100/ " "	-	-	-	-	-	15.2	39.4	57.0	57.8	61.0
5. Less Capital Expenditure	4.1	4.6	5.2	8.6	8.3	5.7	4.9	3.0	1.8	1.9
6. Less Increase/Decrease in Working Capital	8.2	2.9	-	(0.1)	0.3	0.3	0.2	0.2	(0.3)	(0.3)
7. Add Increase/Decrease in Bank Overdraft	8.2	2.9	-	(0.1)	0.3	0.3	0.2	0.2	(0.3)	(0.3)
8. Cash Surplus from Operations										
\$660/Long ton	39.1	57.3	56.5	51.0	56.4	64.8	70.3	74.8	55.7	41.9
\$880/ " "	66.7	96.5	95.3	88.5	95.2	105.5	98.3	85.6	68.9	54.0
\$1100/ " "	94.5	135.5	134.7	127.2	135.9	133.5	113.7	98.4	82.9	64.6
9. Long Term Repayment										
\$660/Long ton	-	37.2	37.2	37.2	37.2	37.2	27.3	-	-	-
\$880/ " "	-	40.0	40.0	40.0	40.0	40.0	13.3	-	-	-
\$1100/ " "	-	50.0	50.0	50.0	50.0	13.3	-	-	-	-
10. Dividends Paid -										
(a) Total										
\$660/Long ton	-	26.6	29.8	22.8	20.4	27.2	29.1	31.9	33.9	20.7
\$880/ " "	-	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
\$1100/ " "	-	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0
(b) To Administration										
\$660/Long ton	-	5.3	6.0	4.6	4.1	5.5	5.8	6.4	6.8	4.1
\$880/ " "	-	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
\$1100/ " "	-	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
11. Additions to cash balances										
(a) \$660/Long ton	39.1	(6.5)	(10.5)	(9.0)	(1.2)	0.4	13.9	42.9	21.8	21.2
(b) \$880/ " "	66.7	6.5	5.3	(1.5)	5.2	15.5	35.0	35.6	18.9	4.0
(c) \$1100/ " "	94.5	15.5	14.7	7.2	15.9	50.2	43.7	28.4	12.9	(5.4)
12. Cumulative Cash Balances										
(a) \$660/Long ton	39.1	22.6	12.1	3.1	1.9	2.3	16.2	59.1	80.9	102.1
(b) \$880/ " "	66.7	73.2	78.5	77.0	82.2	97.7	132.7	168.3	187.2	191.2
(c) \$1100/ " "	94.5	110.0	124.7	131.9	147.8	198.0	241.7	270.1	283.0	277.6

C O N F I D E N T I A L

Row 1 See tables 13-15 Row 2 Evaluation Report Appendix 10/2B.
Row 3 (a) Evaluation Report Appendix 10 (b) Based on proportion
in (a) between total provision for tax and tax paid (e) as per
3(b). Row 4 See tables 4(a), 4(b), 4(c). Row 5 Evaluation
Report Appendix 102B in later figures from C.R.A. (letter
dated 19/2/69) Rows 6 and 7 Evaluation Report Appendix 102B.
Row 8 = Rows 1 + 2 + 3 + 7 less Rows 4 + 5 + 6. Row 9 See
Table 3.

Row 10(a) \$660/Long Ton - Evaluation Report Appendix 102B;
\$880 and \$1100/ Long Ton - See Note (1)
Row 10b 20% of 10a

Row 11 - Rows 8-9-10a

- NOTE: (i) DIVIDENDS Working estimates only. Company
policy could alter these estimates considerably.
Administration dividends assumes that total
Administration equity is paid before 1973/74.
- (ii) PRODUCTION Assumes production commencing
July 1972.

C O N F I D E N T I A L

TABLE 17: WAGES & INCOME TAXATION - COMPANY

PRELIMINARY ESTIMATES ONLY

YEAR ENDED 30TH JUNE

	Construction				Production									
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
<u>TOTAL WAGES</u> (\$M)	3.4	12.1	19.0	16.5	5.4	5.5	5.6	5.6	5.6	5.6	5.6	5.5	5.5	5.4
Expatriate Employ- ment (No.)	400	1600	2600	2200	700	700	650	600	550	500	450	400	350	300
Expatriate Wage - Average (\$)	7000	7000	7000	7000	6000	6000	6250	6500	6750	7000	7250	7500	7750	8000
Expatriate Wage - Total (\$M)	2.8	11.2	18.2	15.4	4.2	4.2	4.1	3.9	3.7	3.5	3.3	3.0	2.7	2.4
Adjusted Expatriate Wage Total	2.8	(a) 10.7	(a) 17.2	(a) 14.9	4.2	4.2	4.1	3.9	3.7	3.5	3.3	3.0	2.7	2.4
Indigenous Employ- ment (No.)	800	1800	2200	1800	1100	1100	1150	1200	1250	1300	1350	1400	1450	1500
Indigenous Wage - Average (\$)	780	780	800	900	1100	1200	1300	1400	1500	1600	1700	1800	1900	2000
Indigenous Wage - Total (\$M)	0.6	1.4	1.8	1.6	1.2	1.3	1.5	1.7	1.9	2.1	2.3	2.5	2.8	3.0
<u>INCOME TAX</u> -														
Expatriate (b) (\$M)	0.4	1.6	2.6	2.2	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.4	0.4
Indigenous (c) (\$M)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (\$M)	0.4	1.6	2.6	2.2	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.4	0.4

(a) Reduced to allow for the employment of non-European labour.

(b) 15% tax

(c) \$20.50 per head (maximum of mini tax)

NOTE: Wages include incomes in kind. This would tend to overstate tax estimates. It has been assumed that for the Construction period indigenous employment would comprise mostly labourers and for the production period, a gradual increase in the employment of skilled and semi-skilled categories. (Labourers Cash wages \$6 per week, 2nd Class Tradesmen \$15 per week and 1st Class Tradesmen \$19 per week).

C O N F I D E N T I A L

III ADMINISTRATION REVENUE AND EXPENDITURE

C O N F I D E N T I A L

TABLE 18 : ADMINISTRATION EXPENDITURE

YEAR ENDED 30TH JUNE

	Construction				Production (a)										
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	
Recurrent Costs	-	1.0	1.9	3.0	3.5	3.8	3.8	3.8	3.8	3.8	3.9	3.9	3.9	4.0	4.0
Purchase of Capital Assets	-	2.3	1.5	0.8	0.2	0.1	-	-	-	-	-	-	-	-	-
Architectural and Engineering	-	3.8	3.1	1.2	0.8	-	-	-	-	-	-	-	-	-	-
Sub-Total	-	7.1	6.5	5.0	4.5	3.9	3.8	3.8	3.8	3.8	3.9	3.9	3.9	4.0	4.0
Equity Capital	-	10.0	10.0	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	17.1	16.5	5.0	4.5	3.9	3.8	3.8	3.8	3.8	3.9	3.9	3.9	4.0	4.0

(a) Rough estimates from 1974.

TABLE 19 : ESTIMATES OF ADMINISTRATION REVENUE

	Construction						Production							
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
<u>DIRECT FROM</u>	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.
<u>COMPANY</u>														
Company Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$660/Long ton	-	-	-	-	-	-	-	-	-	-	-	-	10.1	14.2
\$880/ " "	-	-	-	-	-	-	-	-	-	-	-	-	34.3	36.8
\$1100/ " "	-	-	-	-	-	-	-	-	-	-	-	-	57.8	61.0
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
\$660/Long ton	-	-	-	-	-	5.3	6.0	4.6	4.1	5.5	5.8	6.4	6.8	4.1
\$880/ " "	-	-	-	-	-	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
\$1100/ " "	-	-	-	-	-	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Customs	0.1	1.7	2.3	3.2	2.5	3.0	3.1	3.2	3.2	3.1	3.2	3.3	3.4	3.5
Royalties														
\$660/Long ton	-	-	-	-	0.9	1.4	1.3	1.3	1.3	1.3	1.3	1.4	1.2	1.1
\$880/ " "	-	-	-	-	1.3	1.9	1.8	1.7	1.8	1.8	1.9	1.9	1.7	1.6
\$1100/ " "	-	-	-	-	1.6	2.4	2.3	2.2	2.3	2.3	2.4	2.3	2.1	2.0
Land & Mining														
Fees (a)	0.01	0.08	0.19	0.24	0.34	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39	0.39
<u>TOTAL DIRECT</u>														
\$660/Long ton	0.11	1.78	2.49	3.44	3.74	10.09	10.79	9.49	8.99	10.29	10.69	11.49	21.89	23.29
\$880/ " "	0.11	1.78	2.49	3.44	4.14	15.29	15.29	15.29	15.39	15.59	28.79	45.09	49.79	52.29
\$1100/ " "	0.11	1.78	2.49	3.44	4.44	19.79	19.79	19.79	19.89	34.99	59.39	76.99	77.69	80.89

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TABLE 19 (contd.)

	Construction					Production								
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.	\$M.
<u>INDIRECT REVENUE</u> <u>FROM COMPANY AND</u> <u>TOWN</u>														
Personal Tax	0.4	1.6	2.6	2.2	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.4	0.4
Company Employees Admin. (a) "	0.02	0.02	0.07	0.10	0.13	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14
Posts & Telegraphs (a)	0.01	0.05	0.29	0.58	0.77	0.78	0.96	1.07	1.17	1.28	1.38	1.50	1.61	1.61
Health Services (a)	0.01	0.03	0.04	0.08	0.07	0.08	0.09	0.09	0.10	0.11	0.11	0.12	0.12	0.12
<u>TOTAL INDIRECT FROM</u> <u>COMPANY AND TOWN</u>	0.44	1.70	3.00	2.96	1.57	1.60	1.79	1.80	1.91	2.03	2.13	2.16	2.27	2.27
<u>OTHER INDIRECT</u> <u>REVENUE</u>														
Company Personal Indirect Tax	-	-	-	-	0.3	0.4	0.6	0.7	0.8	0.8	0.8	0.9	0.9	0.9
<u>TOTAL OTHER</u>	-	-	-	-	0.3	0.4	0.6	0.7	0.8	0.8	0.8	0.9	0.9	0.9
<u>TOTAL ALL REVENUE</u>														
\$660/Long ton	0.55	3.48	5.49	6.40	5.61	12.09	11.88	11.49	13.00	13.52	14.42	29.95	26.46	26.46
\$880/ " "	0.55	3.48	5.49	6.40	6.01	17.29	17.68	17.89	18.00	31.12	48.02	52.85	55.46	55.46
\$1100/ " "	0.55	3.48	5.49	6.40	6.31	21.79	22.18	22.39	37.70	62.22	27.92	80.78	84.06	84.06

(a) Supplied by Administration.

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TABLE 20: REVENUE : LEASE RENTALS, ETC.

MINING LEASES	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74	
Special Mining Lease No.1	2,700	10,000	10,000	10,000	10,000	10,000	Existence of ore not proven.
" " No.2							
<u>Leases for Mining Purposes</u>							
Tailings 38,000 acres							
Limestone 300							
Willy's Nob 600							
Roads, etc. 1,100							
<u>40,000 acres</u>	10,000	40,000	40,000	40,000	40,000	40,000	
<u>Land Leases</u>							
<u>Port Area</u>							
1200 ac. U.V. \$500		30,000	30,000	30,000	30,000	30,000	REVALUATION OF U.V. recommended after 1973/74.
Possible extension							
1000 ac. U.V. \$100			5,000	5,000	5,000	5,000	
<u>Town Area</u>							
Say ultimately 2,000 allotments residence and business average U.V. \$3,000			100,000	150,000	250,000	300,000	Occupation will be progressive to maximum yield \$300,000.
TOTAL	12,700	80,000	185,000	235,000	335,000	385,000	

C O N F I D E N T I A L

TABLE 21: PRELIMINARY ESTIMATES OF POSTS AND TELEGRAPHS REVENUE

\$'000

Year	Local Calls	Telephone Intraterritory	International	Telegrams	International Telex	Total Revenue
1968/69	3	3	-	4	-	10
1969/70	5	8	33	8	-	54
1970/71	60	53	90	41	48	292
1971/72	132	196	100	94	60	582
1972/73	160	300	110	134	66	770
1973/74	174	330	80	155	45	783
1974/75	191	363	85	180	50	869
1975/76	210	400	90	209	55	964
1976/77	231	440	95	246	60	1,072
1977/78	254	484	100	270	65	1,173
1978/79	280	532	105	297	70	1,284
1979/80	300	572	110	327	75	1,383
1980/81	324	616	115	360	80	1,495
1981/82	347	660	120	400	85	1,608

C O N F I D E N T I A L

TABLE 22 : ESTIMATE OF REVENUE FOR HEALTH SERVICES

\$ 000

	<u>Inpatients</u>		<u>Outpatients</u>		<u>Total</u>
	Local	Intermediate	Local	Intermediate	
1968-69	3.9	4.1	1.1	1.6	10.7
1969-70	11.1	11.6	3.0	4.5	30.2
1970-71	14.7	15.4	4.0	5.9	40.0
1971-72	27.8	29.2	7.5	11.2	75.7
1972-73	25.6	26.8	6.9	10.3	69.6
1973-74	30.0	31.5	8.1	12.1	81.7
1974-75	33.9	35.6	9.2	13.7	92.4
1975-76	34.8	36.5	9.4	14.0	94.7
1976-77	35.7	37.4	9.6	14.4	97.1
1977-78	38.4	40.2	10.4	15.4	104.4
1978-79	39.0	41.0	10.6	15.7	106.3
1979-80	40.9	42.9	11.0	16.5	111.3
1980-81	42.4	44.5	11.5	17.1	115.5
1981-82	43.5	45.6	11.8	17.5	118.4

C O N F I D E N T I A L

TABLE 23: ADMINISTRATION EXPENDITURE

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75
Salaries and Allowances	241,000 ^{23.8}	677,500 ^{35.2}	1,023,300	1,276,300	1,379,000 ^{35.7}	1,379,000 ^{36.7}
Administrative Expenses	80,300 8.0	225,800 ^{11.7}	341,100	425,400	459,700 ^{12.0}	459,700 ^{12.2}
Services -						
Treasury Stores and Supply Branch	400,000 ^{31.5}	400,000 ^{20.8}	440,000	480,000	500,000 ^{13.0}	500,000 ^{13.3}
Civic	3,500 3.5	4,000 ^{0.2}	4,500	5,000	5,000 ^{0.1}	5,000 ^{0.1}
Hospital and Medical	212,000 ^{20.9}	229,000 ^{11.9}	424,000	424,000	424,000 ^{11.0}	424,000 ^{11.3}
Education		17,400 ^{0.9}	30,400	42,100	42,100 ^{1.1}	42,100 ^{1.1}
Telephone and Telegraph Maintenance	25,000 2.7	45,300 ^{2.4}	135,700	181,000	181,000 ^{4.7}	181,000 ^{4.8}
Engineering		67,000 ^{3.5}	78,500	84,500	84,500 ^{2.2}	84,500 ^{2.2}
Architectural		48,600 ^{2.5}	105,600	128,000	143,600 ^{3.7}	143,600 ^{3.8}
Capital Assets		67,400 ^{3.5}	197,600	271,000	285,400 ^{7.4}	285,400 ^{7.6}
Motor Transport						
Operating	32,200 ^{3.2}	124,200 ^{6.4}	174,300	202,200	202,200 ^{5.3}	202,200 ^{5.4}
Replacements						
General Overheads	18,000 ^{1.8}	20,000 ^{1.0}	17,000	13,000	10,000 ^{0.3}	10,000 ^{0.3}
TOTAL	1,012,000	1,926,200	2,972,000	3,532,500	3,837,800	3,762,000

100 100.0 100.0

C O N F I D E N T I A L

RECURRENT EXPENSES(A) ADMINISTRATIVE EXPENSES

Past experience indicates that annual Departmental administrative expenses usually amount to about 1/3 of the total administrative salary and allowances expenses.

For the purposes of estimating the Departmental administrative expenses for the C.R.A. project, the total annual salaries and allowances expenditure was divided by 3 and called administrative expenses.

(B) TREASURY : STORES AND SUPPLY BRANCH

The cost of vocabulary stores, stores and equipment, movement of vocabulary stores and packing materials can, in a rapidly developing situation such as Kieta, only be roughly calculated.

The annual cost of the abovementioned items for the 1971-72 financial year was calculated by taking 1/15 of the total Territory expenditure in 1968-69 for vocabulary stores, stores and equipment, movement of vocabulary stores and packing materials.

In the early years the 1971-72 Stores and Supply Branch expenditure was arbitrarily scaled down slightly to take account of the developing nature of the area, and in later years arbitrarily scaled upwards to allow for some growth in Administration requirements after 1971-72.

(C) TREASURY : CIVIC SERVICES

Treasury - Civic Services cover the cost of operating an undertaking service, a parks and gardens service, cleaning of the town and fire fighting equipment and uniforms.

The cost of operating the town sanitary service has been excluded from the civic services costs on the assumption that the charges levied for this service will balance out the cost of the service.

Excluding the sanitary service the total cost of operating all civic services throughout the Territory amounted to only \$45,000 in 1967-68.

On the assumption that the \$45,000 relates to about 10 towns in the Territory, a base figure of \$4,500 was assumed to be a reasonable figure for Civic Services in the Kieta area for the 1971-72 financial year.

(D) HOSPITAL

The Department of Public Health has indicated that the cost of operating a hospital (exclusive of salaries etc.) is about \$7.00 per bed in the public section of the hospital and \$12.00 per bed in the intermediate section of the hospital.

On the average a large hospital in the Territory usually has about 2/3 of its bed capacity occupied at any one time.

The new hospital will be designed to cater for 200 public beds and 30 intermediate beds.

(E) EDUCATION

Operating Cost
\$A

	1969-70	1970-71	1971-72	1972-73	1973-74
<u>TECHNICAL</u>					
Student Messing		11,250	20,000	27,000	27,000
Materials		5,760	9,900	14,400	14,400
Sub-Total		17,010	29,900	41,400	41,400
<u>SECONDARY</u>					
Materials		360	480	720	720
TOTAL ROUNDED		17,400	30,400	42,100	42,100

(F) TELEPHONE AND TELECOMMUNICATIONS

It has been assumed that the annual operating cost exclusive of salaries, transport etc. will be in the order of 10 cents per dollar of the cost of installed equipment. On this basis, and on the further assumption that progressive installation will be in the proportions 25%, 50% and 25% over the first 3 years, the respective operating costs would be as hereunder:

<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>
\$45,250	\$135,750	\$181,000

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(a) ENGINEERING

Maintenance charged at 5% of the cost.

Maintenance charged in year after construction.

Maintenance Costs

Year	1969-70	1970-71	1971-72	1972-73	1973-74
Cost	-	67,000	78,500	845,000	845,000

(b) ARCHITECTURAL

Maintenance charged at 2% of the cost.

Maintenance charged in year after construction.

Maintenance Costs

Year	1969-70	1970-71	1971-72	1972-73	1973-74
Cost	-	48,600	105,600	128,000	143,600

(c) CAPITAL ASSETS

Maintenance charged at (i) General 10% of cost

(ii) Town Allotments 2% of cost.

Land purchases are excluded as not requiring maintenance and motor transport maintenance is included in the cost of operating Administration transport.

Maintenance charged in year after purchase.

Maintenance Costs

Year	1969-70	1970-71	1971-72	1972-73	1973-74
General	-	62,750	187,250	258,250	271,000
Allotments	-	4,650	10,350	12,750	14,400
TOTAL	=	67,400	197,600	271,000	285,400

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(II) RECURRENT COST - MOTOR TRANSPORT

(a) Number and Type of Vehicle

Type	NUMBER				Total
	1969/70	1970/71	1971/72	1972/73	
Trucks *	7	8	9	5	29
Tractors	-	1	1	1	3
Land Rovers	15	9	8	3	35
Motor Cycles	1	1	1	1	4
Cars	4	6	-	-	10

* including vans

(b) Hire Charges - Supplied by Chief Transport Officer

	ANNUAL CHARGE (a)
	\$
Trucks - 3 Ton	3,744
Tipper	4,368
Tractors	3,120
Land Rovers	2,184
Motor Cycles	780
Cars	1,716
Vans	2,808

(a) Includes repairs and operating costs.

(c) Cost of Operating Transport Vehicles

Type	1969/70	1970/71	1971/72	1972/73
	\$	\$	\$	\$
Trucks	12,012	49,920	78,624	96,096
Tractors	-	3,120	6,240	9,360
Land Rovers	16,380	52,416	69,888	76,440
Motor Cycles	390	1,560	2,340	3,120
Cars	3,432	17,160	17,160	17,160
Total	32,214	124,176	174,252	202,176
Total Rounded	32,210	124,180	174,250	202,180

1969/70 vehicles assumed at only half yearly rate.

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(d) Replacements

(1) Vehicles

Type	NUMBERS				
	1973/74	1974/75	1975/76	1976/77	1977/78
Trucks	16	9	5	16	9
Tractors	1	1	1	1	1
Land Rovers	24	8	3	24	8
Motor Cycles	2	1	1	2	1
Cars	10	-	-	10	-

Assumed that 1969/70 vehicles replaced in 5th year.
All other vehicles replaced in 4th year.

C O N F I D E N T I A L

32. 201

(I) GENERAL OVERHEADS

Allowance is made here for the cost of air transport of Administration staff and staff families from Port Moresby to Kieta.

It was assumed that the cost would be of the order of about \$150 for each additional expatriate officer and \$75 for each additional indigenous officer.

C O N F I D E N T I A L

C O N F I D E N T I A L

C O N F I D E N T I A L

TABLE 24 : PURCHASE OF CAPITAL ASSETS

	1969/70	1970/71	1971/72	1972/73	TOTAL
Office Furniture and Fittings	50,000	45,600	38,500	33,100	167,200
Domestic Furniture and Fittings	44,600	61,200	39,800	24,760	170,360
School Furniture and Equipment	7,000	83,050	39,550	36,020	165,620
Hospital and Medical Equipment	10,000	10,000	60,000	-	80,000
Purchase of Land	1,400,000	-	-	-	1,400,000
Purchase of Town Allotments	232,500	285,000	120,000	82,500	720,000
Motor Transport & Ag. Machinery	62,050	59,150	48,350	24,050	193,600
Water Transport	-	20,000	20,000	-	40,000
Plant and Machinery	-	40,000	-	-	40,000
Fire Station Equipment	-	15,000	5,000	-	20,000
Post & Telegraph Equipment	452,500	905,000	452,500	-	1,810,000
Contingencies	1,350	6,000	6,300	9,570	23,220
TOTAL	2,260,000	1,530,000	830,000	210,000	4,830,000

C O N F I D E N T I A L

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C O N F I D E N T I A L
APPENDIX I : GENERAL NOTES ON PURCHASE OF
CAPITAL ASSETS - MAJOR ITEMS

34.

(A) <u>PURCHASE OF LAND</u>	<u>Area Acres</u>	\$ —
(a) <u>Townsite</u>		
(i) Arawa Plantation	1,000	1,000,000
(ii) Adjacent Indigenous Land	620	125,000
(b) <u>Public Road</u>		
Kieta-Tunuru	100	15,000
(c) Port Complex	1,200	150,000
(d) Industrial Area	1,000	100,000
(e) Water Supply Leases		
Dam, etc. Jaba River	800	4,000
Dam, etc. Bouo River	150	6,000
TOTAL	<u>4,870</u>	<u>\$1,400,000</u>

C O N F I D E N T I A L

(B) Town Allotments

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(a) Administration Land Requirements.

	<u>Blocks</u>	<u>Size</u>
Administration Houses	465	125' x 50'
(A)		
Administration Offices	15	125' x 50'
TOTAL	480	

(A) For further details see (d) below.

(b) Cost of Administration Land

	<u>1969-70</u>	<u>1970-71</u>	<u>1971-72</u>	<u>1972-73</u>	<u>TOTAL</u>
Blocks	155	190	80	55	480
Cost	232,500	285,000	120,000	82,500	720,000

(c) Cost per Block

Cost of Land	\$300
Town Planning & Survey	\$100
Services	\$1100
TOTAL	\$1500

(d) Number of Housing Blocks.

Department	<u>ADMINISTRATION STAFF</u>			
	<u>Europeans</u>		<u>Indigenes</u>	
	Married	Single	Married	Single
Administrator	1	2	3	6
Agriculture	6	2	5	20
District Administration	5	2	7	7
Education	52	14	88	-
Electricity Commission	6	2	15	10
Fire Station	Housed on Station Complex			
Forestry	3	-	6	4
Health	10	-	35	30
I. & E.S.	4	-	10	13
Labour	3	-	2	2
Lands, Surveys & Mines	4	1	4	4
Law	3	-	2	-
Police	5	2	6	-
Posts & Telegraphs	8	3	25	18
Trade & Industry	6	-	12	6

(Cont'd)

(B) Town Allotments (cont.d)

Department	Europeans		Indigenes	
	Married	Single	Married	Single
Stores & Supply			Housed on Station Complex	
Taxation	1	-	2	-
Transport	6	-	12	-
Treasury	3	-	2	-
Public Works	4	-	15	10
C.D.W.	3	1	6	2
D.C.A.				
Corrective Institutions			Housed on Station Complex	
Civil Defence	2	-	4	2
Parks and Gardens	1	1	5	10
Other	11	3	22	16
TOTAL	147	33	288	160

LAND REQUIREMENTS FOR STAFF

<u>Blocks</u>	<u>Type</u>	<u>Use</u>
5	125' x 100'	Expatriate Married Houses
142	125' x 50'	Expatriate Married Houses
288	125' x 50'	Indigenous Married Houses
5	125' x 50'	Single European Housing
20	125' x 50'	Single Indigenous Housing

(Cont'd)

(C) POSTS AND TELEGRAPHS

CAPITAL ASSETS

The Department of Posts and Telegraphs would require about \$2.5 million above planned expenditure to provide adequate communication facilities for the anticipated development. The total cost includes the following capital assets.

<u>Location</u>	<u>Facility</u>	<u>Additional Cost</u>
Kieta	400 Line ARK Crossbar Exchange	\$ 50,000
New Harbour Town (Arawa Bay)	(a) 100 ARF Crossbar Exchange	\$150,000
	(b) Manual Telex Exchange and Manual Trunk Centre	\$ 50,000
Mine Working Town	530 Line Crossbar Exchange	<u>\$ 60,000</u>
	Sub Total - Internal	\$310,000
External Trunk Communication	24-36 Channel U.N.F. System	Costs & physical performance computerised by U.K. consultants
		<u>\$1,500,000</u>
	TOTAL	<u>\$1,810,000</u>

It would take approximately 3 years from the date of authorisation for the completion of the above installations, with expenditure scheduled at the order of 25% in the first year, 50% in the second year and 25% in the third year. The estimate does not include other work at the mill and at Anewa Bay, which will be carried out specifically for the mining company and charged to the Company.

TABLE 25 : WORKS PROGRAMME - ARAWA TOWN

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Cost \$A

ARCHITECTURAL	1969/70	1970/71	1971/72	1972/73	TOTAL
Accommodation	650,400	897,800	585,200	360,900	2,494,300
Offices	65,000	100,000	25,000		190,000
Hospital	1,000,000	1,000,000			2,000,000
Schools	291,000	540,500	381,800	390,000	1,603,300
Police	80,000				80,000
Corrective Institution	34,500	25,000	35,500	15,000	110,000
Stores	150,000	50,000			200,000
Workshop and Garage	50,000	50,000			100,000
Post and Telegraphs	77,500	155,000	77,500		310,000
Minor New Works	24,000	28,000	12,000	8,000	72,000
Contingencies	7,600	3,700	3,000	6,100	20,400
SUB-TOTAL	2,430,000	2,850,000	1,120,000	780,000	7,180,000

ENGINEERING	1969/70	1970/71	1971/72	1972/73	TOTAL
Roads and Bridges	750,000				750,000
Wharf					
Aerodrome	460,000				460,000
Power - Reticulation	Included in Allotment Lease Purchase Price				
Water - Supply	Included in Allotment Lease Purchase Price				
Sewerage and Sanitation	Included in Allotment Lease Purchase Price				
Minor New Works	14,000	2,000	1,000		17,000
Posts and Telegraphs	112,500	225,000	112,500		450,000
Contingencies	3,500	3,000	6,500		13,000
SUB-TOTAL	1,340,000	230,000	120,000		1,690,000

TOTAL ARCHITECTURAL AND ENGINEERING	3,770,000	3,080,000	1,240,000	780,000	8,870,000
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APPENDIX 1: GENERAL NOTES ON ADMINISTRATION WORKS PROGRAMME -
ARAWA TOWN - MAJOR ITEMS

(A): ADMINISTRATION ACCOMMODATION

ARAWA TOWN

Numbers of Staff to be accommodated (a)

Type of Accommodation (b)	1969-70	1970-71	1971-72	1972-73	Total
AR 23's	8	6	6	3	23
AR 20H	36	52	26	16	130
S.O.Q. - Flats		10	15	10	35
I.M.Q.'s	100	150	100	63	413
Places - Compound	100	60	40	26	226

(a) Based on Estimated Staff Requirements Table E2().

- (b) AR 23 House
AR20H "
S.O.Q. Single officer unit
I.M.Q. Indigenous married quarter

COSTS \$A

	1969-70	1970-71	1971-72	1972-73	Total
AR 23's	76,800	57,600	57,600	28,800	220,800
AR 20's	273,600	395,200	197,600	121,600	988,000
Flat		40,000	60,000	40,000	140,000
I.M.Q.'s	250,000	375,000	250,000	157,500	1,032,500
Places - Compound	50,000	30,000	20,000	13,000	113,000
TOTAL	650,000	897,800	585,200	360,900	2,494,300

AR 23's	\$9,600
AR 20(H)	7,600
Flat S.O.Q.	4,000
I.M.Q.	2,500
Compound	500 per person

(B) HOSPITAL - ARAWA TOWN

The Department of Public Health has estimated that a town of about 8,000 people will require a hospital the size of Goroka or Wewak. The Department has also indicated that a hospital of the Goroka size and design will cost about \$2,000,000.

C.R.A. has undertaken the design of the Arawa hospital using the Goroka hospital design as the model. Final design approval will however remain with the Administration. (Refer Bougainville Copper Agreement).

The contractors should be selected by the tender system.

C.R.A. are confident that the design, tender and construction of the hospital will be completed within two years.

(C) COST OF SCHOOL BUILDINGS ARAWA TOWN

	1969/70	1970/71	1971/72	1972/73	Total
	\$	\$	\$	\$	\$
Primary	291,000	319,000	225,000	232,000	1,067,000
Secondary		149,000	92,000	82,000	323,000
Technical		72,550	64,800	76,000	213,300
TOTAL	291,000	540,500	381,800	390,000	1,603,300

Department of Education estimate that on the average a classroom valued at \$7,000 will be required for every 30 pupils.

DETAILS OF REQUIREMENTS

(1) Primary

1969/70	33 classrooms @ \$7,000 per classroom	\$231,000
	Toilet facilities	40,000
	Site preparation, etc.	20,000
	Total	\$291,000
1970/71	37 classrooms @ \$7,000 per classroom	\$259,000
	Toilet facilities	40,000
	Site preparation, etc.	20,000
	Total	\$319,000
1971/72	25 classrooms @ \$7,000 per classroom	\$175,000
	Toilet facilities	35,000
	Site preparation, etc.	15,000
	Total	\$225,000
1972/73	26 classrooms @ \$7,000 per classroom	\$182,000
	Toilet facilities	35,000
	Site preparation, etc.	15,000
	Total	\$232,000

(2) Secondary

1970/71	8 classrooms @ \$7,000 per classroom	\$ 56,000
	2 x Manual Arts classrooms	20,000
	2 x Domestic Arts classrooms	15,000
	2 x Science classrooms	20,000
	Toilets	16,000
	Administration Block	12,000
	Library	10,000
	Total	\$149,000

(Cont'd)

1971/72	6 classrooms @ \$7,000 per classroom	\$ 42,000
	2 Science classrooms	20,000
	2 Ablution Blocks	10,000
	1 x Lecture Hall	20,000
	Total	\$ 92,000
1972/73	6 classrooms @ \$7,000 per classroom	\$ 42,000
	4 x Manual Arts classrooms	40,000
	Total	\$ 82,000

(3) Technical

1970/71	1 x 60 man Dormitory	\$ 18,800
	1 x 2 Classrooms	7,000
	1 x 2 Workshop	10,000
	1 x Mess - Kitchen	11,700
	1 x Administration Block	20,000
	Site work	5,000
	Total	\$ 72,500
1971/72	1 x 6 man Dormitory	\$ 8,000
	1 x 60 man Dormitory	18,800
	1 x 2 Classrooms	8,000
	1 x 2 Workshop	11,000
	1 x Library	5,000
	1 x Science Laboratory	10,000
	Site Works	4,000
	Total	\$ 64,800
1972/73	2 x 60 Dormitory	\$ 36,000
	1 x Science Classroom	14,000
	1 x 2 Workshop	20,000
	Extension of Kitchen and Mess	6,000
	Total	\$ 76,000

(D) ROADS AND BRIDGES1. AROPA TO KIETA

This item is included in the Works Programme for 1969/70 at a cost of about \$200,000, and is therefore omitted from this study.

2. KIETA TO TUNURU

This item has not been designed, and the Administration has no firm commitment.

It has been tentatively estimated that the cost of a sealed road with bridge would amount to \$750,000.

One suggestion made to the Company is that the Administration might volunteer to subsidise the construction to an amount of \$500,000.

3. NEW TOWN SUBDIVISIONAL ROADS

The cost of roads has been included in the purchase price of town blocks.

Additions to the Kieta wharf by way of timber decking for greater load carrying capacity are assumed to be financed from minor new works.

(E) AERODROMEAropa Airport

The Department of Public Works has estimated that it will cost about \$460,000 to upgrade the existing airport to enable it to accept Fokker Friendship traffic. This estimate provides for a paved sealed runway.

The Department is at present completing the design of this project and has scheduled the calling of tenders for April 1969. At the completion of paving material investigations now being carried out in the field firm pre-tender estimates will be available from the Department. It is not expected that these estimates will be significantly different from the abovementioned figure of \$460,000

(F) POSTS AND TELEGRAPHS
Engineering Requirements

The Department of Posts and Telegraphs would require about \$2.5 million above planned expenditure to provide adequate communication facilities for anticipated development. The total cost includes the following engineering requirements:

<u>Location</u>	<u>Facility</u>	<u>Cost</u>
New Harbour Town (Arawa Bay)	Underground cable reticulation	\$300,000
Mine Working Town	Cable Reticulation	\$150,000
	Total Engineering	<u>\$450,000</u>

It would take approximately 3 years from the date of authorisation to complete the above installations, with expenditure scheduled at the rate of about 25% in the first year, 50% in the second year, and 25% in the third year. The estimate does not include other work at the mill and at Arawa Bay, which will be carried out specifically for the mining company and charged to the Company.

C O N F I D E N T I A L

(G) POSTS AND TELEGRAPHS

Architectural Requirements

The Department of Posts and Telegraphs would require about \$2.5 million above planned expenditure to provide adequate communication facilities for anticipated development. The total cost includes the following architectural requirements:

<u>Location</u>	<u>Facility</u>	<u>Comment</u>	<u>Cost</u>
Kieta	Post Office, Telegraph Office, Equipment Building		
	(i) Site	Already acquired	
	(ii) Building	on 1970/71 works programme	\$ 70,000
New Harbour Town Arawa	(i) Site	250' x 250' required	
	(ii) Building	P/O, T/O, exchange complex as on programme for Wewak	\$170,000
Mine Working Town	(i) Site	150' x 150' required	
	(ii) Building	P/O and exchange only	\$ 70,000
Total Architectural			<u>\$310,000</u>

It would take approximately 3 years from the date of authorisation to complete the above installations, with expenditure scheduled at the rate of about 25% in the first year, 50% in the second year, and 25% in the third year. The estimate does not include other work at the mill and at Arawa Bay, which will be carried out specifically for the mining company and charged to the Company.

C O N F I D E N T I A L

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IV TOTAL ECONOMIC IMPACT

(NATIONAL INCOME & BALANCE OF PAYMENTS)

(a) COMPANY OPERATIONS

(b) TOTAL

C O N F I D E N T I A L

TABLE 26: TOTAL EXPENDITURE IN TERRITORY GENERATED BY BOUGAINVILLE PROJECT
(FOR VARIOUS PRICES OF COPPER)

YEAR ENDED 30TH JUNE

	Construction				Production									
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<u>Company Expenditure in Territory</u>	0.3	1.0	3.0	3.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
• Local Purchases -	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Current	3.4	12.1	19.0	16.5	5.4	5.5	5.6	5.6	5.6	5.6	5.6	5.5	5.5	5.4
• Salaries -	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Current	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<u>Royalties Paid to Indigenes</u>	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
\$660/Long Ton	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
\$880/ " "	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
\$1100/ " "	-	-	-	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<u>Administration Expenditure in Territory</u>	-	7.1	6.5	5.0	4.5	3.9	3.8	3.8	3.8	3.9	3.9	3.9	4.0	4.0
<u>Other Private Expenditure in Territory (a)</u>	2.0	3.0	5.0	6.0	5.0	4.6	4.3	4.0	3.7	3.4	3.0	2.6	2.3	2.0
<u>Total Direct Expenditure in Territory</u>	5.7	23.2	33.5	30.5	16.0	15.1	14.8	14.5	14.2	14.0	13.6	13.1	12.9	12.5
\$660/Long Ton	5.7	23.2	33.5	30.5	16.0	15.1	14.8	14.5	14.2	14.0	13.6	13.1	12.9	12.5
\$880/ " "	5.7	23.2	33.5	30.5	16.0	15.1	14.8	14.5	14.2	14.0	13.6	13.1	12.9	12.5
\$1100/ " "	5.7	23.2	33.5	30.5	16.0	15.1	14.8	14.5	14.2	14.0	13.6	13.1	12.9	12.5
<u>Total Expenditure in Territory</u>	8.6	34.8	50.3	45.8	24.0	22.6	22.2	21.8	21.3	21.0	20.4	19.7	19.4	18.8
(Applying Multiplier of 1.5)	8.6	34.8	50.3	45.8	24.0	22.6	22.2	21.8	21.3	21.0	20.4	19.7	19.4	18.8
\$660/Long Ton	8.6	34.8	50.3	45.8	24.0	22.6	22.2	21.8	21.3	21.0	20.4	19.7	19.4	18.8
\$880/ " "	8.6	34.8	50.3	45.8	24.0	22.6	22.2	21.8	21.3	21.0	20.4	19.7	19.4	18.8
\$1100/ " "	8.6	34.8	50.3	45.8	24.0	22.6	22.2	21.8	21.3	21.0	20.4	19.7	19.4	18.8

(a) Rough Estimate mostly investment especially in early period.

TABLE 27 : TOTAL PRIVATE CONSUMPTION IN TERRITORY RESULTING FROM
COMPANY ACTIVITY (FOR VARIOUS PRICES OF COPPER)

Year ended 30th June

	Production													
	Construction (1970/1972)													
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
1. <u>Total Expenditure</u> <u>in Territory (a)</u>	8.6	34.8	50.3	45.8	24.0	22.6	22.2	21.8	21.3	21.0	20.4	19.7	19.4	18.8
2. <u>Deductions</u>														
(i) Administration Expenditure in Territory (a)	-	7.1	6.5	5.0	4.5	3.9	3.8	3.8	3.8	3.9	3.9	3.9	4.0	4.0
(ii) Private Territory Investment (b)	4.4	14.1	23.7	21.5	1.7	1.5	1.4	1.3	1.2	1.1	1.0	0.9	0.8	0.7
3. <u>Private</u> <u>Consumption (1-2)</u>	4.2	13.6	20.1	19.3	17.8	17.2	17.0	16.7	16.3	16.0	15.5	14.9	14.6	14.1

(a) From Table 26

(b) Company Wages and Territory Purchases plus 1/3 of other private investment
(see tables 10 and 26)

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TABLE 28 : ESTIMATED IMPORTS GENERATED BY PROJECT
YEAR ENDED 30TH JUNE

	Construction						Production							
	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<u>Direct Imports</u> <u>by Company</u>														
- Capital (a)	12.0	48.2	79.0	85.5	(b) 2.7	(b) 3.1	(b) 3.5	(b) 5.7	(b) 5.5	(b) 3.8	(b) 3.3	(b) 2.0	(b) 1.2	(b) 1.3
- Current (c)	-	-	-	-	17.8	21.6	22.1	22.7	22.6	22.5	23.1	23.7	24.5	25.2
<u>Indirect (Public</u> <u>& Private)(d)</u>	3.0	11.6	16.8	15.3	8.0	7.5	7.4	7.3	7.1	7.0	6.8	6.6	6.5	6.3
<u>Total Imports</u>	15.0	59.8	95.8	100.8	28.5	32.3	33.0	35.7	35.2	33.3	33.2	32.3	32.2	32.8

(a) See table 10

(b) 2/3 of Capital Expenditure

(c) See tables 13, 14 & 15

(d) Total expenditure in Territory as per table 26 x marginal propensity to import (1/3)

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TABLE 29: ADDITIONS TO IMPORTS FOR BALANCE OF
PAYMENTS PURPOSES
YEAR ENDED 30TH JUNE

	<u>Construction</u>				<u>Production</u>									
	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
<u>Net Property</u>														
<u>Income</u>														
(i) Interest Payments														
\$660/long ton	-	1.4	6.8	14.3	10.4	19.9	16.8	13.4	10.1	6.7	3.4	1.0	1.0	0.9
\$880/long ton	-	1.4	6.8	14.3	10.4	19.9	16.5	12.9	9.3	5.7	2.1	1.0	1.0	0.9
\$1100/long ton	-	1.4	6.8	14.3	10.4	19.9	15.6	11.1	6.6	2.1	0.9	1.0	1.0	0.9
(ii) Other Remittances by Co. (Dividends Paid Overseas Reserves, etc.)														
\$660/long ton	-	-	-	-	39.1	14.8	13.3	9.2	15.1	22.1	37.2	68.4	48.9	37.8
\$880/long ton	-	-	-	-	66.7	46.5	45.3	38.5	45.2	55.5	75.0	75.6	58.9	44.0
\$1100/long ton	-	-	-	-	94.5	71.5	70.7	63.2	71.9	106.2	99.7	84.4	68.9	50.6
<u>Marine Insurances, Freight & Selling Expenses</u>	-	-	-	-	4.2	5.8	5.9	5.7	5.7	5.8	5.7	5.9	5.9	5.7
<u>Insurance and Off-site Charges</u>	-	-	-	-	2.1	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
<u>Total Addition to Imports for Balance of Payments Purposes</u>														
\$660/long ton	-	1.4	6.8	14.3	55.8	43.1	38.6	30.9	28.3	37.2	48.9	77.9	58.4	47.0
\$880/long ton	-	1.4	6.8	14.3	83.4	74.8	70.3	59.7	62.8	69.6	85.4	85.1	68.4	53.2
\$1100/long ton	-	1.4	6.8	14.3	111.2	99.8	94.8	82.6	86.8	113.7	108.9	93.9	78.4	59.8

TABLE 30: ESTIMATED IMPACT OF PROJECT ON BALANCE OF PAYMENTS
Year ended 30th June

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	Construction					Production									
	1969	1970	1971	1972		1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Current Account															
Imports & Other Payments (a)															
\$660/Long Ton	15.0	61.2	102.6	115.1		84.3	75.4	71.6	74.7	63.5	70.5	82.1	110.2	90.6	79.8
\$880/ " "	15.0	61.2	102.6	115.1		111.9	107.1	103.3	95.4	98.0	102.9	118.6	117.4	100.6	86.0
\$1100/ " "	15.0	61.2	102.6	115.1		139.7	132.1	127.8	118.3	122.0	147.0	142.1	126.2	110.6	92.6
Exports & Other Receipts (b)															
\$660/Long Ton	-	-	-	-		85.1	119.3	116.6	111.7	113.4	115.7	117.8	118.7	109.0	99.8
\$880/ " "	-	-	-	-		113.6	159.8	156.4	149.8	152.7	156.7	159.2	160.3	147.7	135.7
\$1100/ " "	-	-	-	-		142.3	200.1	196.1	188.0	192.0	197.6	200.8	201.9	186.3	171.6
Transfer Payments (c)	0.5	1.9	3.1	2.8		1.2	1.1	1.0	1.0	0.9	0.9	0.9	0.7	0.7	0.7
Balance of Payments															
On Current Account															
\$660/ Long Ton	-15.5	-63.1	-105.7	-117.9		-0.4	42.8	44.0	36.0	49.0	44.3	34.8	7.8	17.7	19.3
\$880/ " "	-15.5	-63.1	-105.7	-117.9		+0.5	51.6	52.1	53.4	53.8	52.9	39.7	42.2	46.4	49.0
\$1100/ " "	-15.5	-63.1	-105.7	-117.9		1.4	66.9	67.3	68.7	69.1	49.7	57.8	75.0	75.0	78.3
Capital Account															
Change in Assets (d)	15.7	62.7	107.8	119.3		4.1	4.6	5.2	8.6	8.3	5.7	4.9	3.0	1.8	1.9
Change in Liabilities															
- Repayment of Loan															
\$660/Long Ton						-	37.2	37.2	37.2	37.2	37.2	27.3	-	-	-
\$880/ " "						-	40.0	40.0	40.0	40.0	40.0	13.3	-	-	-
\$1100/ " "						-	50.0	50.0	50.0	50.0	13.3	-	-	-	-
Net Capital Inflow															
\$660/Long Ton	15.7	62.7	107.8	119.3		+4.1	-32.6	-32.0	-28.6	-28.9	-31.5	-22.4	+3.0	+1.8	+1.9
\$880/ " "	15.7	62.7	107.8	119.3		+4.1	-35.4	-34.8	-31.4	-31.7	-34.3	-8.4	+3.0	+1.8	+1.9
\$1100/ " "	15.7	62.7	107.8	119.3		+4.1	-45.4	-44.8	-41.4	-41.7	-7.6	+4.9	+3.0	+1.8	+1.9
Net Monetary Movement															
\$660/Long Ton	+0.2	-0.4	+2.1	+1.4		3.7	10.2	12.0	7.4	20.1	12.8	12.4	10.8	19.5	21.2
\$880/ " "	+0.2	-0.4	+2.1	+1.4		4.6	16.2	17.3	22.0	22.1	18.6	31.3	45.2	48.2	50.9
\$1100/ " "	+0.2	-0.4	+2.1	+1.4		5.5	21.5	22.5	27.3	27.4	42.1	62.7	78.0	76.8	80.2

(a) Total Imports (Table 28) plus additions (Table 29). (b) As supplied by Company (see Table 12) plus 2% for invisible. (c) Net private transfer - a debit relating to accumulated savings repatriated by expatriates. The estimates assume 50% outflow of expatriate savings and expatriate savings are assumed at 1/3 of salary. (d) See Table 10.

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TABLE 31: ESTIMATED IMPACT OF PROJECT ON NATIONAL INCOME
YEAR ENDED 30TH JUNE

	Construction					Production									
	1969	1970	1971	1972		1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Consumption:															
Private	4.2	13.6	20.1	19.3		17.8	17.2	17.0	16.7	16.3	16.0	15.5	14.9	14.6	14.1
Investment															
Private Company	15.7	62.7	107.8	119.3		4.1	4.6	5.2	8.6	8.3	5.7	4.9	3.0	1.8	1.9
Private Other	2.0	3.0	5.0	6.0		3.3	3.1	2.9	2.7	2.5	2.3	2.0	1.7	1.5	1.7
Public (a)	-	7.1	6.5	5.0		4.5	3.9	3.8	3.8	3.8	3.9	3.9	3.9	4.0	4.0
Gross Monetary Sector Expenditure	21.9	86.4	139.4	149.6		29.7	28.8	28.9	31.8	30.9	27.9	26.3	23.5	21.9	21.7
Exports & Others	-	-	-	-		85.1	119.3	116.6	111.7	113.4	115.7	117.8	118.7	109.0	99.8
Receipts (b) \$660	-	-	-	-		113.6	159.8	156.4	149.8	152.7	156.7	159.2	160.3	147.7	135.7
\$880	-	-	-	-		142.3	200.1	196.1	188.0	192.0	197.6	200.8	201.9	186.3	171.6
\$1100	-	-	-	-											
Total Market															
Supplies	21.9	86.4	139.4	149.6		114.8	148.1	145.5	143.5	144.3	143.6	144.1	142.2	130.9	121.5
\$660	21.9	86.4	139.4	149.6		143.3	188.6	185.3	181.6	183.6	184.6	185.5	183.8	169.6	157.4
\$880	21.9	86.4	139.4	149.6		172.0	228.9	225.0	219.8	222.9	225.5	227.1	225.4	208.2	193.3
\$1100	21.9	86.4	139.4	149.6											
Imports & Other															
Payments (b)	15.0	59.8	95.8	100.8		34.8	40.7	41.5	44.0	43.5	41.7	41.5	40.8	40.7	41.1
Gross Monetary Sector															
Product at Market															
Prices (excl. NMP)															
\$660	6.9	26.6	43.6	48.8		80.0	107.4	104.0	99.5	100.8	101.9	102.6	101.4	90.2	80.4
\$880	6.9	26.6	43.6	48.8		108.5	147.9	143.8	131.6	140.1	142.9	144.9	143.0	128.9	116.3
\$1100	6.9	26.6	43.6	48.8		137.2	188.2	183.5	175.8	179.4	183.8	185.6	184.6	167.5	152.2

(a) Includes public consumption. (b) Adjusted for National Income purposes.

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TABLE 32: ESTIMATED IMPACT OF PROJECT ON BALANCE OF PAYMENTS -
COMPANY TRANSACTIONS - YEAR ENDED 30TH JUNE.

	Construction					Production									
	1969	1970	1971	1972		1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Current Account															
Imports & Other Payments (a)															
\$660/Long Ton	12.0	49.6	85.8	99.8		76.3	67.9	64.2	67.4	56.4	63.5	75.3	103.6	84.1	73.5
\$880/ " "	12.0	49.6	85.8	99.8		103.9	99.6	95.9	88.1	90.9	95.9	111.8	110.8	94.1	79.7
\$1100/ " "	12.0	49.6	85.8	99.8		131.7	124.6	120.4	111.0	114.9	140.0	135.2	119.6	104.1	86.3
Exports & Other Receipts (b)															
\$660/Long Ton	-	-	-	-		85.1	119.3	116.6	111.7	113.4	115.7	117.8	118.7	109.0	99.8
\$880/ " "	-	-	-	-		113.6	159.8	156.4	149.8	152.7	156.7	159.2	160.3	147.7	135.7
\$1100/ " "	-	-	-	-		142.3	200.1	196.1	188.0	192.0	197.6	200.8	201.9	186.3	171.6
Transfer Payments (c)	0.4	1.7	2.8	2.4		0.7	0.7	0.6	0.6	0.5	0.5	0.5	0.4	0.4	0.4
Balance of Payments on Current Account															
\$660/Long Ton	-12.4	-51.3	-88.6	-102.2		8.1	50.7	51.8	43.7	56.5	51.7	42.0	14.7	24.5	25.9
\$880/ " "	-12.4	-51.3	-88.6	-102.2		9.0	59.5	59.9	61.1	61.3	60.3	46.9	49.1	53.2	55.6
\$1100/ " "	-12.4	-51.3	-88.6	-102.2		9.0	74.8	75.1	76.4	76.6	77.1	65.1	81.9	81.8	84.9
Capital Account															
Change in Assets (d)	15.7	62.7	107.8	119.3		4.1	4.6	5.2	8.6	8.3	5.7	4.9	3.0	1.8	1.9
Change in Liabilities -															
Repayment of Loan															
\$660/Long Ton	-	-	-	-		-	37.2	37.2	37.2	37.2	37.2	27.3	-	-	-
\$880/ " "	-	-	-	-		-	40.0	40.0	40.0	40.0	40.0	13.3	-	-	-
\$1100/ " "	-	-	-	-		-	50.0	50.0	50.0	50.0	13.3	-	-	-	-
Net Capital Inflow															
\$660/Long Ton	15.7	62.7	107.8	119.3		4.1	-32.6	-32.0	-28.6	-28.9	-31.5	-22.4	+3.0	+1.8	+1.9
\$880/ " "	15.7	62.7	107.8	119.3		4.1	-35.4	-34.8	-31.4	-31.7	-34.3	-8.4	+3.0	+1.8	+1.9
\$1100/ " "	15.7	62.7	107.8	119.3		4.1	-45.4	-44.8	-41.4	-41.7	-7.6	+4.9	+3.0	+1.8	+1.9
Net Monetary Movement															
\$660/Long Ton	+3.3	+11.4	+19.2	+17.1		12.2	18.1	19.8	15.1	27.6	20.3	19.6	17.7	26.3	27.8
\$880/ " "	+3.3	+11.4	+19.2	+17.1		13.1	24.1	25.1	27.0	29.6	26.0	38.5	52.1	55.0	57.9
\$1100/ " "	+3.3	+11.4	+19.2	+17.1		13.1	29.4	30.3	35.0	34.9	49.5	70.0	84.9	83.6	86.8

(a) Company Imports (table 28) plus additions (table 29).
 (b) As supplied by Company (see table 12) plus 2% for invisibles.
 (c) Net private transfer - a debit relating to accumulated savings repatriated by expatriates. The estimates assume 50% outflow of expatriate savings and expatriate savings are assumed at 1/3 of salary (company only).
 (d) See table 10.

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TABLE 33 : IMPACT ON NATIONAL INCOME - COMPANY TRANSACTIONS
YEAR ENDED 30TH JUNE

	Construction					Production									
	1969	1970	1971	1972		1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Consumption															
$\frac{3}{4}$ of total Private	3.2	10.2	15.0	14.5		13.5	12.9	12.9	12.5	12.2	12.0	11.6	11.2	11.0	10.6
Investment	15.7	62.7	107.8	119.3		4.1	4.6	5.2	8.6	8.3	5.7	4.9	3.0	1.8	1.9
Gross Monetary															
Sector Expenditure	18.9	72.9	122.8	133.8		17.6	17.5	18.1	21.1	20.5	17.7	16.5	14.2	12.8	12.5
Exports & Other															
Receipts (a)															
\$660/Long ton	-	-	-	-	85.1	119.3	116.6	111.7	113.4	115.7	117.8	118.7	118.7	109.0	99.8
\$880/ " "	-	-	-	-	113.6	159.8	156.4	149.8	152.7	156.7	159.2	160.0	160.0	147.7	135.7
\$1100/ " "	-	-	-	-	142.3	200.1	196.1	188.0	192.0	197.6	200.8	201.9	201.9	186.3	171.6
Total Market															
Supplies															
\$660/Long ton	18.9	72.9	122.8	133.8	102.7	136.8	134.7	132.8	133.9	133.4	134.3	132.9	121.8	112.3	
\$880/ " "	18.9	72.8	122.8	133.8	131.2	177.3	174.5	170.9	173.2	174.4	175.7	174.2	160.5	148.2	
\$1100/ " "	18.9	72.9	122.8	133.8	159.9	217.6	214.2	209.1	212.5	179.9	217.3	216.1	199.1	184.1	
Imports & Other															
Payments (a)	12.0	48.2	79.0	85.5	26.8	33.1	34.1	36.7	36.4	34.7	34.6	34.2	34.2	34.2	34.8
Gross Monetary															
Sector Product at															
Market Prices															
(excl. N.M.P.)															
\$660/Long ton	6.9	24.7	43.8	48.3	75.9	103.7	100.6	96.1	97.4	98.7	99.7	98.7	87.6	77.5	
\$880/ " "	6.9	24.7	43.8	48.3	104.4	144.2	140.4	134.2	136.8	139.7	141.1	140.0	126.3	113.4	
\$1100/ " "	6.9	24.7	43.8	48.3	133.1	184.5	180.1	172.4	176.1	145.2	182.7	181.9	164.9	149.3	

(a) Adjusted for National Income purposes.

Bougainville polling

From IAN HICKS

PORT MORESBY. — Mr. Barry Middlemiss, secretary of Bougainville's pro-secessionist movement, Napidakoe Navita, will stand in next year's general election in Papua - New Guinea.

fight on

His announcement, made in Kieta, on Bougainville ends months of speculation about his future and will start a bitter political struggle on the island.

He will stand for the Bougainville regional seat held by Papua-New Guinea's Minister for Transport (Mr. Joseph Lue).

Mr. Middlemiss said he had agreed to stand for the regional or Senate style seat after talks with another Napidakoe Navita leader, the member for Bougain-

ville South, Mr. Paul Lapun.

Mr. Lapun had asked him to stand as had a meeting of the Kieta local government in a resolution passed last month.

Mr. Middlemiss a former plantation overseer, played the leading role in establishing the Navitu which was formed in 1969 to oppose the Bougainville copper project and the compulsory acquisition of land which accompanied the project.

Since then the Navitu has emerged as the main

organisation for long-standing Bougainville demands for secession from the rest of Papua New Guinea.

Mr. Middlemiss almost single-handedly has run a poll of the island and has claimed that a big majority of the island's people is in favor of secession.

Observers believe feeling for secession is particularly strong in the populous Kieta area and to a lesser extent in the south of the island.

People in the north and on neighboring Buka Island generally are opposed to secession.

The work of Mr. Middlemiss in the Navitu all over Bougainville, coupled with

dissatisfaction with Mr. Lue's performance as regional member gives Mr. Middlemiss a strong chance of election.

If elected, he would be in a much better position to preach separatism — a situation fraught with difficulties for the Australian policy of a united country.

Meanwhile, a Navitu meeting at Kuka village, near Kieta, has pointed up smouldering resentment by villagers to the huge copper project due to start production soon.

The meeting, attended by

50 paid-up supporters of the movement, primarily was called to discuss a recent recommendation by the president of the Kieta council (Mr. Raphael Niniku) for people of the area to buy shares in Bougainville Copper Pty. Ltd.

But the meeting quickly developed into a wide debate on the project.

The Kuka village meeting supports findings sent to a recent seminar in Port Moresby that the copper project is having wide and grave social effects among the tribes of the island.

Age 22/7.

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BOUGAINVILLE
PROSPECTING BAN

The Administration will not grant any more prospecting authorities in the Bougainville District for the time being, the Director of Lands, Surveys and Mines, Mr D.S. Grove, said.

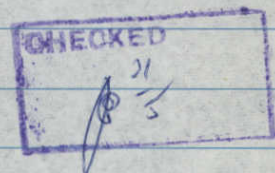
The Acting Administrator, Mr A. P. J. Newman, had announced this in a notice published in the Government Gazette. Mr Grove said that the copper mining project on Bougainville had used a significant amount of land. This was the main reason for banning the issue of any further prospecting authorities.

A total of about 500 square miles was covered by the prospecting authorities out of the 3,700 square miles of land on Bougainville.

Mr Grove said at present a number of prospecting authorities were already held by Bougainville Copper Pty Limited, and C.R.A. Exploration Pty Ltd. Four other applications had been made for prospecting authorities over the remaining area of Bougainville but these applications would not be granted due to the restrictions declared by the Administrator.

PNG

VOL 5 no 10.



Bougainville report

From p. 21

Killing between these peoples is not infrequent. And one killing is quickly followed by a revenge killing.

But if these groups attempt to throw off their masters — as Bill Squire feel could happen — that inter-racial hatred would probably be buried.

The company could well be aiding such a reaction. It is attempting to draw leaders of these racial groups into a regular meeting system to discuss their problems and to keep violence to a minimum.

The wage structure of the mine's workforce could also cause problems. An expatriate shovel operator would receive \$134 a week while the native receives \$40 for the same job.

The company claims it would pay more for native labor but it is restricted by the Territory's Public Service Board. The Ad-

ministration feels that if Bougainville workers receive more than mainland workers a huge racial outbreak is likely.

But while the company may have its problems, seen or unseen, at the mine its relations with natives are excellent. More than \$1 million is being spent to relocate eight villages in the eventual path of the Jaba River. The river is being used to take the mine tailings and severe flooding will occur in the later years of production.

A total of 104 European-style houses will be built for these people and the quality of their existence should improve markedly. The relocation should take three years. The natives are obviously pleased with the plan.

Villages with land on Bougainville Copper's special mining lease will receive 5 per cent. of the royalties paid to the

Territory from mine income. If the mines make \$100 million yearly, the 300 people located in these villages will receive \$50,000 a year — a real boon to a purely rural existence.

Much publicity has been given the racial outbreaks on the island since the mining operation began. The Rorovana clash over land rights has so far been the worst.

The attitudes to these "crises" from people on the island, both black and white, range from "ballyhoo" to "nonsense." The feeling is that the less publicity these confrontations receive the better.

Moves for secession from the Territory are viewed in a similar light. The leaders of such moves are taken very seriously by the company and the Territory — but only on the surface, one feels.

For the most part Bou-

gainville is a happy island. It's beauty and contrasts make it an ideal tropical playground. Few areas outside Panguna Valley have been touched by more than the gentlest of white hands.

Even the Valley itself is happy and beautiful although scarred by the wrath of the white-man's machines.

And there is a Bougainville Copper security checkpoint on the crest of the rugged Crown Prince Ranges.

That checkpoint is used mainly to keep straying natives out. At one stage the company was feeding 3000 more indigenes a day more than it was employing.

The checkpoint and its guards might be completely useless in times of serious trouble on the island — trouble which may come. The security guards are black.

July 936/4/3

Business Age

Thursday, May 13

Designed for capital appreciation with security and a wide portfolio of primary shares of companies listed on Australian Stock Exchanges

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21

EDITED BY LESLIE CARLYON

Bougainville Island, the site for one of the world's greatest mines, is a tense society. IAN ROBERTSON tells why.

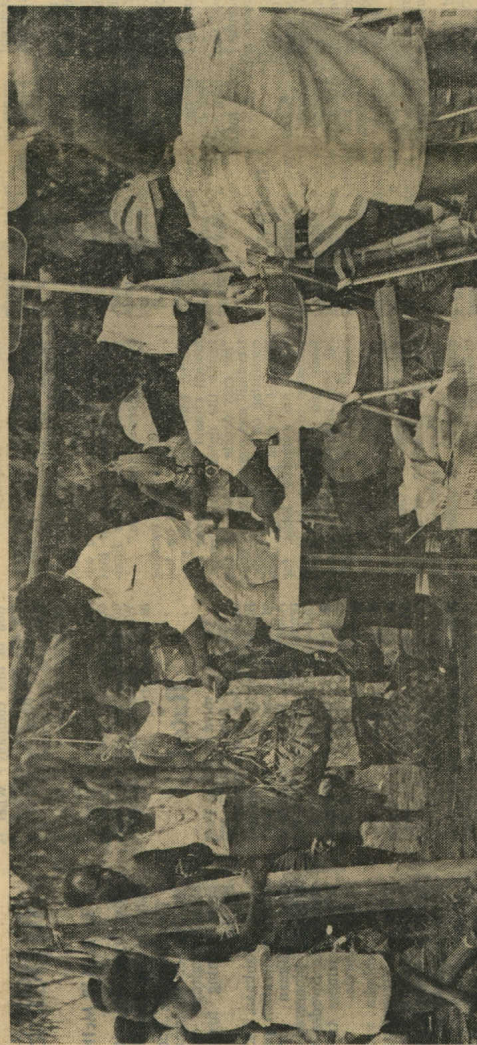
In the huge, high-roofed mess hall in Panguna Valley the black man and the white man are one. They sit together. They eat the same food. And yet, sitting there last weekend, you somehow felt the atmosphere still carried a taint of racialism — of hate.

On the opposite side of the valley white, smiling teeth flash across a black face behind the wheel of the 100-ton truck. The native is master of a \$200,000 machine, and the cheery toot of its horn and the briskly revved engine tell of his joy.

Just 20 yards away another native — a mere laborer-watcher with a face spotted with dirt. He's spent the past few minutes deciding how — or if — he will lift a small rock the required three feet.

Further down the road an obviously pregnant Australian woman, her arms loaded with parcels, grins as she half-stumbles through the slush. She has almost a mile to walk home. A bunch of black laborers six feet away watch and smile.

These trifling incidents give flashes of insight into the immense social problems of Bougainville, society in ferment, an island nature has endowed with precious jewels — like one of the world's biggest copper deposits. An island that the white-kids of the CRA mining house are trying to tame. The physical taming is virtually complete. The economic almost dissecting the island tell that story. The equally important problem of learning to co-exist with the native people — Bougainvillians — whom you could call it — still nags.



BOUGAINVILLE VILLAGERS SELLING VEGETABLES TO THE COPPER COMPANY.

the permanent married section of Panguna township, an attractive area not unlike a normal suburban development.

The native often marries a village girl unaccustomed to European life. To overcome this problem, such girls also receive training in hygiene and house management are given free.

The system appears to be working well. Natives who have been through the training system, and are now firmly entrenched in either the single or married quarters of the town, seem happy.

They also appear to have been accepted by their repatriate counterparts.

Is it a facade? Can it last? These are the questions a visitor to the island feels the company cannot answer satisfactorily.

Panguna's Anglican priest (Father Bill Squire) thinks the company is doing a grand job.

"But I can see problems brewing. The indigenous is all too keen to learn the white man's ways. At present they're impressed and honored to be placed in wage-earning positions. In five years I can see more and more indigenes thinking they are not honored... simply slaves of the white man."

"When they try to improve their lot and fall because of their lack of education the company could face a labor crisis."

Much of the present trouble on Bougainville is caused by black confrontations between the Bougainvillians, the blackest people in the world, and the highlanders from the Territory's mainland areas, a brown people.

Cont. p. 24

The island where nothing is black and white

both are sacked, regardless of how or why the fight started.

The company's stated obligations are to give maximum opportunities to all.

But there's a qualification. Necessary skills and qualifications* to be trained for mine work.

A special two-day psychology test is given to all natives. If the native is unsuitable, he goes no further. Those who go on are given every opportunity to succeed.

The native is not asked to immediately join the company. He learns to cope with social problems in his own time in small

gramme is intensive and thorough.

Similar situations throughout the world have led to mass murder, chaos, nationalistism.

Obviously technical training isn't enough. Social scientists have reviewed the Bougainville problem and assisted with integration problems.

The native is not asked to immediately join the company. He learns to cope with social problems in his own time in small

offered accommodation in

camps where the black man is in the majority.

He can move up to the west-end areas, and usually to the permanent living and heating quarters, whenever he feels he can cope — providing the management has similar feelings.

Although the natives are coping with the integration problems with ever increasing finesse, new problems constantly face the management.

Such a problem is native marriages. He is offered accommodation in

in his own time in small

Other

side of
copper
coin is
tragedy

Age
from 17, 71

File
936/4/13

NG PEOPLE
FEAR FOR
THEIR SAFETY,
SAYS REPORT

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PORT MORESBY. — The tragic side of Bougainville's bright and shiny copper coin — the destruction of a way of life — was outlined in a paper given to the 5th Waigani seminar by two Bougainvilleans yesterday.

The paper is one of the few attempts to put the \$400 million Bougainville copper project into perspective considering not only its relation to the people in and around the mining area but also to 60 years of Administrative neglect.

The two authors of the paper, both anthropologists, Father John Momis and Mr. Eugene Ogan said the benefits of the huge project had been unevenly distributed and had been accompanied by a decline in generally accepted indices of community well-being.

Negligible

The paper dealt solely with the projects affect on one of the major population groups on Bougainville — the 13,000 Nasioi people who live in the area close to the boom town of Kieta, the new deep sea port of Loloho and the copper mine site at Panguna.

The authors stated that by the time the Panguna copper deposit was discovered in the early 1960s the area already had a long history of dissatisfaction with European presence.

Race relations were poor, there had ben little attempt made to develop the area's undaunted agricultural potential and no attempt to provide educational facilities for the people.

Many parents had specifically rejected schooling as a tool of European exploitation and in the Guava area village leaders had explicitly forbidden school attendance.

Health services had improved but only in the urban or European areas; in the village areas health services had actually declined.

The influx of single male construction workers had caused a sharp rise in "vagrancy, prowling, burglary and crimes associated with drunkenness." Europeans "can and do enter villages accessible by vehicle and offer liquor to Nasioi regardless of age or sex and invite Nasioi girls on 'picnics.'"

Wet canteens free of normal hotel restrictions operated in all of the mining camps where many villagers including youths of 15 drank.

PORT MORESBY, Sunday. — Many indigenous people living near the Bougainville copper project feared for their physical and spiritual safety, the seminar was told today.

Men of the Nasioi tribe say "the white man is destroying us," and women say "we weep for what is being done to our land."

These comments were made in a paper presented to the Waigani seminar by Father John Momis, a Bougainville priest, and Dr Eugene Ogan, a visiting research fellow in the Department of Anthropology at the Australian National University.

The paper dealt with the projects effect on the 13,000 Nasioi one of the major groups on Bougainville, who live near the boom town of Kieta, the new deep sea port of Loloho and the copper mine site at Panguna.

The authors said that by the time the Panguna copper deposit was discovered in the early 1960s the area already had a long history of dissatisfaction with European presence.

Race relations were poor, there had been little attempt to develop the area's undoubted agricultural potential, and no attempt to provide educational facilities for the people.

The development of the mine area although completely legal under western law, had been directly opposed to traditional law and had violated all customary Nasioi concepts.

"Because their wishes have been ignored the majority of Nasioi today suffer in varying degrees even greater feelings of intimidation, inadequacy to adjust to modern conditions, and even fear for their physical and spiritual safety than they did in 1962," they said.

"In the Guava area closest to the mine site, one hears men saying 'the white man is destroying us' and the women: 'we weep for what is being done to our land.'"

Although the youthful population of the Nasioi had increased at the rate of

20 per cent in the past 10 years primary school enrollments of Nasioi children had actually fallen 20 per cent.

Part of the problem was that in those 10 years only three primary schools had been built in the area, all of them following an Australian syllabus which offered only negligible opportunities to local children.

"But most important of all, continuing social unrest has particularly affected Nasioi attitudes towards formal education," they said. Many parents had specifically rejected schooling as a tool of European exploitation and in the Guava area village leaders had explicitly forbidden school attendance.

Health services had improved but only in the urban or European areas. In the village areas, health services had actually declined.

"Europeans can and do enter villages accessible by vehicle and offer liquor to Nasioi regardless of age or sex and invite Nasioi girls on 'picnics,'" they said.

Canteens free of normal hotel restrictions operated in all of the mining camps where many villagers including youths of 15 drank.

"Whole parties of village men drink to stupefaction in the canteens and return to their homes where brawling and destruction of property invariably ensues."

There had been a complete breakdown of law and order in Nasioi villages. Police finding it hard enough to maintain adequate control in the towns were completely absent from the rural areas.

"Even with increased staff and the best of intentions, patrol officers would face an extraordinarily difficult task in regaining the confidence of people so thoroughly convinced (with some justification) that they have been and are being victimised and exploited by Europeans," they said.

"It seems to us that the tragedy of the Nasioi people is that the economic benefits are not distributed in the same manner as the social costs."

A bigger challenge than geology

ONE thing about big profit making enterprises is that ways will be found to achieve the seemingly impossible: like breaking down colour barriers.

Bougainville Copper appears to be doing more inside a decade to crack the colour problem than well meaning missionaries have done in more than a century.

With profits the spur, BCP — Bougainville Copper Proprietary Ltd—is attacking the problem in giant chess-board fashion, with every move masterminded to the smallest detail.

It contrast with the approach of the missionaries who, with all their zeal, tend to act with lack of cohesion . . . and whose aims are so different, anyway.

Whether the BCP approach will pay off remains to be seen. It still has to face its first real potential flashpoint when the construction workforce reaches a peak round mid-year.

Then, the project will be employing about 10,000 people of all colours and from sharply differing standards of civilisation.

There are tremendous pressures in trying to bring people from a subsistence agricultural level into full-scale industrialisation.

Not surprising, then, that the chairman of Conzinc Riotinto of Australia, Sir Maurice Mawby, says of the project: "This is one of the greatest experiments any country in the world has tried in a foreign country."

The company is attacking the problems of integration in a military manner.

In fact, it has three former colonels as senior executives and they play a big part in the industrial and community relations side.

It sends officers among the villages in the Kieta sub-district and other areas of Bougainville, explaining what BCP is doing and what it proposes to do.

The officers show slides, distribute literature, hear of disturbances and claims for compensation, and communicate to villagers the benefits being brought by the mining project as well as the principles of compensation, re-settlement and so on.

The staff has been strengthened progressively and is now under the control of the community relations manager.

Village relations officers and a business advisory specialist have expanded the section's influence further.

Many other services have been established by BCP and made available to the indigenous population, including hospital care, school accommodation, banking, sporting, and other entertainment facilities, a large trade store, hygiene and safety programs, and more.

Produce grown by local people is bought by the company which actively encourages and assists in the development of additional food crops.

A senior Bougainville executive told the "Financial Review" nearly two years ago that if the company could not "convince the first indigenous leader that the mine is in the interests of the country, then we have failed."

Nothing has happened to change this view.

The company's managing director, Mr F. Espie, a rugged Australian, stresses just how important it is for the company to be on good terms with the people.

"If we don't" he said, "then the first black President will have us out of here quick smart."

"But we fully intend seeing we stay and we are doing everything in our power to see that we do get on with the indigenes."

"It is certain indigenes will fill top management positions."

Bougainville Copper's crack at the colour barrier

"How quickly, though, must depend on their aptitude."

"They already show promising signs considering their previous level of attainment."

The company feels it has made progress: that the indigenes are already reacting positively to the taste of commercialism.

This commercialism has helped to dampen the hostility evident in the late 1960s.

One of the groups in the southern part of Bougainville which was fairly vocal against the company now appears to regard it as a "friend." This is the Napiidake Navitu group.

The group now has a commercial bent as its secretary, Mr Barry Middlemiss, indicated at the weekend. Two years ago, Mr Middlemiss was one of the activists fighting the project.

As business manager of Navitu Enterprises, Mr Middlemiss is organising island transport, and plans to branch into a service station and a restaurant.

He is looking at a \$200,000 investment and, significantly, is looking for BCP backing for buses to run from Aropa air-

The ultimate will be when all shades of colour live in the same housing complexes and share a joint social existence.

If Bougainville Copper can pull this off it will be the first time it has ever happened.

Integration has presented some difficulties, one of which is communication, because there is a high turnover of expatriates and few of them become proficient in pidgin.

"For this reason, indigenes who share the messes must have a reasonable grasp of English," the company says.

"BCP has decided that it is important not to force an indigene into an integrated society against his will."

The problems are compounded by the limitations of pidgin, the standard language on an island where 17 different languages are spoken.

But just as language and colour are problems, so is the wage structure.

There is a difference between the European scales of pay, between indigenes working for Bougainville Copper and those

form a trans-island transport facility.

The company makes the point that right from the outset it realised the project was not going to be merely a simple mining operation.

The company explains: "There was to be a significant social involvement both in Bougainville and in Papua New Guinea as a whole."

"The company has been strongly aware of the impact on the lives and customs of local land-holders and villagers."

"Recognition of fair compensation to be paid for loss of trees and crops, disturbance to tribal lands, etc has been a high company priority."

"In addition to its recognition of the far-reaching effects of the project on Bougainville life and its policies of integration, compensation, training and employment opportunities for the indigenous population, the company supports or participates in other activities designed to improve the social relations between itself and the Territory population."

BCP has made a financial grant to the Research School of Pacific Studies of the Australian National University for intensive field studies of Bougainville social groups.

It has contributed towards seminars held on social, economic and political matters by the Council of New Guinea Affairs.

Even before the feasibility studies began in earnest, company executives were visiting the Zambian copper belt, the Palabora Mine in Southern Africa and copper mines in the Philippines in order to draw up policies for integration and indigenous training.

Anthropologists and psychologists from Australia and the US were consulted.

The company expects by 1972 to employ five graduates and diplomates in various capacities with numbers increasing rapidly in the early production years.

At the end of March, a total of 45 indigenes held scholarships and cadetships, provided by the company, at various Papua New Guinea institutions.

Technical and commercial training is being undertaken on site and through the Lae Technical College.

Currently, there are more than 150 apprentices on site.

During 1971 the company expects to spend about \$500,000 on training.

The company explains: "Considerable importance is attached to on-site light and heavy vehicle driver training and plant operator training."

As well as practical driver training, instruction is also given on basic mechanical and servicing techniques.

Great emphasis is placed on safety instruction and road rules, using safety films and a miniature test track with scale model vehicles.

"Lectures by the PNG constabulary are arranged periodically to reinforce safe driving techniques."

"Considerable success has been achieved since conventional pre-production mining began, in the employment of indigenous drivers for the R105 100-ton off-highway trucks, and this reflects the high standard of training at Panguna."

"This success has encouraged the company to train indigenes also to man the 17-cubic yard shovels which are as large as any operating in metalliferous mining in the southern hemisphere."

During the next few years the project will directly, or indirectly, provide employment for about 2,500 indigenes of the Territory, rising to about 4,000 after 10 years.

It is expected to more than double the Territory's exports.

During the first decade of operation the Administration of Papua New Guinea expects to receive total revenue of between \$200 million and \$300 million depending on the price of copper.

BOUGAINVILLE OBSERVED

By Trevor Dawson-Grove

strip, on the east coast about 10 miles from Kieta, to Panguna.

Mr Middlemiss considers social economics and political development can no longer be divorced in the area.

He sees the main problems facing the Bougainvilleans as not the company but the Papua New Guineans.

He said they had "a dislike and distrust" of them.

While advocating the secessionist move, he points out that Bougainville can do without the rest of the Territory.

He concludes that "the island pressure group" he calls itself has only a minority viewpoint. He says the secessionist decision from the Territory is fairly widespread.

He points out that its historical and political background is different, that it had nothing to do with the Territory until the Germans came.

But his group has opposition from North Bougainville with quite strong moves against it by the Buka Local Government Council.

Yet another opposition group failed to gain support on the island and also from intellectuals in Port Moresby, according to Mr Middlemiss.

Meanwhile, the company is aiming for full integration of the workforce and the general community.

The office staff is already fully integrated with expatriates and indigenes sharing messing and accommodation facilities.

As Mr R. W. Ballmer, an American and director of operations and general manager, put it: "Results of integration to date have been far better than we expected."

But the real test must come when the housing communities take shape.

working on the construction and between indigenes elsewhere in the Territory.

The indigenes working for Bougainville Copper receive big money compared with others in the Territory.

While the plantation worker on Bougainville receives about \$4-\$5 a week, the lowest paid construction worker on the copper project receives about \$10 a week.

The indigenes working for Bougainville Copper on a long term basis (as distinct from construction workers who earn a short term payment) receive \$40 for shovel operators and \$36 for bulldozer operators.

While this is good money for the indigenes there is a big gap between the rates paid to expatriates. The differences are as marked as those which so strongly favour American executives in Australia doing the same job as Australians.

The expatriate shovel operator receives \$134, the bulldozer operator \$130.

The 75,000 people of Bougainville and adjoining Buka Island are Melanesians, the darkest group in PNG.

The mine, processing area and township are located at Panguna; the port is at Anewa Bay and the power station at Loloho; the coastal town at Arawa; and the staging camp at Kobuan.

Panguna lies in an elevated valley in the interior of the island, which is about 120 miles long by 30 miles wide.

Like a spine down the middle, a steep mountain range is 8500ft high in parts.

At first accessible only by foot or helicopter, Panguna is now reached by a 16-mile access road which links villages, provides general access to the centre of the island and will eventually

FOREIGN AFFAIRS

file 936/4/13

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Islanders say promises broken by NG

By MAX HOLLINGSWORTH

Two organisations on Bougainville yesterday accused the Papua-New Guinea Administration of dishonoring promises on native involvement in the development of the new mining town of Arawa.

At a joint meeting, the Kieta local government council and leaders of the secessionist movement, Napidakoe Navitu, threatened to ask all Bougainville to withhold land unless local people were given a fair deal.

The Deputy Administrator of the Territory, Mr A. P. J. Newman, and the executive officer of the Arawa town commission, Mr H. Roach, both strongly denied the accusation.

Arawa, which will become the fifth largest town in Papua-New Guinea, is being constructed over three years to serve the island's multi-million-dollar copper project.

The Administration has promised to make arrangements for local people to receive sites and establish businesses there, along with expatriates, but so far no details of how this will be achieved have been released.

Napidakoe Navitu members claimed that their association had been refused land at Arawa, while two non-indigenous businesses were already operating there.

Mr Newman said the situation had not been reached where local entrepreneurs had been granted or denied the opportunity to establish businesses at Arawa.

MEETING TODAY

Mr Roach said the only store now operating was under the control of the Bougainville Copper Company and another to be built shortly would have equity for local people.

He said the Arawa town development committee would meet today to determine which blocks would be made available for initial applicants. They would be gazetted and given wide publicity, he said.

Bougainville Copper has agreed to set up an enterprise company to operate businesses at Arawa, initially on a 49 per cent to 51 per cent partnership basis with Bougainville people or groups. When successfully operating, the entire shareholding would be

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Bougainville Copper has agreed to set up an enterprise company to operate businesses at Arawa, initially on a 49 per cent to 51 per cent partnership basis with Bougainville people or groups. When successfully operating, the entire shareholding would be sold to Bougainvillian purchasers.

The company has also agreed to offer for sale to native landowners at Arawa 7000 ordinary shares as part payment for a 99-year lease on their property.

In another motion the Kieta council acknowledged that the permissive society had reached Bougainville and was a most unwelcome arrival.

Administration officers reported that the council objected to the sale of magazines containing images of semi-clad women.

936/4/13

The Secretary,
Department of External Territories,
CANBERRA, A.C.T. 2600....

OFFSHORE PETROLEUM PERMITS, BOUGAINVILLE- REQUEST
FOR INFORMATION

.... Attached for your attention is a copy of a letter of 13th November, 1970, from Mr W. Jauncey, requesting information on offshore petroleum exploration.

.... 2. A copy of our reply to Mr Jauncey is enclosed for your information.

(P. R. Bryden),
for the Secretary.

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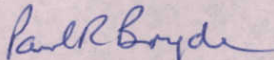
25th November, 1970

Dear Sir,

Thank you for your letter of 13th November, 1970, in which you asked for information on offshore petroleum exploration near Papua and New Guinea.

We have brought your request to the attention of the Department of External Territories, and they should be in touch with you in the near future.

Yours faithfully,


(P.R. Bryden)
for the Secretary

Mr W. Jauncey,
Geologist,
Arco Australia Pty. Ltd.,
Box 2521,
G.P.O.,
SYDNEY. N.S.W. 2001.

A limited liability company
incorporated in the U.S.A.
8-12 Bridge Street
Box 2521, G.P.O., Sydney, N.S.W. 2001
Telephone 27-6901
Cable Address: "Arcoaus"
Telex AA 21297

CENTRAL REGISTRY
D.E.A.
NOV 16 10 24 AM '70
NOM. INDEX. SUBJECT



133

November 13, 1970.

936/4/13

The Secretary,
Department of External Affairs,
Administrative Building,
PARKES, A.C.T. 2600

Dear Sir,

I understand that applications will soon be called for permits to explore for petroleum in five offshore areas near Papua and New Guinea, in the vicinity of the Trobriand Islands, D'Entrecasteaux Islands, the Louisiade Archipelago, Milne Bay and the western coast of Bougainville.

Will you please send me all relevant information concerning these areas and the conditions of applications for permits to explore.

Yours faithfully,
ARCO AUSTRALIA LIMITED,

W. JAUNCEY
GEOLOGIST.

WJ/ag.

*Mr. Borden
Please refer for attention
to External Territories
with letter to this
effect to Mr. Jauncey
8/23/70*

936/4/13

22nd October 1970.

Vol. 4 No. 21

162

Papua and New Guinea Newsletter

INVITED GUESTS ATTEND PREMIERE OF BOUGAINVILLE FILM The Deputy Prime Minister, Mr John McEwen and twelve Ambassadors were among 90 guests who attended a film premiere hosted by the Minister for External Territories, Mr Barnes, in Canberra on 14 October. The Canberra premiere of the film, 'My Valley Is Changing', coincided with its screening at Panguna in Bougainville.

The film deals with the development of the Bougainville copper project and its impact on the lives of the Bougainville people. It was produced by the Commonwealth Film Unit under the joint sponsorship of the Department of External Territories and Bougainville Copper Pty. Ltd.

2

Speaking before the showing, Mr Barnes told guests that the project would be producing copper concentrates in a little over 18 months' time. 'It is a credit for those concerned that the project will be brought to fruition on schedule', he said.

The Bougainville copper project offered very substantial benefits to the Territory as a whole. These would include:

- . Jobs for more than 2,500 New Guineans.
- . A township of over 10,000 people.
- . A \$2 million training programme for indigenous people.
- . Revenue to the Administration in the first ten years of operation was likely to exceed \$400 million.
- . After 1972-73, a doubling of Territory exports, adding \$100 million a year.

Mr Barnes said that while development of the copper deposits was being financed primarily by private enterprise, the Administration was contributing about \$46 million for the development of a townsite at Arawa and for provision of infrastructure, such as roads and telecommunications. In 1970-71 the Administration expected to spend \$17 million in addition, and it had taken up a 20 per cent equity interest on behalf of the people of the Territory at a cost of \$25 million.

Following the screening of the half-hour film, orders for prints were received from the Japanese Ambassador, Mr Shizuo Saito and from Mr Paul Phillips, Executive Director of the Australian Mining Industry Council.

The film is also being screened in Brisbane, Sydney and Melbourne.

21 October, 1970

INDIAN CONSULTATIONS

MR SHANN:

We understand that Mr Gonsalves asked yesterday whether we could supply some information on areas of friction between the Administration and the indigenous people in TPNG which might be raised at the General Assembly this year.

....

2. The two obvious instances, which have already been referred to critically in the Committee of Twenty-four this year, are the disturbances on Bougainville Island and in the Gazelle peninsula on New Britain. The attached papers summarise the two situations and you might care to pass them to Mr Gonsalves.

3. The main points about the disputes are -

- (a) Rabaul. The dispute arose over a decision taken last year to establish a multi-racial local government Council in the Gazelle. This was opposed by a militant association of the local Tolai people (the Mataungan Association) which favoured a purely Tolai Council and called on the local people to oppose the new Council by withholding Council tax. A serious confrontation developed in July, 1970 with mass intrusions by Mataungans onto some blocks of land near Rabaul which the Administration had purchased for re-distribution to Tolai small-holders. There was no violence although police strength rose to 1250 at one point with assemblies of up to 2,000 Mataungans confronting them. The situation has cooled since and negotiations between the Council and the Mataungans are under way on an alternative system of local government.

- (b) Bougainville. There was some unrest in July and August, 1969 on Bougainville between the Arawa people and the police over the parcels of Arawa land which were needed for the large copper mining project established in the area. Police strength rose to 600 at one point and they used tear

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21/10/70

2.

gas in one incident. There were no injuries or violence. The incidents quickly subsided and a further round of negotiations took place. Settlements satisfactory to the Arawa and Rorovana peoples have since been reached on the land required for the mine and there have been no further incidents since. There is an endemic separatist problem in Bougainville which has concerned us.

(M.W. Hughes)
Dependent Territories Section

PRESS RELEASE

936/3/21

Number 958

20th July, 1970.

CABINET MEETS TO CONSIDER GAZELLE SITUATION

(Statement by the Prime Minister, Mr John Gorton)

Federal Cabinet met today (Sunday) to consider a series of reports from the Administrator of Papua and New Guinea.

The reports indicated that the Administrator faced a serious, potentially dangerous situation on the Gazelle Peninsula in New Britain.

The situation has come about in the following way. The Administration bought land on the Gazelle Peninsula in order to subdivide it and distribute it among Tolai and Baining indigenous people. A section of the Tolai, called Mataungans, had sent squatters onto the land and had stated that they were going to occupy it and distribute it themselves and that they recognised no title and no law but their own will.

The Mataungans had made it clear that they would resist any attempt at removing their illegal squatters and had massed twelve to fifteen hundred persons on the site to resist by violence any attempted removal.

The persons gathered were armed with spears, bows and arrows, sling shots, rocks, bottles, bush knives and axes.

It was clear that if the police carried out their duty and removed those in illegal occupation of the land there was a strong risk of a major clash, of riot and of extreme violence.

.../2.

. After considering these reports, and bearing in mind the expressed wish of the Administrator's Executive Council and of the Tolai opposed to the Mataungans, that the law should be enforced, Cabinet decided that it was essential that law and order should be maintained in the Territory.

Cabinet decided that the government fully agreed with the Administrator and would fully support the Administrator in carrying out measures which the Administrator had advised the government he felt to be necessary in the present circumstances, to remove squatters.

The Administrator has been so informed. It is hoped the leaders of the Mataungan section of the Tolais will not incite their followers to the violence they have threatened, but if they do so the responsibility for any consequence will rest upon them alone.

BD/SM

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TERRITORY OF PAPUA AND NEW GUINEA

PRESS RELEASE

Number 922
A

14th July, 1970

SQUATTING ON ADMINISTRATION LAND
IN THE GAZELLE PENINSULA

The Administrator, Mr. D.O. Hay, said today leaders of the Mataungan Association and their supporters were being warned that the Administration intended to take action to move certain squatters from Administration land in the Gazelle.

Mr. Hay said field staff of the Department of the Administrator would contact Mataungan leaders shortly.

A message from the Assistant Administrator (Economic Affairs), Mr. A.P.J. Newman, had been broadcast on Radio Rabaul last night. (Press release No. 923)

Mr. Hay said the Administration was primarily concerned with squatters who were occupying blocks of land which had been surveyed, and were intended for allocation to Tolai and Bainings families.

The Administration had over the last 12 months been taking active steps to make available to indigenous occupants about 15,000 acres of Government owned land in the area of the Kerevat and Vudal River valleys in the Gazelle Peninsula.

This area consisted of the plantations known as Vunapaladig, Japlik and Mandres and a block of land known as Buri.

The three plantations had been purchased from Coconut Products Limited and prior to purchase the land Titles Commission had granted that company clear title to the land.

The Buri land had been purchased from the Bainings people some years ago for forestry purposes but in view of the evidence of increasing land needs in the Gazelle Peninsula area a decision was taken to allocate it for agricultural usage.

The land had been surveyed there and was now being divided into about 300 resettlement blocks.

A special Land Board, comprising an expatriate chairman and Tolai and Bainings members was currently dealing with 855 applications.

This land was being made available for settlement purposes because Tolai and Bainings people had, in the past, voiced concern with regard to population pressures and consequent land shortages in some areas.

The Administration recognised the validity of these claims, and the creation of the present sub-division was one of the actions taken by the Administration to help relieve pressures on land.

Mr. Hay said officers of the Administration had repeatedly explained the law to the squatters and had repeatedly asked them to leave the land.

However, both verbal and written Notices to Quit had been ignored and in some instances Administration officers had been intimidated and threatened.

This situation could not be allowed to continue.

The leaders of the Mataungan Association were urging their supporters to squat on the land in a deliberate attempt to frustrate the orderly allocation of this land to Tolai and Bainings families.

If this deliberate defiance of the law was allowed to succeed it would create a precedent for the forceful acquisition of land, and the peaceful and legal methods of settling land disputes would be brought into disrepute.

This would prejudice the orderly economic development of Papua and New Guinea.

Mr. Hay said the Administration, the House of Assembly and other interested groups such as the Wamaram, had, over the past year, made every effort to bring about a peaceful solution to the present conflict in the Gazelle. The Prime Minister himself had sought compromise but had been rebuffed by the Mataungan Association leadership.

It was now evident that the Mataungan Association leaders had adopted an inflexible and unreasonable attitude and would appear to be bent on forcing a confrontation.

The Administration wished to avoid this and for this reason had issued further warnings to the squatters.

The Administration was also prepared to participate in any meaningful discussions or assist in implementing a peaceful settlement of the problems on the Gazelle Peninsula.

However there were indications that, spurred on by Mataungan Association leaders, the squatters would continue to ignore the law.

If this proved to be true, the Administration would have no option other than to remove the squatters.

In enforcing the law the Administration firmly believed that it had tried all other options open.

In the interests of the Tolai and Bainings people, some of whom are themselves leaseholders, and in the interests of the people of the Territory as a whole, the Administration must now act to uphold the law in the Gazelle.

BJD/SM

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54

During July and August, 1969, resistance by the local people to the expropriation of land for the Bougainville Copper Project led to disturbances and polic~~e~~ re-inforcements were flown in.

2. Three areas of land were in dispute. One consisted of the European plantation at Arawa, where 998 acres were required to complete the area needed for the Arawa township near the coastal port site. The second consisted of 140 acres of land owned by the Rorovana people, for a port and industrial site. The third, consisting of 640 acres owned by the Arawa people, was part of the land required for the proposed township.

3. Negotiations for the sale of the disputed land have since been successful. It was announced on 16 January 1970 that a final settlement had been reached relating to the leasing of 140 acres of land from the Rorovana people. The Rorovana people have expressed satisfaction with the terms of the settlement.

4. All landowners in the lease area have now signed the Agreement which provides for:

- (a) an intermediate payment of \$37,000 which includes an annual fee of \$7,000;
- (b) a review of the annual fee at intervals of seven years;
- (c) an offer of 7,000 shares in Bougainville Mining Ltd. at issue price;
- (d) other forms of compensation for loss of economic crops and trees.

5. Payments will be made to a board of trustees who will distribute payments in accordance with the rights of individual members of the Rorovana people. After consultation with the Rorovana people three trustees were nominated, two representing the Rorovanas and one the Administration.

6. A Land Titles Commissioner has examined the claims of the Rorovana people and his determination of claims has been accepted by them.

7. On 10 September, 1970, it was announced that an agreement worth over \$2 million had been concluded with the Arawa people over land required for the township project. The Administration has concluded an agreement which provides for:

- (a) a 99 year lease for 372 acres at an annual rental of \$18,000, reviewed every 7 years;
- (b) payment to the Arawa people of \$40,000 for improvements, and 2 acres within the township for commercial purposes;

2.

- (c) Bougainville Copper Pty. Ltd. will establish shops, taverns etc. which would ultimately revert to Arawa ownership.

8. The Administration reduced its claim for land and agreed to accept a long lease rather than outright ownership. The Member of the House of Assembly for South Bougainville, Mr Lapun, has said his people are "very happy with the agreement".

9. The benefits which are offered to the Territory from the venture for which the land is needed are:

- (a) employment for 2,500 New Guineans within the next five years;
- (b) a township of 10,000 people;
- (c) a \$2 million training programme during the period to 1973;
- (d) annual revenue to the Administration of \$50 million by 1982 when the project is in full stream, with 50% of the taxable income going to the Territory Treasury;
- (e) the Administration, on behalf of the people of the Territory, has a 20% equity interest in the project. Accordingly, one-fifth of the dividends paid on taxable income will accrue to the Territory.

Hobart Place,
CANBERRA CITY.

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936/4/13

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70/1165

The Secretary,
Department of External Affairs,
CANBERRA. A.C.T.

Attention: Mr K. Desmond,
South Pacific Section

OFFSHORE PETROLEUM PERMITS - BOUGAINVILLE

The Administrator of Papua and New Guinea will shortly be inviting applications for petroleum exploration permits in five offshore areas.

2. One of the areas is off the west coast of Bougainville and extends to within about two miles of the boundary between the adjacent areas of New Guinea and the British Solomon Islands Protectorate. The photocopy attached shows the area concerned. It is a copy of part of the Rabaul 1:1,000,000 (S.B.56) map and the sides of the small squares are about 5 nautical miles.

3. I should be glad if you would inform the BSIP authorities of the Administrator's intentions.

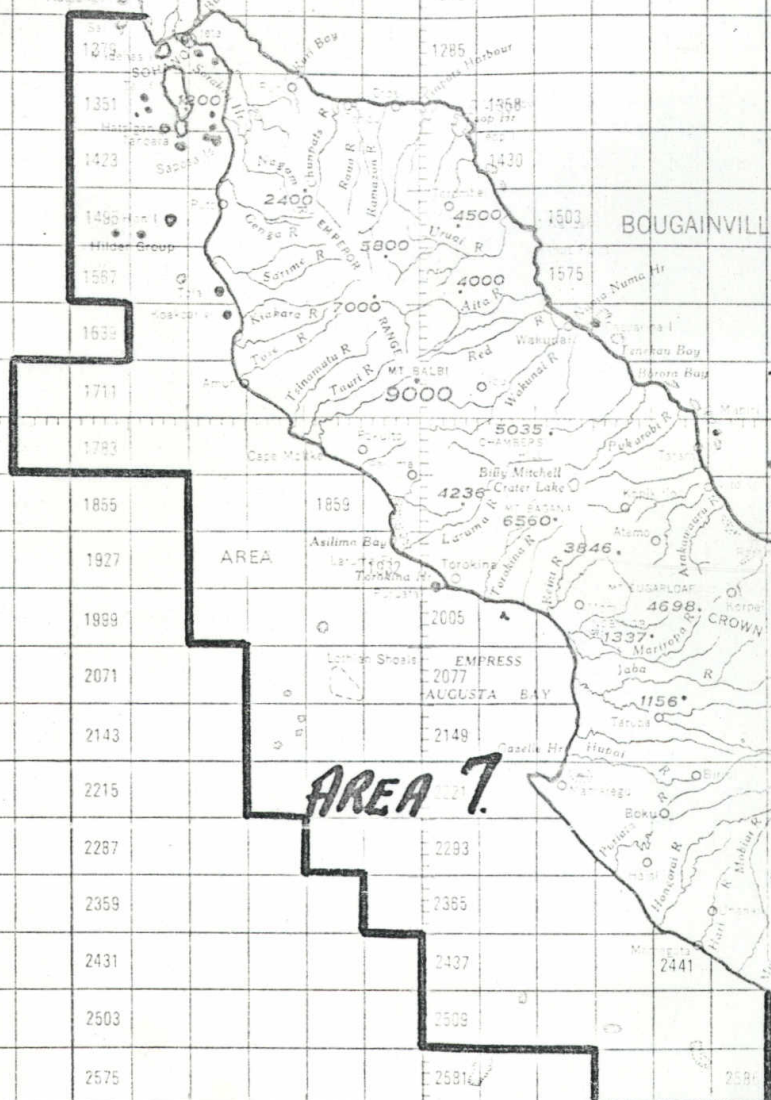
D. O. Hay
(D. O. Hay)
Secretary *DSH*

Mr Pettibridge

*For information South Pacific in
reforming BSIP. 6/2/49*

Mr Desmond

→ File



AREA 7.

PART OF RABAUL 1:1,000,000 SHEET
 (S.B. 56)
 SMALL SQUARES HAVE SIDES OF LENGTH 5' OF ARC

1	258	TRUE
2	233	TRUE
3	114	TRUE
4	85	TRUE
5	225	TRUE
6	200	TRUE
7	161	TRUE
8	143	TRUE
9	144	TRUE
10	144	TRUE
11	144	TRUE
12	144	TRUE

ENLARGEMENT

E

936/4/13

150

=AAP404 10 SEEP 770 918
LAND

BY DON WOOLFORD, AAP SPECIAL CORRESPONDENT
PORT MORESBY, SEPT 10, AAP - THE PAPUA NEW GUINEA
ADMINISTRATION HAS REACHED AN AGREEMENT WORTH ABOUT TWO MILLION
DOLLARS WITH VILLAGERS OVER LAND REQUIRED FOR ARAWA, THE
BOUGAINVILLE COPPER TOWN.

BUT THE ADMINISTRATION HAS NOT BEEN ABLE TO GET AS
MUCH LAND AS IT ORIGINALLY WANTED.

DEPUTY ADMINISTRATOR MR. A.P.J. NEWMAN, ANNOUNCED THE
AGREEMENT IN THE HOUSE OF ASSEMBLY TODAY.

HE SAID THE ADMINISTRATION HAD RECEIVED A 99 YEAR LEASE
FOR 372 ACRES BELONGING TO ARAWA VILLAGERS.

THEY WOULD RECEIVE AN ANNUAL RENTAL OF MORE THAN 18,000
DOLLARS TO BE REVIEWED EVERY SEVEN YEARS.
MORE MV

h. Hughes

==AAP407 10 SSEP 70 1925
LAND 2 PORT MORESBY

THEY WOULD ALSO RECEIVE A PAYMENT OF 40,000 DOLLARS FOR IMPROVE-
MENTS AND TWO ACRES OF LAND WITHIN THE TOWNSHIP FOR COMMERCIAL
PURPOSES.

BOUGAINVILLE COPPER PTY LTD HAD ALSO AGREED TO SET UP A
COMPANY TO OPERATE PROJECTS LIKE A TAVERN AND A SUPERMARKET,
WHICH IT EXPECTED THE VILLAGERS WOULD ULTIMATELY OWN TOTALLY.

FOR THEIR PART THE VILLAGERS HAD AGREED TO KEEP 200 ACRES
WEST OF TOWNSHIP AS A GREEN BELT.

THE 372 ACRES - THE GOVERNMENT ORIGINALLY WANTED 640 - COMPL-
ETED THE ARAWA'S LAND NEEDS.

IT ALREADY HAS 1,000 ACRES FROM AN AUSTRALIAN OWNED PLANTATION.
MORE TN

h. Hughes

=AAP408 100 SEEP 70 1926
LAND 3 PORT MORESBY

WHEN NEGOTIATIONS FOR THE LAND BEGAN LAST YEAR SHORTLY AFTER
ANGER AND CONFRONTATIONS OVER ACQUISITION OF THE NEARBY ROROVANA
VILLAGE LAND THERE WAS FEAR THAT NO AGREEMENT COULD BE REACHED

BUT THE ADMINISTRATION, BY REDUCING ITS CLAIM FOR LAND AND
AGREEING TO ACCEPT A LONG LEASE RATHER THAN OUTRIGHT OWNERSHIP,
TOOK MUCH OF THE HEAT FROM THE NEGOTIATIONS.

PAUL LAPUN, MEMBER FOR SOUTH BOUGAINVILLE AND PRESIDENT OF
NAPIDAKOE NAVITU, A POLITICAL AND WELFARE ORGANISATION WHICH
NEGOTIATED ON BEHALF OF THE VILLAGERS, SAID OUTSIDE THE HOUSE
THAT THE PEOPLE VERY HAPPY WITH THE AGREEMENT.
AAP TN

936/4/13

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Cairns Times
Rise in pay *4/8/73*

PORT MORESBY, Monday, (AAP). — Native workers on the Bougainville copper project are to receive substantial increases in take-home pay.

This follows an agreement reached between Bougainville Copper Pty Ltd

and representatives of the Bougainville Construction and General Workers Union, which represents about 1,800 men.

The president of the union, Mr Gaudi Mirau, announced the agreement today.

Under its terms, wages will range from \$12.70 for general labourers to \$54.58 for crane drivers per basic 60-hour working week.

The increases range from 25c for labourers to more than \$14 for crane drivers.

In addition everyone will receive an extra \$2 in take-home pay as this amount will no longer be levied each week for food and accommodation.

The men will also be entitled to their air fare home after one year's service. Most come from outside Bougainville.

936/4/13
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TERRITORY OF PAPUA AND NEW GUINEA

PRESS RELEASE

Number 849
B

30th June, 1970.

NAPIDAKOE NAVITU INVITES MHAs TO MEETING

A report from Kieta on Bougainville today said that the Napidakoe Navitu Association has invited the three Bougainville Members of the House of Assembly to attend a meeting of the Association on Friday of next week (July 10th).

A meeting of the executive committee of the Napidakoe Navitu agreed to this yesterday.

The three Bougainville Members of the House are Joseph Lue (Bougainville Regional), Donatus Mola (North Bougainville) and Paul Lapun (South Bougainville).

The Secretary of the Napidakoe Navitu, Barry Middlemiss, said in Kieta yesterday that the association wanted the Members to attend the meeting to talk about statements they made at the last meeting of the House of Assembly.

At the last meeting of the House, Joseph Lue moved that the House should ask the Administration to find out more about what Barry Middlemiss was doing in Bougainville.

The Member for North Bougainville, Donatus Mola, also criticised the Napidakoe Navitu Association in the House.

The meeting called by the Napidakoe Navitu Association will be held on the same day that the Prime Minister of Australia, Mr. John Gorton, visits Kieta.

Rabaul/IV/SM

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COMMONWEALTH OF AUSTRALIA

TELEPHONE

Department of the Army
Russell Offices
CANBERRA ACT 2600

In Reply Quote

660/R1/16

CENTRAL REGISTRY
D.E.A. G

JUL 6 10 18 AM '70

NOM. INDEX. SUBJECT

3 July
June 1970

Secretary
Department of Defence
Russell Offices
CANBERRA. ACT 2600

Secretary
Department of External Affairs ✓
Administrative Building
CANBERRA. ACT 2600

936/4/13

ENCLOSURES ATTACHED

ACTIVITIES OF B. MIDDLEMISS IN RELATION TO ARMY IN TPNG

1. Attached is a copy of a report from Brigadier R.T. Eldridge, Army Commander in TPNG, concerning the activities of B. MIDDLEMISS.
2. The report may be of interest to your officers, and is forwarded for information.

Imawden
(B. WHITE)
Secretary

6/28/7

File

St.

OKED
R

~~CONFIDENTIAL~~

AUSTRALIAN MILITARY FORCES

146

LBC

Cable in Reply

875-71-13

Headquarters:
Papua and New Guinea Command
Murray Barracks Free Bag
BOROKO TPNG

Jun 70

DMI
AHQ

VISIT BY MR B. MIDDLEMISS TO COMMANDER
PNG COMMAND ON 5 JUN 70

Reference: A. HQ PNG Comd 875/P1/13 of 4 Jun 70.

1. Between 1015 hrs and 1110 hrs on 5 Jun 70 the Comd PNG Comd was visited by Mr B. Middlemiss. The GSO2 (Int) was present during the visit.
2. During the earlier part of the conversation Middlemiss was encouraged to talk about the Napidakoe Navitu Association and his connection with it. Among the points he mentioned were the following:
 - a. The NN aims at social, economic and political development of the Bougainville people and has intentions of nominating candidates for the 1972 elections for the House of Assembly.
 - b. Some 30 per cent of the Bougainville voting electorate is covered by the NN to date - including about 7000 persons in the Kieta area and 30000 in the Buin area. (Population figures are probably correct).
 - c. Middlemiss is both paying to and paid by the NN.
 - d. There is a "secret grouping" within the NN leadership which does not believe that Bougainville should secede from TPNG but is willing to permit a secession feeling to grow among NN supporters as a means of "getting a better deal from the Administration". (This was passed as "CONFIDENTIAL").
 - e. The Vice-President of the Buin Local Government Council is a supporter of the NN notwithstanding the President's assertion that NN is not wanted in the Buin Area. (Probably true)
 - f. Most of the secessionist feeling is strongest among the 40 to 60 year old Bougainvillians.
 - g. Paul Lapun has instructed Middlemiss to go on patrol in the Buin area and "sign up" people in the area.

/h.

~~CONFIDENTIAL~~
CONFIDENTIAL

CONFIDENTIAL

2.

145

h. The economic arm of the NN is "Navitu Enterprises" the board of directors of which is substantially the same as the Executive Committee of the NN. (Probably true).

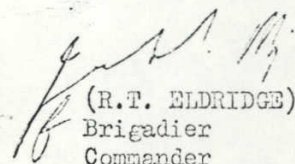
i. Although Middlemiss makes suggestions to the NN Executive, he does not make up its mind for it, ie, he is on record in the minutes of a meeting as being against a successful motion to request the Administration to stop malarial spraying in the Kieta area.

3. During the latter part of the visit talk was more confined to the relationship between Middlemiss and Bougainville soldiers. He firmly maintains that he did not talk politics with the soldiers but was merely the purveyor of items of personal news between the soldiers and their villages. He further stated that, although soldiers had expressed a desire to join the NN, he had deliberately refrained from sending them joining papers.

4. Middlemiss appeared to accept the proposition that soldiers should be aware of political developments occurring in the Territory whilst remaining themselves politically sterile.

5. He apologised for not realising that, as a matter of form, he should request permission from the senior officer when he desires to enter Army establishments and talk with soldiers.

6. Middlemiss maintained that his relationship with soldiers, as a group, was not unique and that he often visited, when the opportunity arose, such organizations as JPNG, PMC (Papuan Medical College), Police, the Bomana Seminary, the Admin College and Teacher Training establishments. With reference to these visits he stated that politics was never discussed and that political discussion about Bougainville took place in Port Moresby in two "areas" only. (He did not further elaborate).


(R.T. ELDRIDGE)
Brigadier
Commander

CONFIDENTIAL

AUSTRALIAN MILITARY FORCES

CENTRAL REGISTRY		
660	R 1	16

Folio.....

144

Quote in Reply

875.P1.13

ADDRESS

Headquarters
Papua and New Guinea Command
Murray Barracks Free Bag
BOROKO TPNG

Jun 70

AHQ (Canberra)

ACTIVITIES OF B. MIDDLEMISS
IN RELATION TO THE ARMY IN TPNG

1. B. Middlemiss is the Secretary of the NAPIDAKOE NAVITU Association in Bougainville. In recent months he has shown an interest in talking with Bougainville soldiers.
2. On 8 May 70, Middlemiss was involved in a traffic accident in Port Moresby. At the time of the accident he was accompanied by four Bougainvillians, one, possibly two, of whom were soldiers from Murray Barracks.
3. On 12 May 70, Middlemiss paid an unauthorised visit to Igam Barracks in Lae where he met and talked with a soldier from Bougainville who is on the staff of the Military Cadet School. Middlemiss sought the soldier's help in gathering all Bougainville soldiers in the area, saying he wanted to talk to them. The soldier declined to assist and Middlemiss left the area. (A report of this incident is attached).
4. On the morning of 03 Jun 70, PNG Comd was advised by Special Branch that Middlemiss would probably attempt to visit PNG Training Depot, Taurama Barracks and Murray Barracks in the next few days. Units were informed and investigations made and security watches established.
5. As a result of the investigations, it was established that Middlemiss had talked with some Bougainville soldiers on the roadside adjacent to the single men's quarters at Murray Barracks for about half an hour from approximately 1730 hrs on 02 Jun 70.
6. At approximately 1245 hrs on 03 Jun 70, Middlemiss made an unauthorised call to a PI married quarter at Taurama Barracks. 1 PIR was prepared for this visit as a result of the Special Branch information and Middlemiss was conducted to CO 1 PIR. The CO accepted that the call was a social one but discussed quietly with him the matter related to entering Defence property and holding discussions with soldiers.
7. At approximately 1915 hrs on 03 Jun 70, Middlemiss, in a car, together with three Bougainville soldiers from Murray Barracks, was stopped by the Duty Officer on the roadside strip near the single men's quarters at Murray Barracks (this is a public road). He was requested to accompany the Duty Officer to the Headquarters but declined on the grounds that he and the three soldiers were already late for the reading of a Bill at the House of Assembly (The House did not sit on the night of 03 Jun 70).

/8.

8. At approximately 2100 hrs on 03 Jun 70, the GSO2 (Intelligence) an acquaintance of Middlemiss, saw him drinking at an hotel with five Bougainvillians, at least three of whom were soldiers. The GSO2 approached Middlemiss and talked with the group until the hotel closed. The conversation was general and for the most part uninformative - the PIs took little or no part in it. Middlemiss delighted in portraying himself as one who knew a great deal more than he was prepared to talk about. He was supremely egotistical and, on more than one occasion, stated that it was interesting to see how the attitudes of people toward him had changed since the NAPIDAKOE NAVITU became firmly established - they now requested his presence and he gave them yea or nay - he was obviously delighted at the feeling of power. When the army was mentioned, Middlemiss reiterated a theme he first mentioned publicly at the Fourth Waigani Seminar on 9 May 70, to the effect that Bougainville independence would need only a small standing army as it would have no land borders and would be separated from West Irian by the whole of Papua New Guinea.

9. It is the GSO2 (Int) belief that Middlemiss firmly expects Bougainville to become independent and is trying to influence soldiers from Bougainville to the extent that they will provide the independent army from Bougainville. It is also possible that Middlemiss is encouraging Bougainville soldiers to resign from the army and return to the island - one of the soldiers who has been a constant companion of Middlemiss is taking his discharge shortly - although there is at present no evidence to support this.

10. Consideration is being given as to what discussions, if any, may be held with the soldiers from Bougainville, by units or what information may be passed to them.

R. T. Eldridge
(R.T. ELDRIDGE)
Brigadier
Commander

Annex A. Report of Middlemiss' visit to Igam Barracks, Lae.

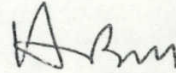
Copy to: The Administrator
Head of Special Branch

STATEMENT BY 25627 MAJ H.L. BELL
COO ING COLO MIL CADET SCHOOL

1. At 1900 hrs Tue 12 May 70 Sgt Lytus reported to me at my house as I was leaving for night training in the field. My wife had previously told me that Lytus had been looking for me whilst I was absent in town from about 1530-1830 hrs.
2. Sgt Lytus reported that:
 - a. Mr Middlemiss, Secretary of the Napidakoe Navitu rang him at 1510 hrs and asked if Lytus was available. Lytus said no and Middlemiss hung up. Lytus went to report to me but the Cadets told him that I was not in the area. Middlemiss later presented himself to Lytus' house at 1745 hrs.
 - b. Middlemiss stated that he had been directed there by the Area Duty Officer.
 - c. Middlemiss stated that he wished to discuss aspects of the proposed Bougainville Secession Referendum with Buka soldiers in the area.
 - d. Lytus replied to Middlemiss that:
 - (1) Middlemiss could not conduct political activity in a military area.
 - (2) Soldiers were forbidden to enter into political activity.
 - (3) He was scheduled for night training and had no intention of seeing Mr Middlemiss again.
 - e. Lytus then requested Middlemiss to leave.
 - f. Middlemiss left at approximately 1815 hrs.
 - g. Lytus told the guard to watch out for Middlemiss and report him to the Duty Officer if he came again.
 - h. Lytus then tried to contact me again but I was out of camp.
 - i. Middlemiss left copies of a speech made by him at Waigani and Lytus burnt them in a stove.
3. Lytus, in reply to my questions stated:
 - a. That he had never met Middlemiss before, but knew of him and his activity.
 - b. That most Bukas in Port Moresby would know that Lytus and Sgt Keaton (then absent from camp) were the senior Bougainville NCOs in Igan.
4. I did not report the matter immediately as:
 - a. We had to leave immediately for a night exercise, which did not conclude until 2145 hrs.
 - b. I presumed the Duty Officer knew of the visit.

5. At 0800 hrs the following day I reported the incident to Lt Col Bishop.

6. I have since spoken with Lytus on the incident but the essence of the conversations are the facts as Lytus presented them to me on Tuesday night.



(H.L. BELL)
Maj

14 May 70

STATEMENT BY SGT J.F.B. LYTUS
VISIT - MR B. MIDDLEMISS
TUE 12 MAY 70

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On the above date I received a phone call from the airport. The caller was Mr Middlemiss.

On the phone he asked if I knew about his coming or the visit. I replied that I only learnt that same afternoon. He further asked if I would be available and I told him that I wouldn't be because I had work, ie, night training to do. I told him that this would take me up to at least 2130 hrs, and I added that there is a very slim chance I would be available. This phone call was approximately 1510 hrs. After enquiring of where he would be staying, I closed or put the hand set down and forgot or dismissed that no more will happen.

At about 1610 hrs I left the Military Cadet School towards home. When I arrived, I changed into my civilian clothes and cleaned around the house grounds. After that I went back inside and was looking through my essay on Macbeth when through the window I spotted an Army Rover, followed by a five seater Holden, colour primrose. I noticed the driver and a man at the rear seat.

I have never encountered B. Middlemiss before, so when the driver of the Army Landrover, who was the Duty Driver, passed, he pointed at my house. The Holden stopped, then I saw this man who I learnt later as Middlemiss emerge. I left the house to see, and then shook hands, and it was then that he told me he was Mr Middlemiss.

Later, my wife joined us in the house. During his stay at the house, he first regretted I was not able to go to a meeting he arranged at the St Mary's Hall in town. I replied that I can't do much about that, and commented that it was unfortunate. At this point I still could not work out what the meeting was going to be about. Needless to say, he, Mr Middlemiss never bothered to tell me.

During the stay, he also asked me how many Bukas (Bougainvillians) were in Igam Barracks and I estimated about six (6) or seven (7). He asked if they are all present, and I said, no, some are out on bush activities.

Later on he asked me about the speech he delivered at the University and I said I heard something on the ABC, but that's about all. He then said he had some papers in the boot of the vehicle on the speech. He handed me about seven or eight copies, these I later burnt.

He pointed out one sentence where he said that Radio B'ville is full of propaganda and is no more than Radio Ashton. I laughed at this remark and asked why Radio Ashton and he said because they broadcast only what Ashton feeds it. After that he left and I saw him out.

During the evening I mentioned to the OC, Maj H.L. Bell that I was looking for him just before 1600 hrs. I told him about Mr Middlemiss' phone call and his visit. Maj Bell later told me he would mention it to the Adjutant. I thought it best to do so too.

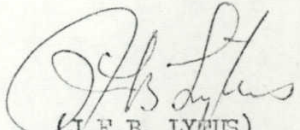
This was done the following day. Altogether Mr Middlemiss spent approximately half an hour. He left my house about 1610 or 1815 hrs.

Just before he left, I asked him how he knew me and my address. He said someone from Taurama Barracks told him. He also said he had some trouble coming through the gate, MPs told him to go to the Duty Officer, whereas in Taurama "I go in and out without any problem". This is an actual phrase or statement which he said, I remember it in full as quoted.

/Lastly

Lastly I assure you to the fullest of my memory that I have noted every detail and omitted nothing.

14 May 70


(J.F.B. LYTUS)
Sgt

P.S. He mentioned that he would be coming into Lae about 6 Jun 70.

Hughes 13
12

936/4/13

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Information Circular:

THE MINING INDUSTRY

OF

PAPUA AND NEW GUINEA

Department of Lands, Surveys & Mines,
Port Moresby.
1st May, 1970.

INTRODUCTION

1. These notes present a summary of the history of mineral exploration and the mining industry in the Territories of Papua and New Guinea over the periods from first discoveries to 30th June, 1966. No reference is made to exploration for petroleum.

HISTORY : TERRITORY OF PAPUA

2. In Papua gold was discovered first on Misima Island in 1888, on Woodlark Island in 1895 and on the mainland about 1900. The initial production from most fields was from alluvial workings. Reef-type lodes were developed and mined at Misima and Woodlark Islands. This early period also saw a gold rush to Sudest (Tagula) Island, but there has been no significant production from that field.

3. Important alluvial gold deposits were worked on the Gira - Aikora goldfield, (70,000 ounces), and the Yodde goldfield, (80,000 ounces), of the Northern District. No significant source lodes were worked. Production in these areas had virtually ceased by the year 1939.

4. In 1909 alluvial gold was discovered in tributaries of the Lakekamu River near Bulldog, about 120 miles north-west from Port Moresby. A small bucket dredge digging to a depth of about 20 feet was operated on this field during the period 1935-1939. Production was of the order of 40,000 ounces. Drainage into the Lakekamu basin represents the southern counterpart of the northern drainage system which yielded the placer deposits of the Wau - Bulolo area.

5. A minor goldfield at Keveri, near Mt. Suckling, 120 miles east of Port Moresby, yielded a small amount of alluvial gold, (5,000 ounces), between the years 1904-1926. Copper and nickel sulphides have recently been reported from this general area.

6. A prominent feature in the geology of Papua is a major belt of ultrabasic igneous rocks in the general region of the Owen Stanley Ranges. Overlying lateritic soils containing nickel have been tested by two major mining companies but in both cases the exploration was discontinued. Copper minerals have been reported in the area.

7. Platinum amounting to 219 ounces was produced from alluvial working near Milne Bay, and osmiridium was recorded with alluvial gold produced in the Yodda, Gira, and Lakekami fields.

8. Copper ores containing significant gold were mined and melted near Port Moresby. Production was on a small scale.

9. Manganese oxides of battery grade have been mined in small quantities from sedimentary rocks near Rigo, about 40 miles east from Port Moresby.

10. At the time of writing these notes a mining company is investigating copper-nickel mineralisation near Mt. Suckling and a known gold bearing lode at Nisima Island is being tested for downward extensions by a group consisting of Australian and Canadian interests.

11. Some interest has been shown in what appears to be extensive deposits of magnetite sand in the Gulf of Papua, adjacent to known accumulations of natural gas, but because of metallurgical problems associated with high titanium content of the magnetite this project has not made much progress.

12. As at 30th June, 1966 total mineral production from the Territory of Papua amounted to:

Gold)	618,571 fine ounces
Silver)	257,604 " "
Platinum	219 " "
Copper (ore + matte)	26,000 tons
Manganese oxide	2,100 "

Some detail of annual production rates are given in Appendix 1 to these notes.

HISTORY: TERRITORY OF NEW GUINEA.

13. Economic mineral production in the Territory of New Guinea has been limited to gold, with associated silver and minor amounts of platinum. Gold, usually found in alluvial form, is widely distributed throughout the mainland and the islands, although significant production has been achieved only on the mainland.

14. Mining in New Guinea dates from about 1922, when payable alluvial gold was found at Koranga Creek, near Wau. Mineral concessions had been granted by the previous (German) Administration but there is no record of significant discoveries being made under those concessions.

15. Mining in a large scale did not commence until 1932 when the first two dredges of Bulolo Gold Dredging Limited began working the rich alluvial flats of the Bulolo Valley. By 1940 the Company's fleet had increased to eight dredges, operated by three hydro-electric power stations. Operations were suspended during the Pacific War, but were resumed soon after.

16. The Territory's maximum post war annual production of 138,694 ounces of gold was achieved in 1952-53, after which production steadily declined to the figure of 29,591 fine ounces produced during the year 1965-66. The last producing dredge ceased operations in May 1965.

17. Although the greater part of production was obtained by dredging of alluvial gravels, significant production from underground mining of reef-type and disseminated gold bearing lodes has been obtained at Wau and the nearby Edie Creek area. A feature of these lodes has been the association of gold with manganese, both as a black "wad" of oxides and in the form of carbonates with quartz in defined reefs. Other unusual features of the mineralisation at Edie Creek include the presence of very high silver values not recognisable in the hand specimen, and the high silver content of bullion obtained by gravity concentration, amalgamation and cyanidation. Fineness as low as 400 has been recorded.

18. Regular production of alluvial gold has occurred in the Sepik District, Western Highlands, Eastern Highlands and Morobe Districts. Minor production of alluvial gold has been obtained from time to time from the Madang District. At Kainantu in the Eastern Highlands, noted for general distribution of alluvial gold, several small mines are operating on gold-bearing lodes, and a rich but narrow copper-gold lode has been investigated by diamond drilling. At Porgera in the Western Highlands sulphide mineralisation is being investigated in the headwaters of an alluvial gold deposit.

19. In recent years greatly increased interest in the copper potential of the Territory has been shown by major mining companies. Near Kieta on Bougainville Island a large "porphyry type" deposit of low grade copper, with some gold and traces of molybdenum is being prepared for operation on a large scale by Bougainville Copper Pty. Ltd. a subsidiary of Con Zinc Rio of Australia. Two companies are engaged in preliminary exploration for copper in the Gazelle Peninsula of New Britain, where promising copper minerals have been found. Other occurrences of copper mineralisation are being examined on the central north coast of New Britain near Talasea. In the Eastern and Western Highlands and West Sepik Districts, Kennecott Explorations (Australia) is actively engaged in regional and detailed prospecting for copper and molybdenum. Mt. Isa Mines are drilling a copper prospect in the West Sepik District.

20. Because of the rugged nature of the terrain, the lack of roads, the dense cover of vegetation and the deep mantle of weathering the task of mineral exploration in the Territory is difficult and expensive. This is a possible explanation of the fact that until recently the main source of production was alluvial gold.

21. As at 30th June, 1966 total mineral production from the Territory of New Guinea amounted to 3,593,767 fine ounces of gold accompanied by 2,204,633 ounces of silver. These figures reflect the influence of the relatively high silver content of bullion produced in the Wau-Edie Creek area. Some figures showing annual production rates are given in Appendix 1 to these notes.

MINING LEGISLATION

22. Regulation and control of prospecting and mining in Papua and New Guinea is carried out by the Department of Lands, Surveys and Mines, administering the following Ordinances :

- (1) Mining Ordinance 1937-1967 and the Mining Regulations 1935 (of the Territory of Papua). The Regulations include provisions relating to safety and health in mines:
- (2) Mining Ordinance 1928-1967 and the Mining Regulations of the Territory of New Guinea;
- (3) Mines and Works Regulation Ordinance 1935-1962 of the Territory of New Guinea;
- (4) Mining Development Ordinance 1955-1960 and associated Regulations. This is an Ordinance to encourage the mining industry in the Territory of Papua and New Guinea; and

(5) Petroleum (Prospecting and Mining) Ordinance 1951-1967. ¹⁸⁴

(These notes do not refer to exploration for petroleum).

23. The principal mining legislation is based on the assertion of title to all minerals by the Crown, (in respect of Papua), and by the Administration, (in respect of the Trust Territory of New Guinea).

24. Foreign companies may not be granted prospecting or mining rights unless registered under the provisions of the Companies Ordinance 1963.

25. The original Mining Ordinances for the two Territories were modelled on those in force in the States of Australia, where at the time of original drafting, the majority of land was Crown land, and apparent emphasis was given to the privileges conferred on the holder of a miners right in respect of such land. For the purposes of the original Mining Ordinances of Papua and New Guinea all native land in Papua was defined as Crown land, and in New Guinea as Administration land. Special provisions applied in respect of native land which was owned and occupied by native people.

26. In 1966 amendments were brought into force whereby native land became, by definition, private land on which prospecting and mining could be undertaken only under prescribed conditions, which gave more emphasis to the rights of landowners. The amendments, however, restated the principle of State ownership of minerals, from which is derived the authority of the Administration to authorise prospecting and mining on privately owned land.

27. Up-to-date copies of the complete Mining Ordinances as amended are available. For persons or companies interested in the details of the recent amendments it is recommended that the following documents be obtained from the Government Printer, Port Moresby :

Mining (Papua) Ordinance 1937-67 (price \$1.25)

Mining (New Guinea) Ordinance 1928-1967 (price 60c);
and

Mining Regulations (price 65c).

ROYALTY

28. Royalty at the rate of 1¼% is payable on all gold and minerals won, except in the case of Special Mining Leases for which the rate is determined for each particular lease. Where total royalty paid by a small producer in a statutory period of 6 months does not exceed \$30 the payments made are refunded to the producer.

PROSPECTING TITLES

20. Prospecting Authority (Papua and New Guinea)

Area: not exceeding 10,000 square miles.

Term: not exceeding two years, but renewals for like periods subject to limitation of area to not more than 50%, except where existing area does not exceed 100 square miles.

Fee: annual fee at the rate of \$1.00 per square mile.

Conditions:

- (1) expenditure as determined;
- (2) deposit of money as security for performance;
- (3) prospecting to commence within stipulated time;
- (4) discretion of Administrator to approve the work programme; and
- (5) discretion to reserve alluvial gold on behalf of small operators.

Reports at quarterly intervals are required.

Secondary authorities may be granted over land held as primary authority, but only in respect of minerals not authorised in the primary authority, and then if conflict of interest is unlikely.

Where a Prospecting Authority concerns private land an Occupation Fee is payable to the landowner in respect of land actually occupied, i.e. occupied to the detriment of the owner's rights. This fee is at the rate of \$1.00 per acre per year or 5% of unimproved capital value of the land occupied, whichever is the higher.

30. Small areas, e.g. 50 acres, may be taken up at no cost for short periods of 3 months, subject to reporting of results and compulsory conversion if economic minerals are found.

MINING TITLES31. Special Mining Leases (Papua and New Guinea)

Area: not exceeding 25 square miles.

Term: not exceeding 42 years, renewable for periods each not exceeding 21 years.

Grant: a Special Mining Lease is granted by the Administrator in Council, with the approval of the Minister.

Rent and Royalty:

as determined by the Administrator in Council with the approval of the Minister.

32. Gold-Mining Leases

	<u>Papua</u>	<u>New Guinea</u>
Area:	50 acres	50 acres
Term:	21 years	21 years
Annual Rent:	\$1.00/acre	\$1.00/acre
Labour:	1 man/4 acres	1 man/40 acres

33. Mineral Leases

	<u>Papua</u>	<u>New Guinea</u>
Area:	160 acres	250 acres
Term:	21 years	21 years
Annual Rent:	\$1.00/acre	\$1.00/acre
Labour:	1 man/10 acres	1 man/80 acres

34. Dredging or Sluicing Claims (New Guinea)

These claims are granted by the Mining Warden. They may not exceed 500 acres or 10 kilometers in length. Employment conditions require one man or \$2,000 worth of equipment for every 125 acres. Rent is payable at the rate of \$1.00 per acre per annum.

35. Dredging Claims (Papua)

These claims are granted by the Warden. They may not exceed 300 acres or 6 miles in length, except with the approval of the Administrator. Employment conditions require 3 men or machinery to the value of \$2,000 per 100 acres. Rent is payable at the rate of \$1.00 per acre per annum.

36. Leases for Mining Purposes

These leases may be granted to the holder of a mining lease, for purposes ancillary to the principal operation. Such purposes may include roads, housing, rope ways, pipe lines, water races, treatment plant, stacking tailings, overburden, or any other approved purpose.

37. The area of such a lease may be such as is reasonably required, and the term shall be identical with the term of the dominant mining lease.

MINING ON PRIVATE LAND

38. "Private land" is defined as "land other than Administration land". It follows that more than 90% of the land in the Territory is private land.

39. A person wishing to enter and prospect on private land must first obtain a permit from the Mining Warden. Such a permit may be issued after the Warden has taken all reasonable steps to ensure that the landowners are informed of applications, and after a sum of money, as assessed by the Warden, has been deposited against possible claims by the landowners for damage in respect of the land.

40. Applications for leases or claims on private land must be published in the Government Gazette, and in the case of leases and Prospecting Authorities the applicant must publish notice of the application in a newspaper.

41. Landowners may claim for damages caused by or arising from prospecting or mining operations on their land.

42. In addition to payment of damages, as abovementioned, the operator must pay to the landowners an occupation fee determined :

- (1) in the case of leases or claims, at the rate of 5% of the unimproved value of the land, or \$2.00 per acre per year, in respect of the whole of the area of the lease or claim; and
- (2) in the case of Prospecting Authorities, at the rate of 5% of the unimproved value of the land, or \$1.00 per acre per year, in respect of the area of land actually occupied by the operator. This area is assessed by the Mining Warden.

In cases where the landowner is not known or cannot be found the occupation fee is paid to the Administration in trust for such landowner.

GOVERNMENT ASSISTANCE

43. Under the provisions of the Mining Development Ordinance 1955-1960 the Administration may give assistance by undertaking boring operations, advancing small secured interest-bearing loans, providing facilities for treatment plants, assays etc. An Assay Office is maintained at Port Moresby and a number of diamond drills and churn drills are operated by Administration staff.

44. A Geological Section of resident geologists, seconded from the Bureau of Mineral Resources, Canberra, is maintained in the Territory. Results of geological investigations, if not published by the Bureau, may be perused at the Geological Section.

45. Field Assistants are employed to give guidance to native people engaged in small-scale mining of alluvial gold in the Sepik, Western Highlands, Eastern Highlands and Morobe Districts.

46. The Commonwealth Gold-Mining Industry Assistance Act is in force in the Territory. Under this Act a subsidy of \$6.00 per fine ounce is paid to small producers (up to 500 fine ounces per annum). In the case of large producers the rate of subsidy varies according to the cost of production, up to a maximum of \$8.00 per fine ounce.

TAXATION

47. Compared with Australian provisions, there are considerable taxation concessions available to enterprises operating in Papua and New Guinea. The rates of tax operating are much lower than in Australia and the allowable deductions are generally higher.

In particular the rates of income tax on individuals are about 50% of the rates payable on the same taxable income in Australia and the concessional allowances are generally about 50% higher than in Australia. A flat rate of 22½% is imposed on public and private companies which is about half the predominant rate in Australia.

The general provisions allow deductions in any income year for expenses incurred in gaining or producing assessable income other than expenses of a capital, private or domestic nature. This is in line with Australian practice but, as stated above, allowable deductions are generally higher.

The following specific exemptions from income tax are granted to mining enterprises :

- (a) profits from mining principally for gold or in some circumstances for gold and copper;
- (b) 20% of profits derived from mining certain metals or minerals e.g., tin, copper, pyrites, bauxite;
- (c) income derived by a bona fide prospector from the sale of rights to mine a particular area for gold or other prescribed metals and minerals; and

- (d) expenditure on exploration or prospecting, plant, development, housing and welfare may be written off under conditions specified in the Territory Income Tax Ordinance.

Information on other specific provisions of the Territory Income Tax Ordinance are outside the scope of this pamphlet - for information on particular aspects, enquiries should be addressed to the Chief Collector, Taxation Office, Port Moresby.

ADMINISTRATION

48. Administration of the mining legislation is carried out by the Department of Lands, Surveys and Mines, which deals with all matters directly relating to prospecting and mining for minerals and petroleum. General enquiries should be addressed to the Director of the Department at Port Moresby. Applications for prospecting Authorities, leases, claims etc. should be made to the Mining Wardens of the Department at Port Moresby, Wau or Kieta as appropriate.

Paulias Matane
PAULIAS MATANE
A/DIRECTOR OF LANDS,
SURVEYS AND MINES.

TERRITORY OF PAPUA AND NEW GUINEA
TOTAL PRODUCTION OF GOLD AND SILVER TO
30TH JUNE, 1969

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TERRITORY OF PAPUA

	GOLD Fine Ozs.	SILVER Fine Ozs.	VALUE \$ A
Prior to 30th June, 1951	+ 614,633	256,675	7,113,914
1951-52	146	30	4,620
1952-53	141	44	4,134
1953-54	230	61	9,886
1954-55	1,065	294	34,046
1955-56	491	151	15,456
1956-57	397	79	12,470
1957-58	510	100	16,000
1958-59	397	81	12,514
1959-60	124	23	3,912
1960-61	64	12	2,012
1961-62	23.23	3.3	718
1962-63	47	11	1,422
1963-64	27	4	890
1964-65	56	9	1,756
1965-66	56	8	1,766
1966-67	30	4	948
1967-68	53	9	1,670
1968-69	31	6	989
<u>Grand Total:</u>	<u>618,571</u>	<u>257,604</u>	<u>\$7,239,123</u>

TERRITORY OF NEW GUINEA

Prior to 30th June, 1951	+2,648,151	1,662,203	49,678,270
1951-52	110,214	23,429 ^d	3,456,762
1952-53	138,694	64,420	4,342,596
1953-54	90,857	50,919	2,856,202
1954-55	85,726	46,922	2,714,712
1955-56	71,519	42,950	2,269,888
1956-57	78,856	41,354	2,497,532
1957-58	49,859	30,235	1,583,151
1958-59	42,293	28,674	1,437,996
1959-60	45,132	36,164	1,439,290
1960-61	42,784	32,278	1,362,594
1961-62	42,126	28,828	1,340,436
1962-63	41,909	22,985	1,333,574
1963-64	42,352	23,649	1,349,678
1964-65	33,704	20,693	1,076,172
1965-66	29,591	18,880	945,251
1966-67	28,566	17,496	912,625
1967-68	26,360	17,703	854,189
1968-69	25,802	17,133	835,919
<u>Grand Total:</u>	<u>3,674,495</u>	<u>2,256,965</u>	<u>\$82,286,840</u>

+ Details of production for this period are given in Bureau of Mineral Resources Report No. 9 entitled: "The Mineral Deposits and Mining Industry of Papua-New Guinea" 1954.

ADDITIONAL
TERRITORY OF PAPUA

Platinum	1934-1940	219 fine ozs.
Copper Ore	1906-1922	11,066 tons
Copper Matte	1922-1941	15,453 tons
Manganese		
Battery Grade Oxide	1939-1965	2,100 tons

936/4/13

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AAP387

TROUBLES

PORT MORESBY, MAY 25, AAP-- THE TROUBLES IN RABAU AND BOUNGAINVILLE LAST YEAR WERE HANDLED INEPTLY, A FORMER ADMINISTRATOR OF PAPUA-NEW GUINEA, SIR DONALD CLELAND, SAID TODAY.

MORE CONSIDERATION SHOULD HAVE BEEN GIVEN TO THE PROBLEMS THAT LAY BEHIND SUCH TROUBLES, HE SAID WHEN OPENING THE AUSTRALIAN AND NEW ZEALAND TOURIST CONFERENCE IN PORT MORESBY.

(EDS: REMAINDER DELAYED BY COMMUNICATIONS DIFFICULTIES).

AAP 2002 KE



100 gals.
13/2/20.



100 gals.

936/4/13 127

L. H. G.

AAP353

SECEDE
BOUGAINVILLE MAY 7, AAP - TERRITORY ADMINISTRATOR MR D O HAY WAS TODAY FORMALLY ASKED FOR A GOVERNMENT REFERENDUM ON COPPER RICH BOUGAINVILLE ISLAND TO DETERMINE WHETHER THE PEOPLE WANT TO SECEDE FROM THE REST OF PAPUA-NEW-GUINEA.

HE WAS TOLD THAT AN UNOFFICIAL REFERENDUM SHOWED THE OVERWHELMING MAJORITY OF THE PEOPLE FAVOURED LEAVING THE TERRITORY.

THE REQUEST WAS MADE BY NAPIDAKOE NAVITU, A BOUGAINVILLE POLITICAL ORGANISATION WHICH IS LEADING THE SECESSION MOVEMENT. ITS SECRETARY, AUSTRALIAN BARRY MIDDLEMISS, AND TWO BOUGAINVILLE STUDENTS AT THE UNIVERSITY OF PAPUA NEW GUINEA, LEO HANNET AND MOSES HAVINI, SPENT NERLY AN HOUR WITH MR HAY WHEN MAKING THE REQUEST.

THEY SAID AFTER THEY TOLD MR HAY THAT NAPIDAKOE HAD ORGANISED A REFERENDUM WHICH ASKED PEOPLE WHETHER THEY WANTED TO EMAIN PART OF THE FULL TERRITORY, JOIN WITH OTHER NEW GUINEA ISLANDS, UNITE WITH THE NEIGHBOURING SOLOMON ISLANDS OR GO IT ALONE.

MORE 1815 LM

L. H. G.

AAP355

SECEDE 2 BOUGAINVILLE
ABOUT 17000 VOTING SLIPS WERE COMPLETED AND THEY SHOWED THAT MORE THAN NINETY PERCENT OF THE PEOPLE WERE IN AVOUR OF COMPLETE SEPARATION.

MR MIDDLEMISS SAID MR HAY HAD NOT QUESTIONED THEIR CONTENTION THAT MOST PEOPLE WANTED TO LEAVE THE ERRITORY.

HOWEVER MR HAY POINTED OUT ECONOMIC AND ADMINISTRATIVE DIFFICULTIS WHICH WOULD FACE THE SMALL ISLAND OF ABOUT 75,000 PEOPLE WHEN TRYING TO MAKE ITS WAY AS AN INDEPENDENT COUNTRY.

MR MIDDLEMISS SAID MR HAY HAD GIVEN NO DEFINITE ANSWER AND HAD SAID HE WOULD CONSIDER THE REQUEST.

HE HAD INDICATED THAT THE INITIAL DECISION SHOULD BE LEFT TO SELECT A COMMITTEE ON CONSTITUTIONAL DEVELOPMENT AND THE HOUSE OF ASSEMBLY.

MORE 1820 LM

L. H. G.

AAP356

SECEDE 3 BOUGAINVILLE
NAPIDAKOE PREFER THAT THE MATTER BE DECIDED BY THE ADMINISTRATION AND THE DEPARTMENT OF EXTERNAL TERRITORIES.

THEY FEEL THAT BECAUSE BOUGAINVILLE WILL SOON BE CONTRIBUTING SO MUCH TO THE TERRITORY ECONOMY, THER IS LITTLE CHANCE THE HOUSE WOULD AGREE TO GIVE THE ISLAND A CHANCE TO BREAK AWAY.

MR MIDDLEMISS SAID HOWEVER, NAPIDOKE WOULD PREPARE A SUBMISSION FOR THE SELECT COMMITTEE.

IF NEITHER THE HOUSE NOR THE ADMINISTRATION AGREES TO ALLOW THE REFERENDUM, IT IS LIKELY THAT NAPIDAKOE WILL APPEAL TO THE UNITED NATIONS ON THE GROUNDS THE BOUGAINVILLE PEE BASIC DEMOCRATIC RIGHTS ARE BEING DENID.

A GOVERNMENT SPOKESMAN LATER DENIED THAT MR HAY HAD CONCEDED THAT THE MAJORITY OF BOUGAINVILLE PEOPLE WANTED TO SECEDE.

MR HAY HAD ONLY RECOGNISED MR MIDDLEMISS AS THE REPRESENTATIVE OF THE NAPIDAKOE NAVITU AND AGREED TO CONSIDDER THE REQUEST.

AAP 1825 LM

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• Hughes
13/2/70

936/4/13

TERRITORY of PAPUA and NEW GUINEA

126

PRESS RELEASE

Number 322
B

25th March, 1970

BARNES SPEAKS ON COPPER PROJECT

SOME PEOPLE IN THE BOUGAINVILLE area had the wrong idea about the copper mining project in their area as a result of listening to unfounded reports. This was stated by the Minister for External Territories, Mr. C.E. Barnes, addressing a meeting of representatives of co-operatives and local councillors at Buin on Monday.

Urging the people not to pay any attention to rumours, Mr. Barnes assured the people that much benefit to their area and their country would accrue from the Bougainville copper project. He pointed out that already in its initial operations the company had provided a source of income for villagers by creating an additional market for their fish and garden produce among company employees.

Local people themselves would have an opportunity of having a financial interest in the company through share purchase. Apart from the fact that 7,000 shares would be given Bougainville people as compensation for the use of their land, one out of every five shares in Bougainville Copper was being reserved for purchase by Bougainville people.

President of the Buin Local Government Council, Councillor Aloysius, asked Mr. Barnes if a road could be built from Buin to Panguna where the mining operations are underway. He said this would assist the Buin people have better access and

2/3/1
C. H.

enable them to obtain better benefit from the company's operations and enable them play a fuller part in the development of the area.

The Minister said he would discuss this with the Administration but he felt it might take some time to get such a road.

.....

Kieta/WB/SM

[The following text is extremely faint and largely illegible. It appears to be a continuation of a report or speech, possibly discussing local development, infrastructure, and government involvement. Key fragments are difficult to discern but seem to include:]

...the people of the area...
...local people...
...government...
...road...
...benefit...
...development...
...area...
...road...
...benefit...
...development...
...area...

936/4/13

125

Dr. Hoj

UPI-152X

MINING 4/14

ADV FOR 2000 GMT TUESDAY, APRIL 14

WASHINGTON (UPI)--THE U.S. EXPORT IMPORT BANK TUESDAY AUTHORIZED A 23.4 MILLION U.S. DOLLARS (20.82 MILLION AUST. DOLLARS) CREDIT TO BOUGAINVILLE COPPER PTY. LIMITED TO AID MINING PLANS FOR THE AUSTRALIAN TRUST TERRITORIES OF PAPUA AND NEW GUINEA.

THE BANK ALSO AUTHORIZED A FINANCIAL GUARANTEE OF 20.4 MILLION U.S. DOLLARS (18.15 MILLION AUST. DOLLARS) FOR THE PURCHASE OF U.S. GOODS AND SERVICES TO SET UP AND START THE COPPER ORE MINING PROJECT ON BOUGAINVILLE ISLAND.

THE CONSTRUCTION PROJECT IS A JOINT VENTURE BY BECHTEL CORPORATION AND WESTERN KNAPP ENGINEERING WHICH IS GETTING FINANCIAL AID FROM OTHER SOURCES IN THE UNITED STATES.

THE BOUGAINVILLE COMPANY IS CONTROLLED BY COZINC RIOTINTO OF AUSTRALIA LIMITED AND NEW BROKEN HILL CONSOLIDATED LIMITED. THE ADMINISTRATION OF THE TERRITORY OF PAPUA AND NEW GUINEA, A TRUST OF THE UNITED NATIONS, HOLDS A 20 PER CENT EQUITY IN THE BOUGAINVILLE VENTURE, WHICH IS EXPECTED TO COST MORE THAN 400 MILLION U.S. DOLLARS (356 MILLION AUST. DOLLARS).

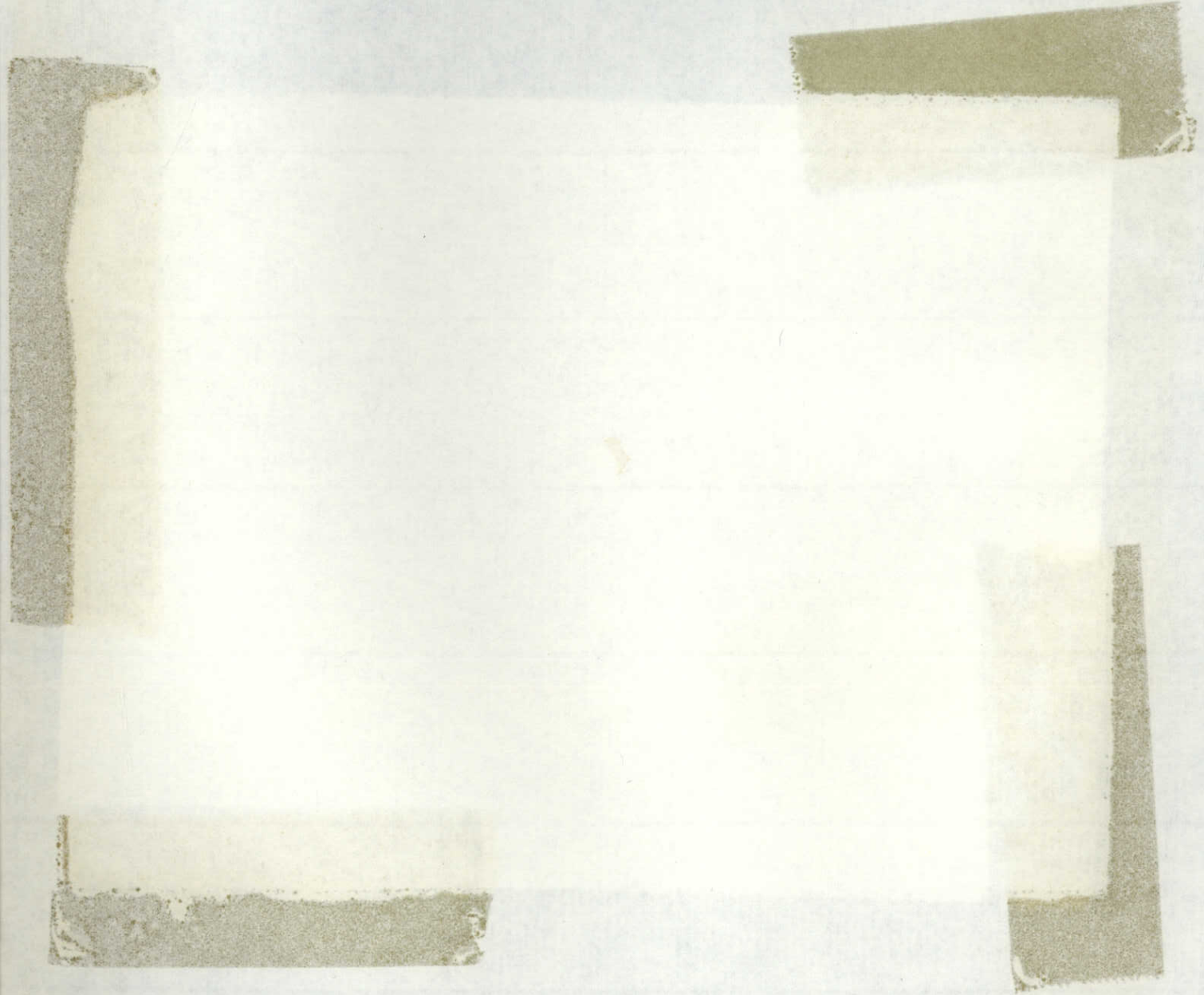
COPPER ORE PRODUCED AND PROCESSED ON THE ISLAND WILL BE SHIPPED TO JAPAN, GERMANY AND SPAIN.

THE U.S. EXPORT-IMPORT BANK CREDIT IS TO BE REPAID IN FIVE SEMI-ANNUAL INSTALLMENTS BEGINNING IN FEBRUARY, 1976. IT WILL BEAR AN INTEREST RATE OF 6 PER CENT ON OUTSTANDING BALANCES.

(ADV 2000 GMT APRIL 14)

(UPI) CY923AM186W

Hughes
13/2





124

BOUGAINVILLE SITUATION

(Statement by the Minister for External Territories,
the Hon. C.E. Barnes, M.P.)

The Minister for External Territories, Mr Barnes, today completed a five-day visit to Bougainville.

Mr Barnes said today that his main impression of his visit had been the industry and prosperity now evident on the Island.

He had visited Rorovana village, the centre of a land dispute last year, and learned from the people that they were now happy both with their compensation and with their relations with the mining company; some of their menfolk were working for Bougainville Copper Pty Ltd

All over the Island people were beginning to appreciate benefits to the whole community through new roads, schools, hospitals and business opportunity.

Bougainville Copper Pty Ltd had achieved a high degree of social integration at Panguna and was employing international experts to give advice on a number of matters including safety requirements and future agricultural development.

The Company had offered 7,000 shares in the operation as part of compensation to local landholders and more shares could be offered.

Mr Barnes said that during his visit he had discussed the problems of the people extensively at meetings with Local Government Councillors, members of co-operatives, landowners, missionaries, school children and local Administration staff.

There was concern in the Kieta area and to a lesser extent in the southern part of the Island about possible domination of Bougainville by the rest of Papua and New Guinea after independence.

In the other parts of the Island, notably in the Buka area, people had expressed their opposition to an unofficial referendum which was being conducted to seek the views of the people of the Island on the possibility of secession.

Mr Barnes said that when discussing the possibility of secession he had stressed the advantages of national unity to the people of Bougainville as well as to the people of the Territory as a whole.

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Mr Barnes said that the Roman Catholic Bishop of Bougainville, Bishop L. Lemay, had told him that mission teachers in Bougainville were concerned about the unified education system proposed in the House of Assembly.

This seemed to have resulted from a misunderstanding of the new arrangements which he understood were acceptable to missions elsewhere.

The unified system would provide greater Government support for mission schools electing to join the system. At the same time the identity of mission schools and their right to religious teaching would be safeguarded.

Mr Barnes said he had asked the Administration of Papua and New Guinea to send officials from Port Moresby to explain the proposed system to mission teachers and the people of Bougainville.

CANBERRA. A.C.T.

PORT MORESBY. T.P.N.G.

25 March, 1970

*Dependent
Sept 10/13*

DEPARTMENT OF EXTERNAL AFFAIRS, CANBERRA.

Name of Paper ~~CANBERRA TIMES~~ *Post Courier* File No. *936/4/13*

Published at ~~CANBERRA~~ *Port Moresby* Date *16-3-70*

123

Reserves up by \$1150m.

The gold and copper reserves on Bougainville Island have been upgraded by Conzinc Riotinto thereby increasing the value of the metal in the ground by more than \$1150 million.

This was revealed in the annual report by CRA's directors.

The report puts the ore reserves at 900 million tons averaging 0.48 per cent copper and 0.36 dwt gold a ton.

This is an increase of 140 million tons on the previous figure of 760

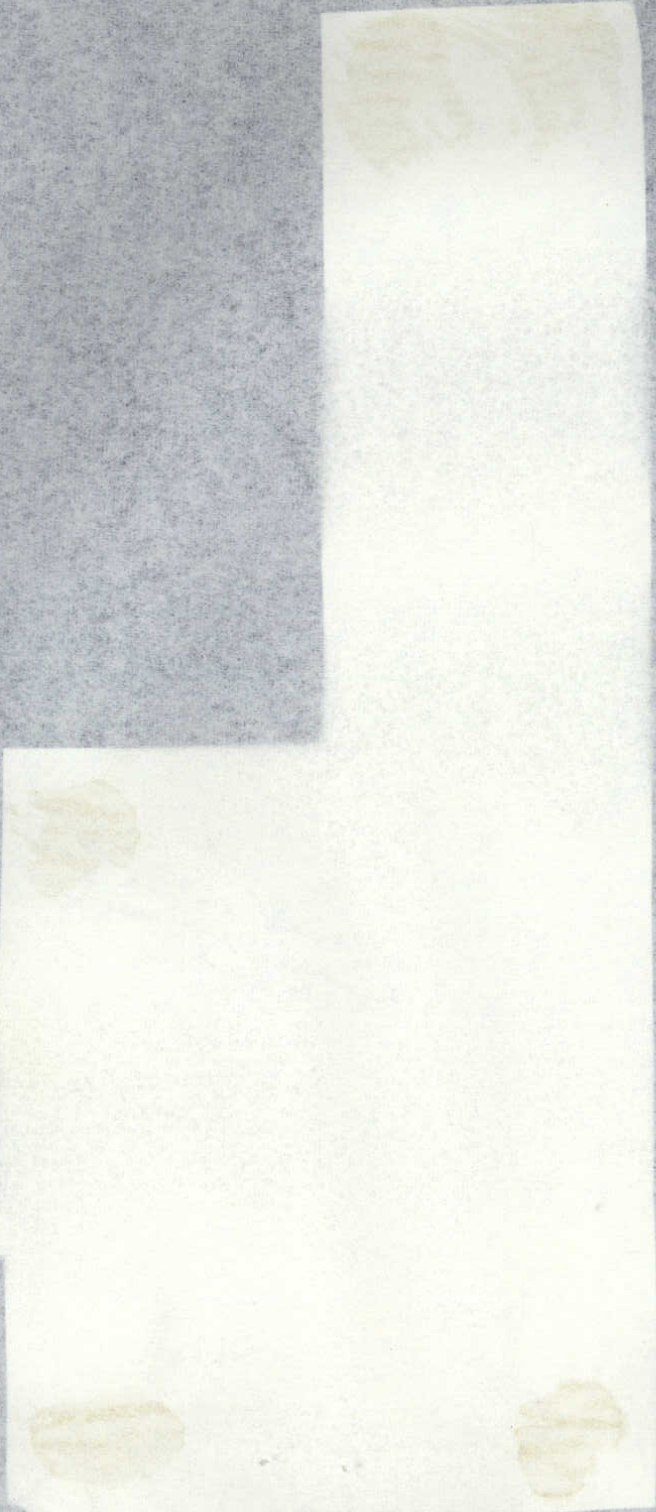
million tons announced in the previous annual report. It is the third increase since 1968 when the reserves were estimated at 230 million tons.

Latest reserves

The latest reserves figures mean that the Bougainville deposit contains 4.32 million tons of copper metal in the ground worth about \$6868 million on current prices and 16.2 million oz of gold worth about \$567 million — a total of \$7435 million.

The increase in reserves accounts for about 672,000 tons of copper metal worth \$1068 million and 2.5 million ounces of gold valued at \$83 million — a total of \$1155 million.

Bougainville is expected to begin operations early in 1972 and build up to a yearly output of 150,000-160,000 tons of contained copper. The public has been promised an issue in Bougainville Mining Ltd by January 1, 1973, at the latest.



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DEPARTMENT OF EXTERNAL AFFAIRS, OTTAWA

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ARAWA TOWN DEVELOPMENT

(Statement by the Minister for External Territories,
the Hon. C. E. Barnes, M.P.)

The Minister for External Territories, Mr Barnes, said today that work would begin shortly on the construction of the Arawa town at Bougainville. The House of Assembly had endorsed proposals put to it by the Administration on the development of Bougainville.

Mr Barnes was commenting on an announcement today by A.N.G. Holdings Ltd. that its subsidiary company, A.N.G. Developments Limited and Morobe Constructions Pty. Ltd. had won a \$7 million contract to build 446 houses at Arawa.

The Arawa town was expected to have a population of 8,500 within five years, Mr Barnes said.

By agreement with the Bougainville Copper Pty. Ltd., the Administration would meet 60% of the costs of design and engineering services for the new town; the Company would meet the remaining 40%. The Administration's contribution was to provide facilities for Administration and private enterprise developments apart from those undertaken by the Company.

The Commonwealth Government was lending \$20 million to the Administration of Papua and New Guinea over three years to assist in the provision of town facilities and services.

The Administration expected to spend in total about \$27.5 million at Arawa to provide building sites, housing, power and water supply, sewerage and roads for the new town.

In addition, the Administration would spend about \$16 million on other works and services on Bougainville including the upgrading of the Aropa airstrip and provision of hospital, education, postal and telecommunication facilities.

CANBERRA. A.C.T.

PORT MORESBY. T.P.N.G.

16 MARCH, 1970.

TO: DIRECTOR, FBI
FROM: SAC, [illegible]
SUBJECT: [illegible]

[The following text is mirrored and illegible due to bleed-through from the reverse side of the page.]

Hughes
13/2/70

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FOR INFO

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436/4/13

VISIT TO BOUGAINVILLE

(Statement by the Minister for External Territories,
the Hon. C.E. Barnes, M.P.)

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The Minister for External Territories, Mr Barnes, said today that he would visit Bougainville from 20th to 25th March.

Mr Barnes said this was part of his normal programme for regular visits to all districts of Papua and New Guinea.

He would be accompanied by Members of the House of Assembly. In South Bougainville he would tour with Mr Paul Lapun and in Northern Bougainville with Mr Donatus Mola. The regional member, Mr Joseph Lue, would accompany him throughout his visit.

Mr Barnes said he would visit the Bougainville Copper Project and have discussions with various political groups, Local Government Councils and co-operative societies not only in the Kieta area but also at Buin and Buka.

Mr Barnes said that he welcomed opportunities to meet Papuans and New Guineans and to hear their problems at first-hand during visits to the Territory.

CANBERRA. A.C.T.

PORT MORESBY. T.P.N.G.

10 March, 1970

TO DIRECTOR, FBI

FROM SAC, NEW YORK
SUBJECT: [Illegible]

Reference is made to your letter of 1/15/70 regarding the activities of the [Illegible] in New York City. It is noted that you have advised that the [Illegible] is active in the [Illegible] area.

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It is noted that you have advised that the [Illegible] is active in the [Illegible] area. It is noted that you have advised that the [Illegible] is active in the [Illegible] area.

Very truly yours,
[Illegible Signature]

Hughes
12/2/70

COMMUNICATIONS SECTION
DEPARTMENT OF JUSTICE



FOR PRESS

Bougainville issue**Secession movement still alive**

By JAMES HALL

An article in the latest issue of New Guinea magazine shows that the Bougainville secessionist movement is still very much alive.

The author, a Bougainvillian writing under the pseudonym of Caspar Luana, says most Bougainville people would vote to leave Papua-New Guinea.

But he is concerned that the referendum on secession might never take place because the people might not have the resources to organise the machinery to hold it.

"The 25 Bougainvillians who met in Port Moresby late last year told their members of the House of Assembly that they should ask the Administration to have a referendum in Bougainville so that the people can express their thoughts about the future of their district," he wrote.

"I do not think we can hope for the Administration to carry out such a referendum.

"If the Administration will not make the referendum, perhaps Bougainvillians can try to make their own.

"A committee of Bougainvillians has come together and vote papers are already prepared.

DIFFICULT

"It will be difficult to distribute the vote papers throughout the bush areas of Bougainville, and the committee is thinking of asking the United Nations for help.

"Back in Bougainville the people are beginning to expect the referendum to take place.

"With the help of our active and educated wantoks and the United Nations, it may come true."

If the committee and the people are depending on the United Nations to bring the referendum off it will never take place.

Although Bougainville is part of New Guinea, the United Nations Trust Territory, the UN has no jurisdiction to interfere with the internal affairs of the Territory without the authority of Australia, the trust nation.

For the UN to organise the referendum, the request would have to come from the Australian Government.

Even if the people of Bougainville made the request in the form of a special petition to the UN, for help the world body could still not interfere.

In this instance though more pressure could be put on Australia to take some action.

The petition would most likely be circulated among members of the Trusteeship Council and a motion could be passed calling on Australia to allow the referendum to take place.

But Australia would still have the right to say no.

The Bougainville people could go ahead and organise their own referendum without the help of either Australia or the United Nations.

But if the people voted in favor of secession the island could not just secede and ask the UN to recognise it as a separate state.

The Australian Government would have to first agree to the breakaway, but even before this could be done, the people of the rest of the Territory would have to recognise the separation.

This would have to be done by the House of Assembly and under the present circumstances the majority of the House would be unlikely to vote in favor of allowing Bougainville to leave the Territory.

But if the Bougainvillians do want to breakaway they will have to find some way of doing it before the Territory is granted independence.

After independence they would have no hope whatsoever of getting UN recognition for a secessionist movement.

The UN charter precludes this because it does not recognise breakaway movements within member states.

As an independent nation it is assumed that Papua - New Guinea would be a member state of the UN.

In that case the comments by the UN Secretary-General U Thant on the Biafran breakaway movement in Nigeria would apply.

At a press conference in Accra last month, U Thant was asked to reconcile the UN non-involvement in the Biafran dispute with "the right of the people to self-determination, as contained in the UN Charter".

He said the concept of self-determination was not properly understood in many parts of the world.

Despite this, according to Caspar Luana, there is going to be a lot of support on the island for a breakaway movement.

"If the referendum came to Bougainville tomorrow the people would vote to leave Papua-New Guinea," he wrote.

"Many Bukas want to remain with New Guinea or form a federation with the New Guinea islands.

"But there are more people in the south and they will vote for secession."

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BOUGAINVILLE COPPER PROJECT

Attached for the information of the press is a copy of a statement delivered in the House of Assembly yesterday by the Assistant Administrator (Economic Affairs) Mr. A.P.J. Newman, M.H.A.

DEPARTMENT OF EXTERNAL TERRITORIES,
CANBERRA. A.C.T.
6 MARCH, 1970.

BOUGAINVILLE COPPER PROJECT

Statement Delivered by The Assistant
Administrator (Economic Affairs)

Mr. A.P.J. Newman, M.H.A.

During 1969 two papers reporting on the background and progress of the Bougainville Copper Project were presented to this House.

The purpose of this paper is to inform Members of the commitments of the Administration under the Agreement between the Administration and Bougainville Copper Pty. Limited; to indicate a course of action to enable the Administration to meet its commitments under the Agreement; and to seek endorsement of the action plan.

ADMINISTRATION OBLIGATIONS

Clause 12(a) of the Mining (Bougainville Copper Agreement) Ordinance imposes obligations in the following terms:-

"The Administration shall (except as otherwise agreed with the Company) provide education, police, postal, telecommunication and medical facilities of the standard reasonably required to serve the Company, its employees and any town camp or other accommodation established or constructed by the Company on the said Bougainville Island and shall staff and service such facilities at no cost to the Company or any of its employees other than the normal service charges (if any) made therefor."

Under other provisions of the Agreement the Administration is also required to provide land and leases to the Company to cater for the needs of the Project.

The economics of mining this huge low grade ore deposit at a profit are based on a very large scale operation. It is proposed to mine at a rate of 30 million tons of ore per year to produce concentrates for export containing approximately 150,000 tons of copper, 500,000 oz. of gold and 1 million oz. of silver. Such an operation will rank as one of the largest copper mines in the world and would also rank as a major gold producer.

Because the scale of the Project is so big it will require a tremendous investment to bring it into production. Present indications are that over \$350 million will be expended to achieve this. It is therefore understandable why Bougainville Copper Pty. Limited sought preliminary guarantees from the Government that it would receive the authorities and mining rights necessary to permit it to achieve production and recoup its investment with appropriate profit. This is also why a

formal agreement was concluded with Bougainville Copper Pty. Limited and approved by the House in 1967 when it passed the Mining (Bougainville Copper Agreement) Ordinance.

The Company has worked out a schedule of construction aimed at having production commence in early 1972. The Administration as a part owner by virtue of its 20% equity holding has accepted this construction period, because there are urgent financial reasons why this period should be kept as short as possible. The large loans involved will carry a heavy interest charge and therefore production at the earliest date possible is necessary to produce income to liquidate the debts. Every week's delay in commencing production will involve loss of income to the Company and therefore loss of revenue to the Administration.

In the Progress Report tabled at the November meeting of the House it was indicated that a preliminary order of costs estimate would be available in December. These have now been received and indicate that the Administration's financial commitment to June 1972 will be \$70.9 million. This consists of \$27.5 million for Arawa town, \$25 million for purchase of the Administration's equity in the Company and \$18.4 million for capital works and services on other aspects of the Project. Honourable Members must realise that benefits from the development of any great national asset e.g. oil palm, timber resources, mining projects, power resources will accrue only after the investment of large sums of money. It is axiomatic that where the country as a whole stands to gain, it is reasonable that the country as a whole should contribute to the initial investment.

ARAWA TOWN

As advised in the Progress Report tabled in this House in November last it has been decided that:-

- (a) the new coastal town associated with the Project will be essentially a normal Territory town catering for Government, Company and other interests;
- (b) subject to appropriate approvals being obtained to the detailed arrangements, the Company be appointed the construction authority for the town; and
- (c) the costs of design and engineering services in the town be distributed on a 60 per cent Administration, 40 per cent Company basis subject to adjustment when actual proportion of allotment utilisation by each party is known. The standards of engineering and other services in the town have been determined and the town planners and other designers are proceeding with the plans.

The zoning of covenants in the town will be along the lines currently being implemented in the Gordon's Estate area, Port Moresby, in which low, medium and high covenant areas are integrated on a zonal basis with the primary schools serving as the focal point. With purchase of the Arawa native land, a

town comprising about 2,500 residential blocks will be available over an area of approximately 1,400 acres. Within five years it is anticipated that the total population will be of the order of 8,500 persons which would make the town one of the largest in Papua and New Guinea.

Honourable Members will recall mention of the Kieta-Tunuru road in the Report tabled during November last. This road linking the commercial wharf at Kieta with the Company's industrial wharf at Tunuru will service Arawa town and is urgently needed. The road is being designed to Territory secondary standards and will be unsealed.

The expected cost of Arawa town and the Kieta-Tunuru road based on this Agreement will be \$47.5 million of which the Administration's share is \$27.5 million over the period to June 1972. As the town expands the Administration will also be committed to additional expenditure after this period. This is a perfectly normal situation which exists in any town in an expanding economy.

The Administration considers that due to the magnitude of the Project it would be undesirable to employ a second constructing authority for its share of the town as this would mean it would have to compete for the scarce labour resources in the area and also establish facilities for the completion of its commitments under the Agreement in accordance with the agreed construction schedule. In view of these considerations there is no logical alternative to negotiating an agreement with Bougainville Copper Pty. Limited to act as construction authority for Arawa town.

Drafting of an Agreement has commenced but it is obvious that it cannot be finalised in time for the Company to let contracts on behalf of the Administration and to meet the construction schedule aimed at production commencing in early 1972. The Administration, therefore, is in communication with the Company regarding a proposed Letter of Intent to be issued to the Company which will allow the construction of Administration facilities to proceed until a formal contract is signed. This course will enable the Project to proceed without loss of time and in accordance with the agreed schedule of construction.

ARAWA TOWN AUTHORITY

The construction of a town of this size over a period of 2 to 3 years means that the area will be a tremendous hive of activity and that the administration of the town through its establishment phase will raise many problems which must be answered on the spot. The Administration's present thinking is that the general management and running of the town would be facilitated during this difficult period by the establishment of a town authority for an initial period of three years. An enabling Ordinance will be presented to the House during this sitting when the details will be explained.

FINANCIAL REQUIREMENTS FOR ARAWA

To assist the Administration in meeting its share of the cost of Arawa the Australian Government has agreed to make available \$20 million, which will all be used for that purpose. The funds will be in the form of a loan to the Administration repayable on terms analogous to those applying to the loans raised in Australia and Papua and New Guinea. There will be the difference that because of heavy demands on the Administration budget during the construction period the Commonwealth will allow a four year "Grace Period" for repayment of capital and payment of interest. This grace period means that the Administration will have no commitment to repay either the principal or interest on this loan for the first four years after it has been drawn. The Administration's contribution from internal resources to the cost of Arawa town and the Kieta-Tunuru road will be \$7.5 million. However, as the Administration is providing the services, housing sites and commercial sites in the town, it expects to recover the costs of acquisition and development of these sites when they are made available to private enterprise. (This recovery of Administration expenditures could be of the order of \$2 million.) A special Ordinance to enable the Administration to recover these costs will be introduced at this sitting of the House when the provisions will be explained.

The Administration's commitments for Arawa town and the Kieta-Tunuru road are shown in detail in Attachment 1. For the information of Honourable Members, groups of costs follow:-

ORDER OF MAGNITUDE ESTIMATE

ARAWA TOWNSITE AND KIETA-TUNURU ROAD

ALL FIGURES IN A\$000'S

Townsite Development	
Site Development	5,204
Water Supply and Sewerage	3,638
Electrical Reticulation	2,036
TPNG Housing	5,842
TPNG Facilities	8,357
Kieta-Tunuru Road	<u>2,423</u>
	<u>27,500</u>

ADMINISTRATION EQUITY

The Administration has accepted the offer by the Company in accord with Clause 8(a) of the Mining (Bougainville Copper Agreement) Ordinance, to acquire 20% of the Company's shares. The sum of \$12.5 million has been paid as application money and the balance of the cost \$12.5 million is payable in the financial year 1970-71. Initially the application money has been paid from funds made available on advance by the

Reserve Bank with the agreement of the Commonwealth Government. It is intended that the funds will ultimately be provided by means of negotiated loans.

The balance of \$12.5 million is currently the subject of negotiations through the Commonwealth Government and no problem is anticipated in meeting that obligation.

It is confidently expected that the value of this investment will increase considerably once the Project comes into production.

OTHER COMMITMENTS

The Administration commitments on other aspects of the project amount to some \$18.4 million. Of this some \$4.76 million will be required by June 1972 to meet permanent increases in Administration recurrent costs for staff and services, it is expected that these costs will average about \$3.2 million per annum after June 1972, i.e. once the Project enters its production phase. The remainder represents:-

Land Purchases	2,400,000
Telecommunications	5,132,000
District Store	185,000
D.A.S.F. Extension Centre	60,000
Corrective Institution	150,000
P.W.D. and Transport Workshop	120,000
Kieta Wharf	1,500,000
Aropa Aerodrome	720,000
Roads, Water Supply and Sewerage Kieta and St. Michaels	1,330,000
Transmission facilities and Electricity Supply. Kieta and St. Michaels	1,500,000
Maintenance	540,000
	<u>13,637,000</u>

BUDGETARY IMPLICATIONS

The budget review for 1969/70 has been completed and the result incorporating additional authorisation of \$2.74 million on the Bougainville Project has been presented. The construction phase of the Project will extend mainly over the next two financial years and estimated expenditures and sources of finance follow:-

	<u>1969/70</u>	<u>1970/71</u>	<u>1971/72</u>
<u>Expenditures.</u>			
. Equity	12,500,000	12,500,000	-
. Arawa	2,500,000	15,000,000	10,000,000
. Other Costs	3,700,000	8,529,000	6,171,000
. Interest and Sinking Fund on Commonwealth Loans	100,000	1,700,000	2,500,000
	<u>18,800,000</u>	<u>37,729,000</u>	<u>18,671,000</u>
<u>Income.</u>			
. Loans for Equity	12,500,000	12,500,000	-
. Commonwealth Loan for Capital Works	2,000,000	12,000,000	6,000,000
. Recovery of Arawa Development Costs	-	2,000,000	-
. Revenue from Project	3,100,000	8,400,000	8,500,000
. Balance	<u>1,200,000</u>	<u>2,829,000</u>	<u>4,171,000</u>
	<u>18,800,000</u>	<u>37,729,000</u>	<u>18,671,000</u>

The Administration proposes that future expenditure will be against single line appropriations for capital works and telecommunications but that other items such as staff costs, capital purchases, etc. be on a normal appropriation basis. From the foregoing it will be seen that a balance of approximately \$7 million will have to be found over the next 2 years.

BENEFITS TO THE TERRITORY

It will be obvious that meeting our commitments under the Bougainville Copper Agreement will make additional demands on the Territory's financial and manpower resources. Within a very short period, however, the Project will help to raise the economy to new and higher levels of activity while substantially adding to Territory revenues and exports. The benefits to be gained so far outweigh any of the immediate costs, that the Territory cannot afford any delay in bringing the Project successfully to the production phase.

The likely impact of the Project on the Territory's economy was outlined in detail in a previous paper. The following comments are therefore intended merely to confirm the earlier assessment and where possible, to provide more up-to-date information.

The Project will create many new job opportunities at all levels of skill. The Company's training programme, on which they expect to spend some \$500,000 a year, will ensure that

Papuans and New Guineans are given every assistance to take advantage of these opportunities. When production commences in 1972, the permanent workforce will number about 2,300 workers comprising about 900 expatriates and 1,400 Papuans and New Guineans. At that stage some 75 expatriates and 350 Papuans and New Guineans are expected to be employed in service industries. In addition, the Administration will need to expand its staff associated with the Project to about 1,330 of all categories by mid 1973. Further details of the manpower requirements are shown in Attachment 2. Papuans and New Guineans will also have great opportunities to participate in the many business enterprises that will grow up around the Project and the town. The Administration and the Company are actively co-operating in seeking ways and means to bring this about.

The Project will of course offer benefits in many other directions, including the benefits of the new town of Arawa and the facilities to be established within it. As noted in a previous paper, the town will have several primary schools, a secondary school and technical college. In addition, a primary school will be built in the town of Panguna. The technical and high schools, in particular, will serve the whole of the Bougainville District. Other major amenities serving the entire District will include the regional hospital to be constructed at Arawa; the upgraded port and road facilities; and the telecommunications link through Rabaul and Lae which will provide a 24 hour service to the rest of the world. Attachment 3 provides some details of the telecommunications service.

As noted above, the Administration has a three-fold financial interest in the success of the Project. As a taxing authority, the Territory stands to gain substantial revenue during the construction phase by means of company tax paid by contractors, personal income tax paid by construction workers, fees, duties and service charges. These additional revenues could be \$20 million over the construction phase. An increase in revenue collections will occur in 1972 when the Company commences to pay royalties on copper exported. While the amount will depend upon the export price and production levels achieved by the Company, the Administration can expect to receive about \$2 million per annum from this source. Company dividends should provide another important source of income, the amount depending upon the price of copper and the Company's dividend policy. As a part owner of the Company, the Administration could receive up to \$20 million per annum as its share of profits in the early years of production. It is expected that the Company will commence to pay company tax by 1979/80 and in a full year, the Administration may receive as much as \$30 million from this source.

Over the first ten years of production, the total additional revenue accruing to the Administration from all of the above sources is expected to approach \$400 million. Apart from this revenue generated directly by the mining activity, however, Administration revenues can be expected to benefit from the heightened levels of economic activity induced elsewhere in

Bougainville and throughout the Territory. All of the foregoing estimates are based on a copper price of 55c.(U.S.) per lb. The world price is currently 70c.(U.S.) per lb. The following estimates are offered as an indication of the annual revenue that might be expected from the Project during its several distinct phases prior to the year 1982.

The revenues accruing to the Administration are estimated at 55c.(U.S.) per lb. and for comparative purposes at 30c.(U.S.) per lb. It is highly unlikely that prices will fall to the latter level and they may continue to exceed 55c.(U.S.) per lb.

	Approximate Annual Revenue* to the Administration at Copper Prices per lb. of	
	<u>55c.(U.S.)</u>	<u>30c.(U.S.)</u>
1969/72 Construction Phase	\$6.0m.	\$6.0m.
1973/77 Period of Major Loan Repayments	\$33.0m.	\$13.0m.
1978/82 Period of Incidence of Taxation	\$50.0m.	\$15.0m.

* The annual revenue estimates include revenue from Administration Services, taxation and excise, royalties, dividends and company tax.

Another early benefit from the Project will be the rapid growth in export income which in turn will enable the Territory to command a greater volume of imports essential for development and raising the people's level of living. The whole Territory will benefit from this. The Territory's exports are currently valued at about \$75 million and under the impetus of the Five Year Development Programme exports would normally be expected to reach a level of about \$84 million in 1972/73. With the Panguna Project in operation, the assessed export income for 1972/73 is more than doubled to about \$254 million.

Once commenced the mining operation will be a very worthwhile source of revenue to the Administration. Conversely continuing capital and recurrent expenditures will be a drain on income. At Attachment 4 there are projected figures of receipts and expenditures up to 1981/82 which illustrate results.

From the foregoing, it will be obvious that the successful establishment of the Project will enable the Territory to substantially exceed the levels of economic growth envisaged in the Five Year Development Programme. Members will recall that at the time the Development Programme was presented to this House, no decision had been made in regard to the Bougainville Project. The decision to proceed with a Project of this magnitude and significance for development will necessarily affect the Programme at large. The work of reassessing and updating the Programme in the light of this development is now in progress and a fuller report on the Programme will be presented to the House at Budget time.

CONCLUSION

In the short term, financing of the Bougainville Project will place strains on the Territory budget. The Australian Government however has offered assistance by way of a loan of \$20 million on generous terms as regards interest and repayment and additionally is arranging a further \$25 million which will help to offset the impact on the Territory's internal resources. By way of compensation and benefits from the mining operation in the form of revenue, export earnings and overall impact on the economy will be on a scale never previously imagined.

The Project is unique because of the quantum of finance involved and as mentioned earlier is illustrative of the demands on Territory resources which the development of any national asset will impose. Let us hope this is but the first of a series of developments which will make this Territory a better place for the people to live in.

The object throughout this paper has been to inform you in as much detail as possible on all aspects of the Administration involvement. Having regard to the importance of the commencement of mining and the earning of income, it is most desirable that the House -

- (1) endorse the plan to build Arawa as a normal Administration town incorporating the facilities set out in this statement and the Attachments;
- (2) agree to the employment of Bougainville Copper as a construction authority, such arrangement to be the subject of a contract;
- (3) authorise the Works when recommended by the Standing Committee of the House;
- (4) accept the financial commitment attaching to the Administration's participation in the Project.

It is the intention to continue the practice of reporting progress on the Bougainville Project and I am sure that with the acceleration of activity envisaged in this current statement future reports will be of interest to all.

ESTIMATED WORKFORCE

ATTACHMENT 2.

Period	1969		1970/71		1971/72		1972/73	
	Overseas	Local	Overseas	Local	Overseas	Local	Overseas	Local
Project Workforce	2,520	2,070	3,730	2,510	3,390	2,520	1,840	1,400
Administration Staff	70	260	150	440	230	690	890	1,040
Total Workforce	2,590	2,330	3,880	2,950	3,620	3,210	2,730	2,440

BOUGAINVILLE COPPER PROJECT

ATTACHMENT 4.

ESTIMATES OF ADMINISTRATION RECEIPTS AND EXPENDITURE

Period	1969/70-1971/72	1972/73-1976/77	1977/78-1981/82	Total
<u>Receipts</u>				
Internal Revenue	22.0	159.5	251.2	432.7
Loans	45.0	-	-	45.0
Total	67.0	159.5	251.2	477.7
<u>Expenditure</u>				
Equity	25.0	-	-	25.0
Debt Redemption	4.3	15.2	19.3	38.8
Capital and Recurrent	45.9	45.7	73.4	165.0
Total	75.2	60.9	92.7	228.8
Excess of Receipts Over Expenditure	-8.2	98.6	158.5	248.9

The above figures represent \$ Million.

BOUGAINVILLE COMMUNICATIONS PROJECT1. Trunks and Junctions

- 1.1 The Bougainville Communications Project will provide the following Trunk channels -

Lae - Bougainville	24 channels
Rabaul - Bougainville	12 channels

As the route is via Talasea and Tomavatur, the following additional trunks will be provided -

Lae - Rabaul	24 channels
Kimbe - Rabaul	24 channels

- 1.2 In order to interconnect the exchanges listed below, a junction network will be provided on Bougainville. This will consist of -

Arawa/Panguna	60 channels
Arawa/Kieta	60 channels
Arawa/Anewa Bay	36 channels
Arawa/Industrial Area	24 channels

Total Radio Works (Trunks
\$3,117,000 and Junctions)

2. Telephone Exchanges

Telephone Exchanges will be provided at -

Kieta	400 lines
Arawa	1000 lines
Panguna	530 lines
Industrial Area	200 lines

Underground cable and subscribers instruments will be provided at these locations.

Total Exchange Network \$1,084,000

3. Architectural and Civil

It will be necessary to construct buildings and other civil works at all the repeater sites and at the telephone exchange sites.

3.1 Architectural.

The major buildings are -

Kieta Telephone Exchange and Post Office
Arawa Telephone Exchange and Post Office

13/2
Hughes

Industrial Area Exchange
Panguna Exchange (to be constructed by
Bougainville Copper Pty. Limited)
Six radio repeater buildings

Total Architectural Works \$508,300

3.2 Civil.

Civil works consists of clearing and
establishing radio repeater sites, road
access to Sattelburg, Liapo, Takis and
Old Massava, jetties at Takis and
Torokina.

Total Civil Works \$422,700

TOTAL PROJECT: \$5,132,000

936/4/13

I. Hughes

AAP 346

AND 3 PORT MORESBY
LAPUN AND MR MIDDLEMISS ARE ALSO HAVING TALKS WITH THE
ADMINISTRATION ON NEGOTIATIONS TO ACQUIRE NATIVE OWNED LAND
WHICH WILL BE NEEDED FOR PART OF ARAWA TOWNSHIP.

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I. Hughes

PORTMORESBY MARCH 10 AAP NAPIDAKOE NAVITU
THE BOUGAINVILLE ORGANISATION FORMED DURING LAST YEARS LAND
DISPUTES, IS OPPOSING TWO PAPUAN NEW GUINEA ADMINISTRATION PLANS CONN
ECTED WITH THE ISLANDS COPPER PROJECT
IT IS ALSO HOLDING AN UNOFFICIAL POLL WHICH SHOWS IT SAYS,
MOST BOUGAINVILLIANS WANT A NATION SEPARATE FROM THE REST OF
TERRITORY THE NAVITU (ASSOCIATION) IS REPRESENTING LAND OWNING GROUPS
BEING DISTURBED BY THE COPPER PROJECT
IT IS ALSO IN EFFECT, A POLITICAL PARTY, PAUL LAPUN WHO IS
ALSO THE MEMBER FOR SOUTH BOUGAINVILLE IN THE HOUSE OF ASSEMBLY AND IS
AUSTRALIAN SECRETARY BARRY MIDDLEMISS ARE NOW IN
PORTMORESBY.
MORE 2150 10/3 GC

THE CANBERRA TIMES, WEDNESDAY, MARCH 11, 1970

D CHARGES

ISLANDERS OPPOSE OFFICIAL PLANS

PORT MORESBY, Tuesday (AAP). — Napidakoe Navitu, the Bougainville organisation formed during last year's land disputes, is opposing two Papua-New Guinea Administration plans connected with the island's copper project.

It is holding also an unofficial poll which so far shows, it says, that most Bougainville people want a nation separate from the rest of the Territory.

Napidakoe Navitu is an association representing land-owning groups being disturbed by the copper project.

It is also, in effect, a political party. Mr Paul Lapun, a sponsor of the association, who is also the Member for South Bougainville in the House of Assembly, and its Australian secretary, Mr Barry Middlemiss, are now in Port Moresby.

Mr Lapun expects within the next few days to move an amendment to legislation introduced in the House last week by the Assistant Administrator for Economic Affairs, Mr A. J. Newman.

The legislation is to appoint a four-man commission to control Arawa, the mining township now being built on Bougainville.

The commission would consist of one Administration representative, one from Bougainville Copper Pty Ltd and two from the Bougainville people.

A Napidakoe-sponsored meeting of Bougainville people in Port Moresby on Sunday decided to press for changes to the commission, including giving indigenes a majority on it.

Talks on land

Mr Lapun and Mr Middlemiss are also having talks with the Administration on negotiations to acquire 400 acres of native-owned land which will be needed for part of Arawa township.

Napidakoe, which earlier won what was widely considered a most generous agreement for nearby Rorovana villagers, has already persuaded the Administration to accept 400 acres instead of 600 acres.

But a stalemate in the negotiations arose because the Administration wants to buy land outright, but Napidakoe is prepared only to grant long leases.

About 11,000 voting papers in a Bougainville-wide poll conducted by Napidakoe have been returned, and it is understood they are overwhelmingly in favour of the island's complete separation from the rest of Papua-New Guinea. Mr Lapun said today he expected to make a statement on the referendum during the current meeting of the House.

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AAP 346

AND 3 PORT MORESBY
LAPUN AND MR MIDDLEMISS ARE ALSO HAVING TALKS WITH THE
ADMINISTRATION ON NEGOTIATIONS TO ACQUIRE NATIVE OWNED LAND
WHICH WILL BE NEEDED FOR PART OF ARAWA TOWNSHIP.

L. Hughes

ADMINISTRATION WANTED TO ACQUIRE 400 ACRES OF LAND OWNED
BY ARAWA VILLAGERS.

AAP 345

LAND 2 PORT MORESBY

MR LAPUN EXPECT WITHIN THE NEXT FEW DAYS TO MOVE AN AMENDMENT TO
LEGISLATION INTRODUCED IN THE HOUSE LAST WEEK BY
ASSISTANT ADMINISTRATOR FOR ECONOMIC AFFAIRS MR A. J. NEWMAN.

THE LEGISLATION IS TO APPOINT A FOUR MAN COMMISSION TO CONTROL
ARAWA THE MINING TOWNSHIP NOW BEING BUILT ON BOUGAINVILLE.

THE COMMISSION WOULD BE MADE UP OF ONE ADMINISTRATION REPRESENT-
ATIVE ONE FROM BOUGAINVILLE COPPER PTY. LTD AND TWO FROM THE
BOUGAINVILLE PEOPLE.

A NAPIDAKOE SPONSORED MEETING OF BOUGAINVILLIANS IN PORT MORESBY
ON SUNDAY DECIDED TO PRESS FOR CHANGES TO THE COMMISSION INCLUDING
GIVING INDIGENES A MAJORITY ON IT.

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L. Hughes

BOUGAINVILLE
MEMBER FOR SOUTH BOUGAINVILLE IN THE HOUSE OF ASSEMBLY AND IS
BEING DISTURBED BY THE COPPER PROJECT
THE BOUGAINVILLE ASSOCIATION IS REPRESENTING LAND OWNING GROUPS
HOLDING UNDISPUTED LAND WHICH SHOWS IT STRONG
DISPUTES IS OPPOSING THE BOUGAINVILLE NEW GUINEA ADMINISTRATION PLANS
FOR BOUGAINVILLE TOWNSHIP FOR PART OF ARAWA TOWNSHIP
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PLANS

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\$20m. LOAN FOR NG INVESTMENT

The Australian Government will lend the Papua-New Guinea Administration \$20 million to help ease the strain which would be placed on its budget in financing its investment in the Bougainville copper project.

Details of the loan were contained in a paper presented to the House of Assembly soon after sittings began yesterday.

A paper was tabled by the Assistant Administrator for Economic Affairs, Mr A. P. J. Newman, who is the Administration's main troubleshooter for the copper project.

Mr Newman told the House funds would be in the form of a loan to the Administration, repayable on terms analagous to those applying to loans raised in Australia and Papua-New

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AAP 357

PROJECT 2 PORT MORESBY

MR NEWMAN SAID THE AUSTRALIAN GOVERNMENT HAD AGREED TO LEND AN \$20 MILLION DOLLARS TO HELP PAY FOR CONSTRUCTION WORK. THE LOAN WILL HAVE A FOUR-YEAR "GRACE PERIOD".

PORT MORESBY, MARCH 5, AAP - THE PAPUA-NEW GUINEA ADMINISTRATION WILL HAVE TO SPEND MORE THAN 70 MILLION DOLLARS DURING THE CONSTRUCTION STAGE OF THE BOUGAINVILLE COPPER PROJECT, ASSISTANT ADMINISTRATOR IN CHARGE OF ECONOMIC AFFAIRS MR. A. P. NEWMAN TOLD THE HOUSE OF ASSEMBLY TODAY.

HE SAID MORE THAN HALF OF THIS MONEY WOULD COME FROM LOANS. MR NEWMAN WAS MAKING A STATEMENT ON PROGRESS OF THE 350 MILLION DOLLAR COPPER PROJECT.

HE SAID THAT BY JUNE, 1972, WHICH IS JUST AFTER THE COMPANY EXPECTS TO BEGIN PRODUCTION, THE ADMINISTRATION WILL HAVE SPENT 70,000,000 DOLLARS.

THIS CONSISTED OF 27,500,000 DOLLARS ON ARAWA AND CIINING TOWNSHIPS, 25 MILLION DOLLARS FOR THE PURCHASE OF THE ADMINISTRATION'S 20 PER CENT EQUITY IN THE PROJECT AND 18,400,000 DOLLARS FOR CAPITAL WORKS AND SERVICES ON OTHER ASPECTS OF THE PROJECT.

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PROJECT 2 PORT MORESBY

MR NEWMAN SAID THE AUSTRALIAN GOVERNMENT HAD AGREED TO LOAN ADMINISTRATION 20 MILLION DOLLARS TO HELP PAY FOR CONSTRUCTION WORK. THIS LOAN WILL HAVE A FOUR-YEAR "GRACE PERIOD".

IN ADDITION 12,500,000 DOLLARS, HALF THE AMOUNT NEEDED TO BUY THE 20 PER CENT EQUITY OF THE PROJECT, HAD BEEN MADE AVAILABLE BY THE RESERVE BANK.

IT WAS INTENDED THAT ULTIMATELY THESE FUNDS WOULD COME FROM NEGOTIATED LOANS.

THE ADMINISTRATION WAS NEGOTIATING WITH COMMONWEALTH GOVERNMENT FOR A FURTHER 12,500,000 DOLLARS, BALANCE OF THE EQUITY PAYMENT, AND "NO PROBLEM IS ANTICIPATED IN MEETING THAT OBLIGATION," HE STRESSED.

MR NEWMAN SAID LATEST ESTIMATES WERE THAT THE PROJECT WOULD BE WORTH NEARLY 400 MILLION DOLLARS TO THE TERRITORY OVER THE FIRST TEN YEARS OF PRODUCTION.

HE ASKED THE HOUSE TO ENDORSE ADMINISTRATION ARRANGEMENTS TO FINANCE THE PROJECT AND THE DEBATE ADJOURNED.

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Mr Newman told the House funds would be in the form of a loan to the Administration, repayable on terms analagous to those applying to loans raised in Australia and Papua-New Guinea.

"There will be the difference that because of heavy demands on the Administration Budget during the construction period the Commonwealth will allow a four-year grace period for repayment of capital and payment of interest.

"This grace period means the Administration will have no commitment to repay either principal or interest on this loan for the first four years after it has been drawn," Mr Newman said.

Mr Newman said the Bougainville project was unique because of the amount of finance involved, and because it illustrated the demands on the Territory's resources which development of any asset would impose.

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COPPER - ATTN FINANCE

EMBARGOED FOR AUTOMATIC RELEASE 0630 AEST MONDY MARCH 2.
PORT MORESBY, MARCH 2, AAP-SPECIAL -- THEPAPUA-NEW GUINEA
ADMINISTRATION ANNOUNCED TODAY IT HAD FORMALLY APPLIED TO TAKE UP
20 PER CENT OWNERSHIP IN THE BOUGAINVILLE COPPER PROJECT AND HAD
MADE A FIRST PAYMENT OF 12.5 MILLION DOLLARS.

THE ADMINISTRATOR, MR D.O. HAY, SAID IN A STATEMENT
THE APPLICATION AND PAYMENT WERE MADE LAST FRIDAY.

THE SECOND AND FINAL PYAMENT, ALSO OF 12.5 MILLION DOLLARS,
WOULD FALL DUE THIS JULY.

UNDER THE TERMS OF THE BOUGAINVILLE COPPER AGREEMENT,
NEGOTIATED BY THE AUSTRALIAN GOVERNMENT AND CONZINC RIOTINTO
OF AUSTRALIA AND RATIFIED BY THE HOUSE OF ASSEMBLY IN 1967,
THE ADMINISTRATION WAS ENTITLED TO A ONE-FIFTH EQUITY IN THE 350
MILLION DOLLAR PROJECT. THIS WAS TO TAKE THE FORM OF 25
MILLION ONE DOLLAR SHARES IN BOUGAINVILLE COPPER PTY LTD, THE
DEVELOPING COMPANY.

LAST NOVEMBER THE MINISTER FOR EXTERNAL TERRITORIES, MR C.E.
BARNES ANNOUNCED THE ADMINISTRATION WOULD TAKE UP TS FULL EQUITY
ENTITLEMENT AND LATER THAT MONTH THE HOUSE OF ASSEMBLY AUTHORISED
THE BORROWING OF THE REQUIRED MONEY.

MORE LM

J. Hayes

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COPPER 2 PORT MORESBY (EMBARGOED)

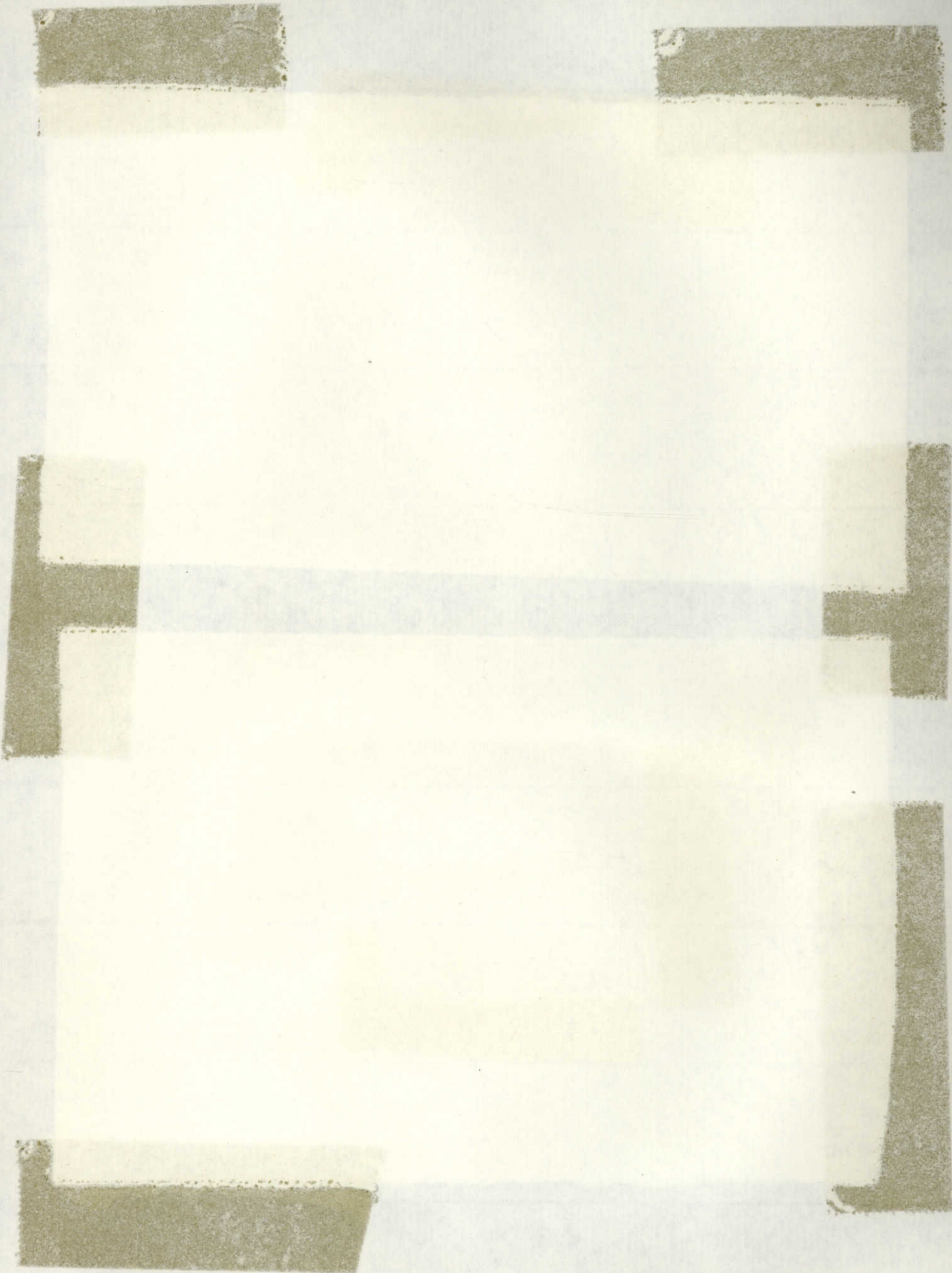
MR HAY'S STATEMENT SAID THE ADMINISTRATION INTENDED TO OBTAIN
FUNDS BY A LOAN, BUT AS THE PROCEEDS OF THE LOAN WERE
NOT IMMEDIATELY AVAILABLE, ARRANEMENTS HAD BEEN MADE FOR THE
ADMINISTRATION TO BE PROVIDED WITH OVERDRAFT FINANCE BY THE RESERVE
BANK OF AUSTRALIA TOENABLE PAYMENT TO BE MADE.

MEANWHILE A HIGH LEVEL TEAM REPRESENTING THE HOUSE OF ASSEMBLY
AND THE ADMINISTRATION IS MAKING AN ON-THE-SPOT INSPECTION OF THE
BOUGAINVILLE PROJECT.

THE TEAM INCLUDES THE ASSISTANT ADMINISTRATOR RESPONSIBLE FOR
ECONOMIC AFFAIRS, MR A.P.J. NEWMAN, AND MOST MEMBES OF THE HOUSES
PUBLIC ACCOUNTS COMMITTEE.

MR NEWMANIS EXPECTED TO MAKE A COMPREHENSIVE STATEMENT ON THE
PROJECT DURING THE NEXT MEETING OF HOUSE WHICH BEGINS ON
THURSDAY.

AAP LM



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FINAL SETTLEMENT OF ROROVANA CLAIMS

(Statement by the Minister for
External Territories, the Hon.
C.E. Barnes, M.P.)

The Minister for External Territories, Mr C.E. Barnes said today that a final settlement had been reached on an agreement with the Rorovana people for a lease of their land at Bougainville.

All of the Rorovana people had expressed satisfaction with the terms of settlement.

All landowners in the lease area had now signed the Agreement which provides for :

- an immediate payment of \$37,000 which includes an annual fee of \$7,000;
- a review of the annual fee at intervals of seven years;
- an offer of 7,000 shares in Bougainville Mining Ltd at issue price;
- other forms of compensation for loss of economic crops and trees.

Payments will be made to a board of trustees who will distribute payments in accordance with the rights of individual members of the Rorovana people.

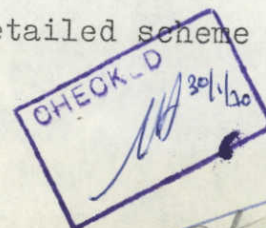
After consultation with the Rorovana people, Mr D.N. Brown, representing the Administration, and Messrs Raphael Bele and Michael Binavata, representing the Rorovana people, were nominated as trustees.

A Land Titles Commissioner has examined the compensation claims of the Rorovana people and his determination of claims has been accepted by them.

The trustees are now working out a detailed scheme for distribution of compensation and rent.

Canberra, A.C.T.
Port Moresby, T.P.N.G.

16 January, 1970



H. P. Steele

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FINAL SETTLEMENT OF NORWEGIAN CLAIMS

(Statement by the Minister for
External Relations, the Hon.
O. A. Johannessen, N.P.)

The Minister for External Relations,
Mr. O. A. Johannessen, today made a final statement on the
reached an agreement with the Norwegian people for a lease
of their land at Longyearbyen.

All of the Norwegian people had expressed
satisfaction with the terms of settlement.

All landowners in the lease area had now
signed the agreement which provides for a

an immediate payment of 1,000,000
which included an annual fee of 25,000.

A review of the annual fee at intervals of
seven years.

an offer of 1,000 shares in Longyearbyen
Mining Ltd. at issue price.

other forms of compensation for loss of
economic value and taxes.

Payments will be made to a body of trustees
who will distribute payments in accordance with the rights
of individual members of the Norwegian people.

After consultation with the Norwegian people,
Mr. B. H. Brundage, representing the Administration, and
Messrs. Bakke, Dale and Mønstad, representing the
Norwegian people, were nominated as trustees.

A Land Titles Commission has examined the
occupation claims of the Norwegian people and his determination
of claims has been accepted by them.

The trustees are now working out a detailed scheme
for distribution of compensation and rent.



Copenhagen, A.P.S.
Fort Monroby, T.P.N.

10 January, 1970

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**Canberra's
seizure legal**

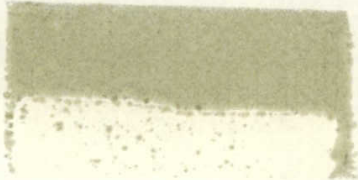
The Full High Court held yesterday that the Commonwealth had power under Section 122, of the constitution to acquire land at Bougainville in New Guinea for mineral development.

The court had heard preliminary legal argument before an action by Bougainville villagers claiming that a mining ordinance giving the Commonwealth the right to all gold and minerals found on Territory land was invalid.

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CENTRAL REGISTRY
D.E.A.

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3rd December, 1969.

The Secretary,
Department of External Territories,
CANBERRA

BOUGAINVILLE COPPER PROJECT: ARTICLE IN
ZAMBIAN NEWSPAPER

ENCLOSURE ATTACHED

.....

Attached for your information is a copy of memorandum 593 of 27th November, 1969 from the Australian High Commission, Dar Es Salaam and two copies of the attachment.

(M.W. Hughes)
for the Secretary



102

936/4/13
CENTRAL REGISTRY
D.E.A.
DEC 2 12 09 PM '69
NON-INDEX SUBJECT

AUSTRALIAN HIGH COMMISSION

DAR ES SALAAM

In reply quote No. 237/10/5/4

Memorandum No. 593

27th November, 1969

The Secretary,
Department of External Affairs,
CANBERRA.

Zambia : New Guinea

The following report on the Bougainville copper deposits - "Prosperity Ahead - at a Price" - appeared in the "Times of Zambia" on 31st October, 1969.

2. While it is slightly critical of the way the administration has handled the acquisition of land owned by the Rorovana tribe and is critical of the future for these people, it makes the point that "there is no doubt about the benefits to the New Guinea economy" of the copper deposits and that they may become "the mainstay of an ultimately independent nation of New Guinea".

3. We have seen no public reaction by way of further comments in the "Times of Zambia".

4. A copy of the article is enclosed for your information.

.....
ENCLOSURES ATTACHED

T. Sofield
(T. Sofield)
Third Secretary

*Copies to
External Territories
8/4/12*

Prosperity ahead — at a price

FOR four years, the big Australian mining complex known as Conzinc Riotinto of Australia has probed deeper and deeper into low-grade copper ore deposits on the Island of Bougainville, New Guinea, to determine whether mining would be a payable proposition.

So far it has spent about K17 million and come up with a convincing answer: the existence of at least 760 million tons of worthwhile ore likely to yield revenue of at least K85 million a year.

FRASER DUNBAR

The official go-ahead was all set to be announced in July when violence erupted over plans to acquire about 860 acres of land owned by the 150-strong Rorovana tribe.

The offer was K90 an acre plus compensation for trees. The Rorovana people said no and physically resisted the takeover of their land.

Now they have been offered the equivalent of about K850 an acre for 140 acres on terms that will yield them about K420,000 over 42 years and give them back their land in 84 years.

The total figure looks impressive, but it is still little more than K850 a head over 42 years — about K18 a year for each Rorovana man, woman and child.

Beyond this cash payment it is far from obvious what direct benefits the mine development will confer upon the Rorovana tribe and the people of Bougainville generally.

cent of tribal land area will reduce the capacity of the Rorovana people to sustain themselves in their traditional way.

On the other hand, the development of new roads and their capacity to use new transport facilities will improve their prospects of marketing surplus produce.

The mine will, when fully established, employ about 1,500 indigenous people. On present indications, relatively few of these will be Bougainvillians. The local people tend to stay farming and the mine jobs go to migrants from other islands.

There will be a new town, new shops, a new hospital and better education facilities. These will inevitably rub off on the local population.

But to what extent they will gain direct and material benefit is not clear. The fear is that they will become — like so many similarly placed people — social heretics on the edge of

a civilisation which they cannot comprehend and in which they do not participate.

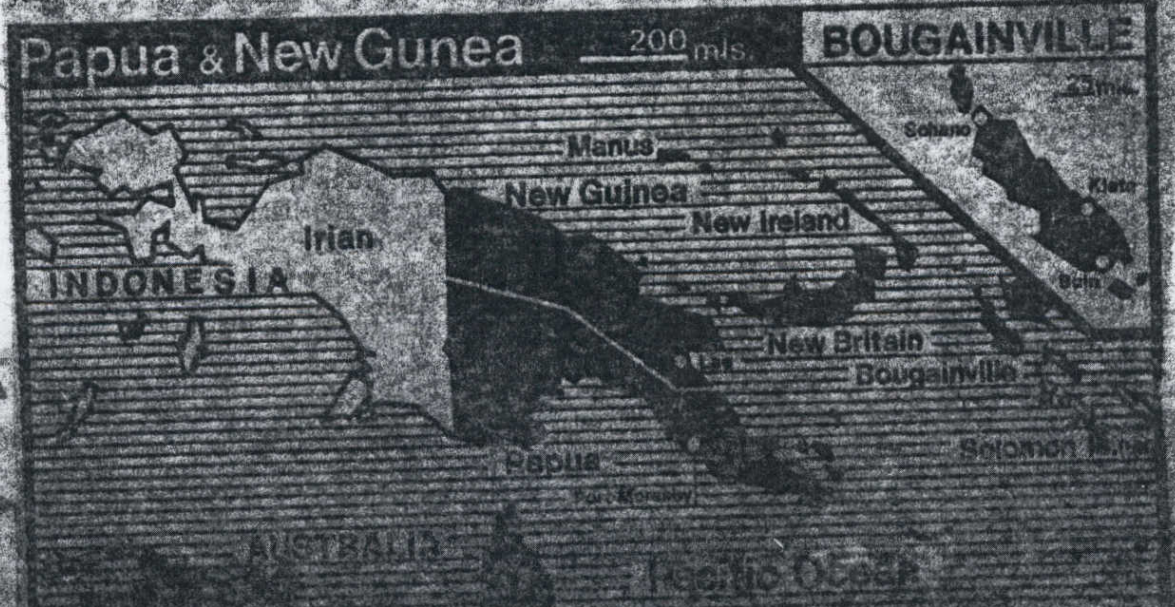
There is no doubt about the benefits to the New Guinea economy.

By the mid-1970's the mine should be bringing in more than K85 million a year in foreign exchange, making the country almost self-supporting financially. Without Conzinc, its knowhow, and its international affiliations, it is doubtful so much could be achieved so quickly.

Its willingness to spend such money to prove the operation's viability could not have been matched locally, nor could its international success in raising more than K75 million to finance the development of facilities to produce the copper.

Most of that sum will be repaid within four years or the mine starts up ore in 1972. The rest will be repaid within the two following years.

After that, the mine could be a real bonanza for the country and its inhabitants, and the maturity of an ultimately independent nation of New Guinea.



Prosperity ahead — at a price

FRASER DUNBAR

FOR four years, the big Australian mining complex known as Consinc Riotinto of Australia has probed deeper and deeper into low-grade copper ore deposits on the Island of Bougainville, New Guinea, to determine whether mining would be a payable proposition.

So far it has spent about K17 million and come up with a convincing answer: the existence of at least 760 million tons of worthwhile ore likely to yield revenue of at least K85 million a year.

The official go-ahead was all set to be announced in July when violence erupted over plans to acquire about 600 acres of land owned by the 150-strong Rorovana tribe.

The offer was K90 an acre plus compensation for trees. The Rorovana people said no and physically resisted the takeover of their land.

Now they have been offered the equivalent of about K850 an acre for 140 acres on terms that will yield them about K420,000 over 42 years and give them back their land in 84 years.

The total figure looks impressive, but it is still little more than K850 a head over 42 years — about K18 a year for each Rorovana man, woman and child.

Beyond this cash payment it is far from obvious what direct benefits the mine development will confer upon the Rorovana tribe and the people of Bougainville generally. The loss of about nine per

cent of tribal land area will reduce the capacity of the Rorovana people to sustain themselves in their traditional way.

On the other hand, the development of new roads and their capacity to use new transport facilities will improve their prospects of marketing surplus produce.

The mine will, when fully established, employ about 1,500 indigenous people. On present indications, relatively few of these will be Bougainvillians. The local people tend to stay farming and the mine jobs go to migrants from other islands.

There will be a new town, new shops, a new hospital and better education facilities. These will inevitably rub off on the local population.

But to what extent they will gain direct and material benefit is not clear. The fear is that they will become — like so many similarly placed people — social derelicts on the edge of

a civilisation which they cannot comprehend and in which they do not participate.

There is no doubt about the benefits to the New Guinea economy.

By the mid-1970's the mine should be bringing in more than K85 million a year in foreign exchange, making the country almost self-supporting financially. Without Consinc, its knowhow, and its international affiliations, it is doubtful so much could be achieved so quickly.

Its willingness to spend such money to prove the operation's viability could not have been matched locally, nor could its international success in raising more than K175 million to finance the development of facilities to produce the copper.

Most of that sum will be repaid within four years of the mine start-up late in 1972. The rest will be repaid within the two following years.

After that, the mine should be a real bonanza for the country and its shareholders, and the maturity of an ultimately independent nation of New Guinea.



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936/23
936/4/13

DEPARTMENT OF EXTERNAL AFFAIRS

OUTWARD CABLEGRAM

VR 3

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TO

TOD 20-11-69...2018 LT

AUSTRALIAN MISSION TO
THE UNITED NATIONS,
NEW YORK

RESTRICTED

1251 RESTRICTED

PAPUA/NEW GUINEA - BOUGAINVILLE COPPER

YOUR TELEGRAM 2035

THE MINISTER FOR EXTERNAL TERRITORIES RELEASED A STATEMENT ON 13TH NOVEMBER ANNOUNCING THAT THE ADMINISTRATION WOULD EXERCISE ITS OPTION TO TAKE UP A 20 PER CENT EQUITY INTEREST IN THE PROJECT.

COPIES HAVE BEEN FORWARDED BY BAG.

TO ENSURE THAT YOU HAVE THE STATEMENT IN TIME FOR YOUR OPENING STATEMENT, WE ARE CABLING THE FULL TEXT IN OUR IMMEDIATELY FOLLOWING TELEGRAM.

2. THE HOUSE OF ASSEMBLY PASSED LEGISLATION ON 19TH NOVEMBER, IN ACCORDANCE WITH STATUTORY REQUIREMENTS, AUTHORISING THE ADMINISTRATION TO BORROW DOLLARS 25 MILLIONS FOR THE PURPOSE OF TAKING UP ITS OPTION.

THE SOURCE OF LOAN FUNDS IS NOT KNOWN AT THIS STAGE.

MIN. AND DEPT. E.A. (936/13)
MIN. AND DEPT. EX. TERRITORIES
D.C.O.
P.M.'S

SEC DEP SEC FAS(1) SEA FAS(2) UN(3) PACAM AM FAS(3)
ER FAS(4) EAMEC ICR

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DEPARTMENT OF EXTERNAL AFFAIRS
OUTWARD CABLEGRAM

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TOD 20-11-69...2029 LT

AUSTRALIAN MISSION TO
THE UNITED NATIONS
NEW YORKL

1252 UNCLASSIFIED

PAPUA/NEW GUINEA - BOUGAINVILLE COPPER

REFERENCE OUR IMMEDIATELY PRECEDING TELEGRAM

BEGINS:-

BOUGAINVILLE COPPER PROJECT

(STATEMENT BY THE MINISTER FOR EXTERNAL TERRITORIES, THE HON. C.E. BARNES, M.P.)

THE MINISTER FOR EXTERNAL TERRITORIES, MR. BARNES, SAID TODAY THAT THE PAPUA AND NEW GUINEA ADMINISTRATION WOULD EXERCISE ITS OPTION TO TAKE UP, ON BEHALF OF THE PEOPLE OF PAPUA AND NEW GUINEA, A 20 PER CENT EQUITY INTEREST IN THE BOUGAINVILLE COPPER MINING PROJECT UNDER THE AGREEMENT BETWEEN THE ADMINISTRATION AND BOUGAINVILLE COPPER PTY. LTD., SIGNED ON 6TH JUNE, 1967, AND APPROVED BY THE TERRITORY HOUSE OF ASSEMBLY ON 30TH AUGUST, 1967, THE ADMINISTRATION HAS THE RIGHT TO TAKE UP 20 PER CENT OF THE ORDINARY SHARE CAPITAL OF THE COMPANY AT PAR.

THIS WILL INVOLVE AN INVESTMENT BY THE ADMINISTRATION OF DOLLARS 25 MILLION.

MR. BARNES SAID THAT THE PROJECT WAS PROCEEDING WITH THE BACKING OF THE TERRITORY'S ELECTED LEGISLATURE, WHICH IN JUNE OF THIS YEAR, ENDORSED IT AS 'MAJOR AND ESSENTIAL DEVELOPMENT IN THE ECONOMIC FUTURE OF THE TERRITORY'.

THE PROJECT WILL INVOLVE AN INVESTMENT OF OVER DOLLARS 300 MILLION AND IS EXPECTED TO START PRODUCING COPPER CONCENTRATE IN 1972.

EXPENDITURES DURING THE CONSTRUCTION PHASE OF THE PROJECT, WHICH IS ALREADY UNDER WAY, WILL HELP TO RAISE GOVERNMENT REVENUES AS WELL AS ADD TO THE INCOMES OF TERRITORY AND ESPECIALLY BOUGAINVILLE RESIDENTS.

THE CONTRIBUTION FROM THIS SOURCE TO THE TERRITORY'S BUDGET IN

.../2

98

OUTWARD CABLEGRAM

- 2 -

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1969/70 IS ESTIMATED AT DOLLARS 1.4 MILLION.

THE PROJECT WILL DIRECTLY OR INDIRECTLY PROVIDE EMPLOYMENT FOR SOME 2,500 PAPUANS AND NEW GUINEANS IN THE EARLY PRODUCTION PERIOD, RISING TO PERHAPS 4,000 AFTER TEN YEARS, AND WILL EVENTUALLY SUPPORT A COMMUNITY ON BOUGAINVILLE ISLAND OF WELL OVER 10,000 PEOPLE.

THE PROJECT WILL PRODUCE EXPORTS OF MORE THAN DOLLARS 100 MILLION PER ANNUM AND IT WILL MAKE A NET ANNUAL CONTRIBUTION OF SOME DOLLARS 50 MILLION TO THE TERRITORY'S BALANCE OF PAYMENTS POSITION AND WILL ADD A SIMILAR AMOUNT TO TERRITORY REVENUES.

MR. BARNES SAID THAT OVER THE FIRST TEN YEARS OF OPERATION TOTAL REVENUES OF THE ORDER OF DOLLARS 200 MILLION TO DOLLARS 300 MILLION COULD BE EARNED DEPENDING UPON THE PRICE OF COPPER.

AT THE FULL TAX PAYING STAGE THE COMPANY WILL PAY SOME 50 PER CENT OF ITS TAXABLE INCOME TO THE ADMINISTRATION., TOGETHER WITH THE 20 PER CENT EQUITY PARTICIPATION BY THE ADMINISTRATION THIS WILL ENSURE THAT AT LEAST 60 PER CENT OF THE TAXABLE INCOME FROM THE PROJECT IS RETAINED IN THE TERRITORY.

THE TERRITORY, AND BOUGAINVILLE IN PARTICULAR, WILL BENEFIT ALSO FROM EXPENDITURES OUT OF WAGES PAID TO WORKERS ON THE PROJECT., FROM INCREASED PURCHASES OF TERRITORY PRODUCTS AND FROM PRIVATE INVESTMENTS IN ANCILLARY INDUSTRIES.

BOUGAINVILLE COPPER PTY. LTD. IS UNDERTAKING A MASSIVE TRAINING PROGRAMME AT A COST OF MORE THAN DOLLARS 2 MILLION TO TRAIN PEOPLE OF THE TERRITORY FOR POSITIONS OF RESPONSIBILITY IN THE PROJECT.

MR. BARNES SAID THAT THE BOUGAINVILLE COPPER PROJECT REPRESENTS A SIGNIFICANT STEP FORWARD TOWARD THE TERRITORY'S ECONOMIC SELF-RELIANCE.

THE DECISION TO TAKE UP THE OPTION WAS IN KEEPING WITH THE POLICY OF PROVIDING OPPORTUNITIES FOR LOCAL PARTICIPATION IN MAJOR PROJECTS THAT ARE UNDERTAKEN IN THE TERRITORY.

ENDS.



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OUTWARD CABLEGRAM

- 3 -

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MIN. AND DEPT. E.A. (936/13)
MIN. AND DEPT. EX. TERRITORIES
D.C.
P.M. S

SEC DEP SEC FAS(1) SEA FAS(2) UN PACAM AM FAS(3)
ER FAS(4) EAMEC IC

936/4/13
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DEPARTMENT OF EXTERNAL AFFAIRS
INWARD CABLEGRAM

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NEW YORK

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PAPUA-NEW GUINEA : BOUGAINVILLE COPPER

WE HAVE SEEN A RADIO AUSTRALIA NEW REPORT OF 13TH NOVEMBER WHICH SAYS THAT THE TERRITORY ADMINISTRATION IS TO EXERCISE ITS OPTION TO TAKE UP A TWENTY PER CENT EQUITY INTEREST IN THE BOUGAINVILLE COPPER PROJECT, INVOLVING AN INVESTMENT BY THE ADMINISTRATION OF DOLLARS 25,000,000.

*

2. WE SHOULD BE GRATEFUL FOR CONFIRMATION OF THIS REPORT AND DETAILS OF THE ADMINISTRATION'S PROPOSAL FOR TAKING UP THE EQUITY INTEREST.

MIN. AND DEPT E.A. (*AMENDMENT)
MIN. AND DEPT EXT. TERRITORIES
D.C.O.
P.M'S

SEC DEP SEC FAS(1) SEA FAS(2) UN(ACTION) PACAM AMSP
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LON

PORT MORESBY, NOV 19, AAP -- THE PAPUA-NEW GUINEA HOUSE OF ASSEMBLY TODAY AUTHORISED THE ADMINISTRATION TO BORROW 25 MILLION DOLLARS WITH WHICH TO BUY 20 PER CENT EQUITY IN THE BOUGAINVILLE COPPER PROJECT.

THE ACTING TREASURER MR. J.E. RITCHIE SAID NEGOTIATIONS FOR THE LOAN WERE PROCEEDING WITH THE COMMONWEALTH GOVERNMENT.

WITH NEGOTIATIONS EXPECTED TO BE COMPLETED BEFORE THE NEXT MEETING IN FEBRUARY, THE ADMINISTRATION REQUIRED THE AUTHORITY TO FINALISE MATTERS.

UNDER THE BOUGAINVILLE COPPER AGREEMENT THE ADMINISTRATION HAS THE OPTION TO TAKE UP 20 PER CENT OF EQUITY IN THE PROJECT.

A PROGRESS REPORT ON THE PROJECT, TABLED IN THE HOUSE TODAY, SAID TOTAL COSTS WOULD NOW BE 350 MILLION DOLLARS, 50 MILLION DOLLARS MORE THAN THE PREVIOUS ESTIMATE.

THE REPORT SAID NEGOTIATIONS WITH NATIVE OWNERS FOR 640 ACRES OF ARAWA LAND WOULD PROBABLY BEGIN LATER THIS MONTH.

THE LAND IS NEEDED FOR PART OF THE MINING TOWNSITE AND ARAWA VILLAGERS, WHO SIDED WITH THE NEIGHBOURING ROROVANA PEOPLE DURING THEIR CONFRONTATION WITH THE ADMINISTRATION OVER LAND ACQUISITION, ARE EXPECTED TO DRIVE A HARD BARGAIN.

AAP
TG

ARE EXPECTED TO DRIVE A HARD BARGAIN
THEIR COMPROMISE WITH THE ADMINISTRATION OVER LAND ACQUISITION
VILLAGERS WHO SIDED WITH THE NEIGHBORING BOUVANA PEOPLE DURING
THE LAND IS NEEDED FOR PART OF THE MINING TOWNSHIP AND AWAY
OF AWA AND WOULD PROBABLY BEGIN WITH THE OWNERS FOR 200 ACRES
THE REPORT SAID NEGOTIATIONS WITH NATIVE OWNERS FOR 200 ACRES
MORE THAN THE PREVIOUS ESTIMATE
TOTAL COSTS WOULD NOW BE 320 MILLION DOLLARS, 20 MILLION DOLLARS
A PROGRESS REPORT ON THE PROJECT TABLED IN THE HOUSE TODAY SAID
THE OPTION TO TAKE UP 20 PER CENT OF EQUITY IN THE PROJECT
UNDER THE BOUVANVILLE COPPER AGREEMENT THE ADMINISTRATION HAS
FINANCIAL MATTERS
MEETING IN FEBRUARY, THE ADMINISTRATION RECEIVED THE AUTHORITY TO
WITH NEGOTIATIONS EXPECTED TO BE COMPLETED BEFORE THE NEXT
LOAN WERE PROCEEDING WITH THE COMMONWEALTH GOVERNMENT
THE ACTING PRESIDENT MR. J. E. RITCHIE SAID NEGOTIATIONS FOR THE
COPPER PROJECT
DOLLARS WHICH TO BUY 50 PER CENT EQUITY IN THE BOUVANVILLE
ASSEMBLY TODAY AUTHORIZED THE ADMINISTRATION TO BORROW 25 MILLION
FOR THE NEW GUINEA HOUSE OF

3/10/58
5/1/58
5/1/58

LONGER TO YOU OR STOP

leola
12/8



936/4/13

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BOUGAINVILLE COPPER PROJECT

(Statement by the Minister for External Territories,
the Hon. C.E. Barnes, M.P.)

The Minister for External Territories, Mr Barnes said today that the Papua and New Guinea Administration would exercise its option to take up, on behalf of the people of Papua and New Guinea, a 20% equity interest in the Bougainville Copper Mining project.

Under the Agreement between the Administration and Bougainville Copper Pty. Ltd. signed on 6th June 1967 and approved by the Territory House of Assembly on 30th August 1967, the Administration has the right to take up 20% of the ordinary share capital of the Company at par. This will involve an investment by the Administration of \$25 million.

Mr Barnes said that the project was proceeding with the backing of the Territory's elected legislature, which in June of this year endorsed it as "a major and essential development in the economic future of the Territory".

The project will involve an investment of over \$300 million and is expected to start producing copper concentrate in 1972.

Expenditures during the construction phase of the project, which is already under way, will help to raise Government revenues as well as add to the incomes of Territory and especially Bougainville residents. The contribution from this source to the Territory's budget in 1969/70 is estimated at \$1.4m.

The project will directly or indirectly provide employment for some 2,500 Papuans and New Guineans in the early production period, rising to perhaps 4,000 after ten years, and will eventually support a community on Bougainville Island of well over 10,000 people.

The project will produce exports of more than \$100 million per annum and it will make a net annual contribution of some \$50 million to the Territory's balance of payments position and will add a similar amount to Territory revenues. Mr Barnes said that over the first ten years of operation total revenues of the order of \$200 million to \$300 million could be earned depending upon the price of copper.

At the full tax paying stage the Company will pay some 50% of its taxable income to the Administration; together with the 20% equity participation by the Administration this will ensure that at least 60% of the taxable income from the project is retained in the Territory.

The Territory, and Bougainville in particular, will benefit also from expenditures out of wages paid to workers on the project; from increased purchases of Territory products and from private investments in ancillary industries.

Bougainville Copper Pty. Ltd. is undertaking a massive training programme at a cost of more than \$2 million to train people of the Territory for positions of responsibility in the project.

Mr Barnes said that the Bougainville copper project represents a significant step forward toward the Territory's economic self-reliance.

The decision to take up the option was in keeping with the policy of providing opportunities for local participation in major projects that are undertaken in the Territory.

CANBERRA. A.C.T.

PORT MORESBY. T.P.N.G.

13 November 1969.

2/20/1901
L. J. ...

Ms file 936/4/13

DEPARTMENT OF EXTERNAL AFFAIRS

OUTWARD SAVINGRAM

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TO

TOD 12.9.69...2206 LT

AUSTRALIAN MISSION TO UNITED NATIONS
NEW YORK...878

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ALL POSTS...AP 96 (SAV.)

PRIORITY UNCLASSIFIED

ADDRESSED U.N. NEW YORK 878 (PRIORITY) REPEATED ALL POSTS
SAVINGRAM AP 96.

T.P.N.G. - BOUGAINVILLE COPPER PROJECT.

ON 10TH SEPTEMBER THE MINISTER FOR EXTERNAL TERRITORIES
MADE A STATEMENT IN THE HOUSE OF REPRESENTATIVES ON THE BOUGAIN-
VILLE COPPER PROJECT.

2. HE SAID THAT NEGOTIATIONS BETWEEN THE PAPUA AND NEW GUINEA
ADMINISTRATION, BOUGAINVILLE COPPER PROJECT LTD AND THE ROROVANA
PEOPLE OF BOUGAINVILLE HAD REACHED AN ADVANCED STAGE INCLUDING
AGREEMENT BY THE PEOPLE TO THE USE OF THE LAND CONCERNED

3. HE SAID THE MAIN TERMS OF THE PROPOSED AGREEMENT WERE AS
FOLLOWS:

(1) THE OWNERS OF THE ROROVANA LAND TO ACKNOWLEDGE THE VALIDITY
OF THE 42 YEAR LEASE FOR MINING PURPOSES THAT HAD BEEN GRANTED
OVER THAT LAND.

(2) BOUGAINVILLE COPPER PTY. LTD. TO MADE AN IMMEDIATE CASH
PAYMENT FOR THE BENEFIT OF THE OWNERS OF DOLLARS 37,000.

THIS WOULD INCLUDE THE FIRST PAYMENT OF AN ANNUAL FEE OF
DOLLARS 7,000.

EACH SEVEN YEARS THIS FEE WOULD BE RE-ASSESSED AND WOULD
THEN BE DOLLARS 7,000 PER YEAR OR 5 PER CENT OF THE THEN
UNIMPROVED VALUE OF THE LAND, WHICHEVER WAS HIGHER.

(3) THE ROROVANA LAND OWNERS TO BE OFFERED, THROUGH
TRUSTEES, 7000 ORDINARY SHARES IN BOUGAINVILLE MINING LTD. AT
THE ISSUE PRICE.

(4) THE COMPANY TO RELOCATE COPRA DRIERS NOW ON THE LAND AND THE
REPLACE THE BUILDINGS ON THE LAND WITH NEW BUILDINGSOF EUROPEAN
MATERIALS.

(5) THE OWNERS OF THE LAND TO AGREE THAT THE LEASE MAY BE
RENEWED FOR UP TO A FURTHER DOLLARS 30,000 TO THE
OWNERS.

.../2.

THE UNITED STATES OF AMERICA
DEPARTMENT OF JUSTICE

IN RE: [Illegible Name]
[Illegible Address]

[Illegible text block]

[Illegible text block]

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

12/18

pb file 936/4/13

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DEPARTMENT OF EXTERNAL AFFAIRS
OUTWARD CABLEGRAM

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O. 69879

TO

TOD 03.9.69...2328 LT

AUSTRALIAN MISSION TO UNITED NATIONS
NEW YORK

833 SECRET

T.P.N.G. BOUGAINVILLE.

WITH REGARD TO THE POSSIBLE RESUMPTION SHORTLY BY SUB
COMMITTEE II OF THE DEBATE ON PAPUA AND NEW GUINEA,
YOU SHOULD KNOW THAT THE LATEST ASSESSMENT BY THE TERRITORY
INTELLIGENCE COMMITTEE IS THAT THE SITUATION HAS NOW
IMPROVED CONSIDERABLY, TO A POINT WHERE A SUCCESSFUL SETTLEMENT
APPEARS PROBABLE.

2. WE HOPPE TO LET YOU HAVE SHORTLY OBSERVATIONS ON THE
MIDDLEMISS PETITION TO THE TRUSTEESHIP COUNCIL.

MIN. AND DEPT E.A.(935/2)
MIN. AND DEPT EX. TERRITORIES
TREASURY
T. AND I.
D.C.O.
P.M.'S

SEC DEP SEC FAS(1) M AND I DL FAS(2) FAS(4) AMSP
FAS(3) EAMEC E ICR PIO

SECRET

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PRIME MINISTER'S DEPARTMENT

CENTRAL REGISTRY
D.E.A.

Enquiries

AUG 9 9 39 AM '89

Reference No.

69/19849

Please contact

Mr. D. Edgerton

REPLY BY FAX SUBJECT

22 AUG 1989

The Secretary,
Department of External Affairs,
CANBERRA. A.C.T. 2600

Attention: Mr. Thomas, (Registry)

Referred for advice please.

936/4/13

ENCLOSURES ATTACHED

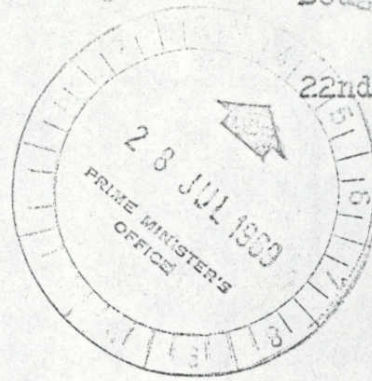
C L Hewitt
(C. L. Hewitt)
Secretary

Distribution: Department of External Territories

MR Colis

P.O. Box 45, 24
KIEMA.
Bougainville.

22nd. July, 1969



Mr. J. Gorton, P. M.,
Government House,
CANBERRA. A.C.T.

AUSTRALIA.

Dear Sir,

At a meeting of the Executive Committee of the Nasioi Navitu held at our headquarters, Kuka, in the Kieta Sub-District our Association moved and passed the following motion:-

"Nasioi Navitu to ask the Australian Prime Minister to set up a Commission of Enquiry to enquire into the Administrations Land Resumption Policy in the light of alternative land being available for the proposed town and a copy of that letter to be sent to the Leader of The Opposition in the Australian Parliament."

Our reasons for this motion are as follows:-

- 1) We feel that the Administrations policy in this matter is high handed and arrogant in the extreme.
- 2) We the native peoples concerned have not been consulted in the matter.
- 3) We the native people have been told that force will be used to remove us from our land; to date no official negotiations have been commenced with us and we are most concerned that a threat of force has been made.
- 4) We hold fears for our safety and firmly believe that if the Administration continues on its present course there will be fighting and bloodshed.
- 5) We have appealed to the Administration on a number of occasions only to be told that we will not be listened to.
- 6) We the native people challenge the Administrations right to resume land not actually owned by Australia but held in trust for the people of the Territory by the Australian Administration on behalf of the United Nations.
- 7) Suitable alternative land is available.
- 8) CRAE was forced by the Administration to accept, against its better judgement, the now proposed heavily populated areas.
- 9) We the native people do not wish to see what we rightly consider an National Asset (Arawa Plantation) destroyed

by the misguided and destructive thinking of certain Administration Officials.

- 10) We the native people believe that the Administration is on a collision course with us and it is, we feel up to your Government to try and prevent this from happening.

E

Enclosed is a copy of our petition presented to the Administration and our reply, handed to Mr. Newman, to certain points of the Administrations White Paper on Bougainville.

Yours faithfully,

NASIOI NAVITU.

Charles Aniori

PRESIDENT.

Peter Teoava
VICE PRESIDENT.

All communications to be addressed to The Secretary.

C.C. G. Whitlam, Esq.,
Parliament House,
CANBERRA. A.C.T.

*Add A.C.
Ext. Terr advice*

Mipela ol pipol bilong Nasioi na ol pipol bilong Rorovana na tu ol pipol long olgeta hap long Bougainville, mipela i pilim na bilip em Administration bilong Australia i laik karamapim nating mipela long laik bilongem long dispela pasin bilong kisim nating graun bilong ol pipol maski sapes papa bilong graun i laik o nagat. Olsem nau Administration i laik mekim long Arawa plantation na ol graun bilong ol pipol wantaim, bilong givim C.R.A. bilong putim taun long en

Administration i no bin tok save gut long mipela na givim mipela taim bilong tingting gut pastaim long dispela samting na mi pela inap long tok aut long laik bilong mipela. Administration nau i wok long suwim nating mipela long yusim lain polis bilong mekim poret mipela na go insait long ol bus na graun bilong mipela na mekim wanem samting oli laik long graun bilong mipela.

mipela nau i askim Administration long lukluk i go daun long laik bilong mipela ol pipol, na i ken senisim pasin bilong em long kisim nating ol graun ol pipol oli sindaun long en na ~~hamba graun~~ oli bin planim ol kokonas na cocoa long en na larim graun i no gat ol samting long en na ples malmalum.

Mipela i laik bai oli tingting gut na lukluk gut gen long dispela graun em ples malmalum klostu long dispela graun em Administration i laik kisim nating, sipos oli i ken mekim parit long en.

Mipela i laik tu em Administration i ken singautim ol man i gat gutpela save na emi ken kisim gutpela toktok long ol na i ken kirapim wanpela Komiti long ol dispela man-save na oli ken lukluk gut na toktok gut long wanem hap em i gutpela long putim taun long en.

Mipela i laik bai gavman i ken hariap na stat long toktok gut wantaim long olgeta man bilong ol dispela hap graun emi i laik pulim nating

Mipela i bilip tru na save gut tru em gavman nau emi mekim bikpela rong long mipela long dispela hia : "Sipos yupela i strong tumas long pasim ol graun bilong yupela bai gavman i rausim tasol yupela na kisim graun" Em gavman i tingting olsem wanem long dispela pasin? Mipela i laik bai Gavman i bekim dispela askim.

Mipela i laik wok bilong kisim copper na wok bilong didiman tu i ken go het wantaim. Tasol, mipela i no laik bai gavman i bagarapim na kisim nating ol graun bilong mipela i gutpela na mipela i planim pinis kokonas na kakau long en, long wok bilong copper tasol, long samting mipela i no klia gut tumas let long en.

Gavman nau i no bin tok-save gut long mipela long kisim graun, na gavman nau emi mekim pasin em mipela i no hamamas long gamman long en na inbilip tumas long wok bilong gavman . Gavman i mekim mipela i sori tumas long dispela pasin bilong pulim nating graun rausim papa bilong graun i go.

m Mipela i laik bai ol member bilong mipela long House of Assembly bilong Bougainville oli ken askim gavman long Port Moresby, bai i larim House of Assembly i kivung gen nau na ol member long House of Assembly ol i ken toktok long dispela pasin em gavman i mekim long mipela.

Na gavman i ken tingting gut long ol member long House of Assembly.

91

Da toktok hia emi toktok ol man bilong Barovana na Arawa Vilis i bin givin igo long Masta Newman. Toktok hia emi bin stap insait long wampela pas na ol man oli bin givin long Masta Newman taim emi bin kam lukluk raun long Arawa stein.

SATURDAY JULY 5th. 1969.

Mr. Newman, long wait pepa bilong yu, i tok olsem; "Draipela moni moa i nas lus long wok olsem na pasin bilong dispela wok Gavman i mas presimin kompani pastaim baimbei i givin ol laisens na paun bilong girapim wok kopa na kicin winmoni. Administration i givin pinis dispela promis long CRA long 1967.

Long dispela taim CRA i stretim xk pinis ol sating bilong wok. Tasol wampela bos bilong graun i tok i no laikim CRA i girapim wok na i no laik givin graun long girapim taun na ol brics na ol narakain bisinis. Tasol dispela wok kopa i helpim tru Papua na New Guinea na Administration i mas bihianim strank

CRA i kicin pinis maining hia na i promis pinis long kamautim kopa insait long 5 yars. Em ol i wokim papa long tok save long sevenpela k kompani Japan i baim kopaston na CRA i tok ol inap salim olgera kopaston inap 15 yars pastaim. Na CRA i wokim papa long Estimate long ol wok. Orait dispela papa i stori long ol i painim kopaston long Panguna na i skruin i kam long taim kompani i redi long gerupim draipela wok."

Orait Mr. Newman, mi askim yu long 1967 Administration i givin promis long CRA longkisin graun long wokim kopaston long Panguna, yu bin askim tu ol papa bilong graun long Panguna pastaim yu givin promis long CRA. Na sapos yu no bin askim pastaim ol papa bilong graun long Panguna na yu givin promis nating long CRA yu yu bin mekim bikpela rong tru o Administration i mekim bikpela rong tru.

Mipela i save Administration i bin wok long haitim wok bilong CRA long papa bilong graun long Panguna inap nau.

Na tu yu yet Mr. Newman yu giaman mipela long ol nupela bisinis bai i kamup long Bougainville long wok bilong CRA em ol bisnis hia yu yet yu bin raitim daun long Wait Pepa bilong yu. Em ol hia 1) ol buldog haus kar na ol woksop, 2) ol taia na haus guai, 3) woksop bilong ol masin 4) banis bilong ol spba bilong ol masin, 5) ol disil kar Haus kar na woksop, 6) 6 bak stoa bilong ol masin marasin bilong wok, 7) tripela kompani bilong salim sating bilong lait, 8) tupela kompani bilong weldim ol stil, 9) faktori bilong kukim stil, 10) tupela kompani bilong salim ol masin, 11) kompani bilong salim stil, 12) ol kompani bilong salim ol sating bilong wokim haus, 13) kompani bilong salim timba, 14) ol stoa bilong kaikai na mit, 15) ol woksop bilong kar, 16) ol liklik woksop, 17) faktori bilong wasim ol klos bilong wok, 18) ol stoa bilong sear tebol bot sating, 19) ol stoa bilong putimol semel sating, 20) ol stoa bilong enginir, 21) woksop bilong ol bas, 22) na ol liklik wok moa.

Mr. Newman, ol dispela bisnis hia emi bilong yupela tasol ol masta mi pela ol netiv pipol i no gat moni long girupim ol dispela kain bisnis. Na yk tu baim ol sating insait long ol dispela bisnis. Em ol sating hia mipela i ken kisin moni long en Kokonas na koko na graun tu bai yu bagaripim tru, Mr. Newman dispela wait pepa bilong yu mipepa i no hamamas long en, planti giaman i stap insait long en. Mr. Newman mi tokim yu Mr. Tom Ellis i bin mekim tok giaman insait long haus of Assembly long taim emi bin tok " Ol pipol long Bougainville mi ol i orait pinis long salim graun bilong ol i go long Gavman. Em hia emi tok tru bilong mipela. Mipela i no laik salim graun bilong mipela i go long Gavman. I nap Gavman i kilim mipela na i kisin graun. Na mipela i no laik tu Gavman i bagaripim Arawa stein long wokim taun long en. Taun em i sating nogut bilong bagaripim sidaun bilong mipela, na ol graun bilong mipela. Putim dispela taun long ples malmalum.

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GJLC/pt

936/4/13

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CENTRAL REGISTRY
D.E.A.
AUG 25 4 42 PM '69
DESPATCHED

20th August, 1969.

The Secretary,
Department of External Territories,
CANBERRA. A.C.T.

BOUGAINVILLE : RUSSIAN PRESS COMMENT

Some idea of the line of Russian criticism of the Bougainville situation can be obtained from the Pravda article on 3rd August, 1969.

2. For your information a translation of this article is attached.

....

(G.J.L. Coles)
for the Secretary

ENCLOSURE ATTACHED

ALABAMA
1908

STATE OF ALABAMA
COUNTY OF [unclear]
I, [unclear], Clerk of the Court, do hereby certify that the within and foregoing is a true and correct copy of the original as the same appears in the records of the Court.

WITNESSED my hand and the seal of the Court at the City of Montgomery, Alabama, this [unclear] day of [unclear], 1908.

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DEPARTMENT OF EXTERNAL AFFAIRS

OUTWARD CABLEGRAM

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LAT 0.665 75
TO TOD 22.8.69 ...1240 LT

AUSTRALIAN MISSION TO UNITED NATIONS
NEW YORK...781

REPEATED
AUSTRALIAN EMBASSY
WASHINGTON...3545

UNCLASSIFIED IMMEDIATE

ADDRESSED NEW YORK 781, REPEATED WASHINGTON 3545.

I.P.N.G. : BOUGAINVILLE COPPER PROJECT.

THE MINISTER FOR EXTERNAL TERRITORIES MADE A STATEMENT ON THE BOUGAINVILLE COPPER PROJECT IN THE HOUSE OF REPRESENTATIVES ON 21ST AUGUST.

2. THE MINISTER ANNOUNCED THAT AN AGREEMENT HAD BEEN SIGNED FOR THE PRUCHASE OF THE ARAWA PLANTATION AS A TOWN SITE AT BOUGAINVILLE.

3. THE MINISTER ALSO REFERRED TO TALKS BETWEEN THE PRIME MINISTER AND HIMSELF AND MR PAUL LADUN, MEMBER FOR SOUTH BOUGAINVILLE IN THE TERRITORY HOUSE OF ASSEMBLY AND MR RAPHAEL BELE, A ROROVAN LANDHOLDER.

4. IN THESE TALKS, THE MINISTER SAID, IT WAS RECOGNISED THAT THE PROJECT WAS OF GREAT IMPORTANCE TO THE WHOLE OF THE TERRITORY.

MR LAPUN SAID THAT HE DID NOT WISH TO SEE THE COPPER PROJECT ABANDONED. HE FELT THAT THE PROSPECTS OF A NEGOTIATED SETTLEMENT WOULD BE BETTER IF THE COMPANY COULD BE JOINED IN THE DISCUSSIONS AND PARTICIPATE IN DIRECT NEGOTIATIONS WITH THE LANDHOLDERS.

THIS WAS AGREED TO.

MR LAPUN ALSO STATED THAT CARE FOR THE SOCIAL STRUCTURE OF THE BOUGAINVILLE PEOPLE WAS OF GREAT IMPORTANCE.

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OUTWARD CABLEGRAM

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5. MESSRS LAPUN AND BELE ARE NOW RETURNING TO BOUGAINVILLE.

6. THE MINISTER INFORMED THE HOUSE THAT BOTH MR LAPUN AND MR BELE INDICATED THAT THEY ARE NOT AUTHORISED TO MAKE ANY COMMITMENTS ON BEHALF OF THE ROROVANA PEOPLE BUT IN THE LIGHT OF THEIR DISCUSSIONS WITH THE GOVERNMENT IN CANBERRA AND WITH THE COMPANY IN MELBOURNE THEY WILL HAVE DISCUSSIONS WITH THE LANDHOLDERS AND SEE IF THEY WILL AGREE TO NEGOTIATE IN THE SAME WAY AS THE OWNERS OF ARAWA PLANTATION NEGOTIATED A SETTLEMENT.

REPRESENTATIVES OF THE NATIVE LANDHOLDERS COULD TAKE PART IN THESE NEGOTIATIONS TOGETHER WITH A LEGAL ADVISER AND AN ACCOUNTANT OF THEIR OWN CHOOSING.

THE GOVERNMENT WOULD MEET THE REASONABLE COSTS OF THESE ADVISERS.

7. THE MINISTER SAID MESSRS LAPUN AND BELE ARE IN AGREEMENT WITH THE TERMS OF HIS STATEMENT IN SO FAR AS IT RELATED TO THEM.

8. IN ADDITION THE MINISTER SAID MESSRS LAPUN AND BELE ALSO HAD DISCUSSIONS WITH CONZIC RIOTINTO OF AUSTRALIA IN MELBOURNE.

IN THE COURSE OF THESE TALKS THE COMPANY HAD INDICATED THAT IN ADDITION TO WHATEVER COMPENSATION MIGHT BE PAYABLE TO THE NATIVE LANDHOLDERS FOR THE PURCHASE OF THE 175 ACRES OF ROROVANA LAND REQUIRED FOR THE PORT SITE, IT IS WILLING TO PLANT EQUIVALENT AREAS OF NATIVE OWNED LAND (AT PRESENT NOT PRODUCING) WITH COCOA AND COCONUT TREES SO THAT THE LANDHOLDERS WHO ARE AFFECTED WILL HAVE A CONTINUING SOURCE OF INCOME IN THE FUTURE.

9. SO FAR WE HAVE RECEIVED NO REPORTS OF REFERENCES TO THE BOUGAINVILLE COPPER PROJECT IN THE TERRITORY HOUSE OF ASSEMBLY.

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DEPARTMENT OF EXTERNAL AFFAIRS

OUTWARD CABLEGRAM

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MIN. AND DEPT. E.A.
MIN. AND DEPT. EXTERNAL TERRITORIES
P.M.'S DEPT
D.C.O.
P.M.'S



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DEPARTMENT OF COMMERCE
BUREAU OF CUSTOMS AND BORDER PROTECTION
WASHINGTON, D.C. 20541

ADMISSIONS

DECLARATION

DECLARATION

MADEIRA DAWTPO

DEPARTMENT OF COMMERCE

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12/8/69

OUTWARD CABLEGRAM

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TO TOD 22.8.69...1240 LT

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OUTWARD CABLEGRAM

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DEPARTMENT OF EXTERNAL AFFAIRS

OUTWARD CABLEGRAM

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MIN. AND DEPT. E.A.
 MIN. AND DEPT. EXTERNAL TERRITORIES
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 D.C.O.
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DEPARTMENT OF EXTERNAL AFFAIRS
OUTWARD CABLEGRAM

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4. FURTHER DETAILS FOLLOW BY BAG.

MIN. AND DEPT. E.A.
D.C.O.
P.M.'S

AMENDMENT

DEPT. OF EXTERNAL AFFAIRS
CANBERRA
AUSTRALIA

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15th August, 1969.

The Australian Mission to the
United Nations,
NEW YORK.

PAPUA/NEW GUINEA: STATEMENT BY THE MINISTER
FOR EXTERNAL TERRITORIES ON THE SITUATION
IN BOUGAINVILLE

.... Attached for your information are three copies
of the text of the statement on Bougainville made by the
Minister for External Territories in the House of
Representatives on 12th August, 1969.

ENCLOSURES ATTACHED

(M.W. Hughes)
for the Secretary

UNRECORDED

FOR THE RECORD

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IN WITNESS WHEREOF

THE DIRECTOR

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URGENT

EXTERNAL AFFAIRS

SECRET

82

FILE No.

DATE 12 AUG 1969

SUBJECT

BOUGAINVILLE DISORDERS

FOR THE MINISTER

We have been informed by the Department of Defence that the Department of External Territories has told them that the situation in Bougainville has deteriorated and that they will have to move police reinforcements back to the island (some having been withdrawn) by air.

2. The Territories Administration has tried to secure civilian aircraft for this movement but is at present unable to do so. They have therefore requested that an RAAF Caribou be made available.

3. The Defence Department's view is that it would be much preferable to avoid the use of service aircraft (in accordance with their general policy of avoiding the use of the armed services in the Territory in dealing with civil disorder). They intend, however, to recommend to the Minister for Defence that if no civil aircraft can be obtained a Caribou should be made available by dawn tomorrow morning.

4. Our view has been sought by the Department of Defence and we have said that we agree that the use of service aircraft should be avoided if possible. If, however, there is no other way of transporting the police reinforcements to Bougainville we consider that the RAAF aircraft should be made available. We confirmed that our attitude remained that the armed forces should not be used to deal with the disorder but consider that everything necessary should be done to ensure that sufficient civil police would be available.

5. The foregoing is for information in view of the possibility that the matter may be raised with you by other Ministers.

Ms file
936/4/13

Mr Coles

noted
a/s

Mr Booker
(M.R. Booker)
First Assistant Secretary
Division II

Mr Booker

SECRET

Mr Davis

SECRET

12 AUG 1969

BOUGAINVILLE DISORDERS

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The Secretary

to see

12/8

SECRET

(M.R. Booker)

First Assistant Secretary
Division II

*Recd
J. Maxwell
13/8/69*

BOUGAINVILLE DISORDERS

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(M.R. Booker)
First Assistant Secretary
Division II

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PRIME MINISTER'S DEPARTMENT

CENTRAL REGISTRY
O D.E.A. O

936/4/13

Enquiries

AUG 9 9 48 AM '69

Reference No.

Please contact Mr. D. Edgerton

NOM. INDEX. SUBJECT

69/19849

- 8 AUG 1969

The Secretary,
Department of External Affairs,
CANBERRA. A.C.T. 2600

Referred for advice please.

ENCLOSURES ATTACHED



C. L. Hewitt/eff.
(C. L. Hewitt)
Secretary

Distribution: External Territories

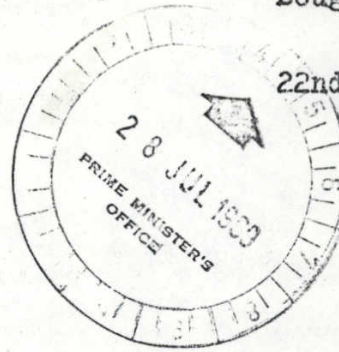
Phoned P.M.'s
said we had no
comments

Mr. [unclear]

596

78
NASIOI NAVITU,
P.O. Box 45, 19848
KIEFA,
Bougainville.

22nd. July, 1969



Mr. J. Gorton, P. M.,
Government House,
CANBERRA. A.C.T.

AUSTRALIA.

Dear Sir,

At a meeting of the Executive Committee of the Nasioi Navitu held at our headquarters, Kuka, in the Kieta Sub-District our Association moved and passed the following motion:-

"Nasioi Navitu to ask the Australian Prime Minister to set up a Commission of Enquiry to enquire into the Administrations Land Resumption Policy in the light of alternative land being available for the proposed town and a copy of that letter to be sent to the Leader of The Opposition in the Australian Parliament."

Our reasons for this motion are as follows:-

- 1) We feel that the Administrations policy in this matter is high handed and arrogant in the extreme.
- 2) We the native peoples concerned have not been consulted in the matter.
- 3) We the native people have been told that force will be used to remove us from our land; to date no official negotiations have been commenced with us and we are most concerned that a threat of force has been made.
- 4) We hold fears for our safety and firmly believe that if the Administration continues on its present course there will be fighting and bloodshed.
- 5) We have appealed to the Administration on a number of occasions only to be told that we will not be listened to.
- 6) We the native people challenge the Administrations right to resume land not actually owned by Australia but held in trust for the people of the Territory by the Australian Administration on behalf of the United Nations.
- 7) Suitable alternative land is available.
- 8) CRAE was forced by the Administration to accept, against its better judgement, the now proposed heavily populated areas.
- 9) We the native people do not wish to see what we rightly consider an National Asset (Arawa Plantation) destroyed

by the misguided and destructive thinking of certain Administration Officials.

- 10) We the native people believe that the Administration is on a collision course with us and it is, we feel up to your Government to try and prevent this from happening.

E

Enclosed is a copy of our petition presented to the Administration and our reply, handed to Mr. Newman, to certain points of the Administrations White Paper on Bougainville.

Yours faithfully,

NASIOI NAVITU.

Charles Aniori

PRESIDENT.

Peter Florva
VICE PRESIDENT.

All communications to be
addressed to The Secretary.

C.C. G. Whitlam, Esq.,
Parliament House,
CANDIENA. A.C.T.

*All AG
Ext. Terr source*

Mipela ol pipol bilong Nasioi na ol pipol bilong Rorovana na tu ol pipol long olgeta hap long Bougainville, mipela i pilim na bilip em Administration bilong Australia i laik karamapim nating mipela long laik bilongem long dispela pasin bilong kisim nating graun bilong ol pipol maski sapa papa bilong graun i laik o nagat. Olsem nau Administration i laik mekim long Arawa plantation na ol graun bilong ol pipol wantaim, bilong givim C.R.A. bilong putim taun long en

Administration i no bin tok save gut long mipela na givim mipela taim bilong tingting gut pastaim long dispela saming na mi pela inap long tok aut long laik bilong mipela. Administration nau i wok long suwim nating mipela long yusim lain polis bilong mekim poret mipela na go insait long ol bus na graun bilong mipela na mekim wanem saming oli laik long graun bilong mipela.

mipela nau i askim Administration long lukluk i go daun long laik bilong mipela ol pipol, na i ken senisim pasin bilong em long kisim nating ol graun ol pipol oli sindaun long en na ~~hamba graun~~ oli bin planim ol kokonas na cocoa long en na larim graun i no gat ol saming long en na ples malmalum.

Mipela i laik bai oli tingting gut na lukluk gut gen long dispela graun em ples malmalum klostu long dispela graun em Administration i laik kisim nating, sipos oli i ken mekim parit long en.

Mipela i laik tu em Administration i ken singautim ol man i gat gutpela save na emi ken kisim gutpela toktok long ol na i ken kirapim wanpela Komiti long ol dispela man-save na oli ken lukluk gut na toktok gut long wanem hap em i gutpela long putim taun long en.

Mipela i laik bai gavman i ken hariap na stat long toktok gut wantaim long olgeta man bilong ol dispela hap graun emi i laik pulim nating

Mipela i bilip tru na save gut tru em gavman nau emi mekim bikpela rong long mipela long dispela hia : "Sipos yupela i strong tumas long pasim ol graun bilong yupela bai gavman i rausim tasol yupela na kisim graun" Em gavman i tingting olsem wanem long dispela pasin? Mipela i laik bai Gavman i bekim dispela askim.

Mipela i laik wok bilong kisim copper na wok bilong didiman tu i ken go het wantaim. Tasol, mipela i no laik bai gavman i bagarapim na kisim nating ol graun bilong mipela i gutpela na mipela i planim pinis kokonas na kakau long en, long wok bilong copper tasol, long saming mipela i no klia gut tumas let long en.

Gavman nau i no bin tok-save gut long mipela long kisim graun, na gavman nau emi mekim pasin em mipela i no hamamas long gavman long en na i bilip tumas long wok bilong gavman . Gavman i mekim mipela i sori tumas long dispela pasin bilong pulim nating graun rausim papa bilong graun i go.

m Mipela i laik bai ol member bilong mipela long House of Assembly bilong Bougainville oli ken askim gavman long Port Moresby, bai i larim House of Assembly i kivung gen nau na ol member long House of Assembly ol i ken toktok long dispela pasin em gavman i mekim long mipela.

Na gavman i ken tingting gut long ol member long House of Assembly.

En tektok hia emi tektok ol man bilong Koroovana na Arawa Vilis i bin givim i go long Masta Newman. Tektok hia emi bin stap insait long sampela pas na ol man oli bin givim long Masta Newman taem emi bin kam lukluk raun long Arawa steasin.

SATURDAY JULY 5th. 1969.

Mr. Newman, long wait pepa bilong yu, i tok olsem; "Draipela moni moa i nae lus long wok olsem na pasin bilong dispela wok Gavman i mas presitiin kompani pastaim baimebi i givim ol leisens na paus bilong girapim wok kopa na kicim winmoni. Administration i givim pinis dispela promis long CRA long 1967.

Long dispela taem CRA i stretim xi pinis ol sasting bilong wok. Tasol sampela bos bilong graun i tok i no laikim CRA i girapim nok na i no laik givim graun long girapim taun na ol bricx na ol narakain bisinis. Tasol dispela wok kopa i helpim tru Papua na New Guinea na Administration i mas bihianim strank

CRA i kicim pinis maining hia na i promis pinis long kamautim kopa insait long 5 yars. En ol i wokim pepa long tok save long sevenpela k kompani Japan i baime kopaston na CRA i tok ol inap salim olgera kopaston inap 15 yars pastaim. Na CRA i wokim pepa long Estimate long ol wok. Orait dispela pepa i stori long ol i painim kopaston long Panguna na i skruin i kam long taem kompani i redi long gerupim draipela wok."

Orait Mr. Newman, xi askim yu long 1967 Administration i givim promis long CRA longkisin graun long wokim kopaston long Panguna, yu bin askim tu ol papa bilong graun long Panguna pastaim yu givim promis long CRA. Na sapos yu no bin askim pastaim ol papa bilong graun long Panguna na yu givim promis nating long CRA yu yu bin mekim bikpela rong tru o Administration i mekim bikpela rong tru.

Mipela i save Administration i bin wok long haitim wok bilong CRA long pepa bilong graun long Panguna inap nau.

Na tu yu yet Mr. Newman yu giamanip mipela long ol nupela bisinis bai i kamup long Bougainville long wok bilong CRA em ol bisinis hia yu yet yu bin reitim daun long Wait Pepa bilong yu. En ol hia 1) ol buldeg haus kar na ol woksop, 2) ol taia na haus gum, 3) woksop bilong ol masin 4) banis bilong ol spia bilong ol masin, 5) ol disil kar Haus kar na woksop, 6) 6 bsk stoa bilong ol ~~maxx~~ marasin bilong wok, 7) tripela kompani bilong salim sasting bilong lait, 8) tupela kompani bilong weldim ol stil, 9) faktori bilong kukim stil, 10) tupela kompani bilong salim ol ~~maxx~~ masin, 11) kompani bilong salim stil, 12) ol kampani bilong salim ol sasting bilong wokim haus, 13) kampani bilong salim timba, 14) ol stoa bilong haikai na mit, 15) ol woksop bilong kar, 16) ol liklik woksop, 17) faktori bilong wasin ol klos bilong wok, 18) ol stoa bilong sear tebol bot sasting, 19) ol stoa bilong putimol semel sasting, 20) ol stoa bilong enginir, 21) woksop bilong ol bas, 22) na ol liklik wok moa.

Mr. Newman, ol dispela bisnis hia emi bilong yupela tasol ol masta mipela ol netim pipol i no gat moni long girupim ol dispela kain bisnis. Na yu tu bain ol sasting insait long ol dispela bisnis. En ol sasting hia mipela i ken kisin moni long en Kokonas na koko na graun tu bai yu bagaripim tru, Mr. Newman dispela wait pepa bilong yu mipepa i no hemamas long en, planti giaman i stap insait long en. Mr. Newman mi tokim yu Mr. Tom Ellis i bin mekim tok giaman insait long haus of Assembly long taem emi bin tok " Ol pipol long Bougainville i ol i orait pinis long salim graun bilong ol i go long Gavman. En hia emi tok tru bilong mipela. Mipela i no laik salim graun bilong mipela i go long Gavman. I nap Gavman i kilim mipela na i kisin graun. Na mipela i no laik tu Gavman i bagaripim Arawa steasin long wokim taun long en. Taun em i sasting nogut bilong bagaripim sidaun bilong mipela, na ol graun bilong mipela. Putim dispela taun long ples malmalam.

THE USE OF POLICE ON BOUGAINVILLE

While the use of police to help clear compulsorily acquired land on Bougainville was reported widely in the Australian press with a fair amount of criticism ^{from some of the} and even, in some cases, the suggestion that it might be a watershed in the international attitude to the Territory, there has so far been reports of only a few (and ^{quite} ~~very~~ brief) overseas press references to these events. At this stage it ^{might} ~~could~~ be concluded that the international press is not really interested in a situation which is as complicated as that in Bougainville and where the incidents of force and violence have been comparatively minor and undramatic in world news terms.

It may be unlikely, however, that recent events will pass without some mention in the Committee of Twenty-four on Decolonisation. The Russians at least may seek to use them to attack Australian administration of the Territory. There may also be petitions from people in the Territory to the United Nations (one petition to the Trusteeship Council was made in June this year).

DEPARTMENT OF EXTERNAL AFFAIRS
INWARD CABLEGRAM

DL fel 936/4/13

Mr. Gales

BJM

I.79470

8/8/69

TOD 07.1623LT

FROM

TOR 08.0634LT

AUSTRALIAN MISSION TO UNITED NATIONS
 NEW YORK

U.N.1022 UNCLASSIFIED

ADDRESSED CANBERRA UN.1022, REPEATED WASHINGTON 492.

TPNG : BOUGAINVILLE

THE FOLLOWING IS THE TEXT OF AN ITEM WHICH APPEARED
 IN THE "NEW YORK TIMES" DATED THE 6TH AUGUST.

IT WAS HEADED "POLICE CHARGE ISLANDERS IN PATH OF
 BULLDOZERS", AND DATED SYDNEY, AUGUST 5TH.

BEGINS

"THE POLICE USED TEAR GAS AND BATONS TODAY TO DISPERSE
 INHABITANTS OF BOUGAINVILLE IN SOLOMON ISLANDS WHO WERE TRYING
 TO KEEP BULLDOZERS FROM CLEARING LAND EXPROPRIATED FROM THEM.

A BRITISH-CONTROLLED CONCERN IN AUSTRALIA WILL BUILD A
 CONSTRUCTION CAMP AND STOREHOUSES ON THE LAND FOR A HUGE COPPER
 DEVELOPMENT ON THE ISLAND.

THE PAPUA-NEW GUINEA ADMINISTRATION, WHICH IS CONTROLLED
 BY THE AUSTRALIAN GOVERNMENT, TOOK OVER THE LAND FOR THE COMPANY
 AFTER THE VILLAGERS OF BORO VANA REFUSED TO LEASE IT.

THE BULLDOZERS BEGAN WORK YESTERDAY ON THE LAND, WHICH IS A
 MILE FROM THE VILLAGE AND COVERS 175 ACRES.

THE AUSTRALIAN GOVERNMENT HAS SAID THAT THE VILLAGERS HAVE
 BEEN ADEQUATELY COMPENSATED FOR THE LAND AND ITS CROPS AND THAT
 THE COPPER PROJECT WOULD BE OF IMMENSE VALUE TO THE TERRITORY.

MIN. AND DEPT. E.A.
 MIN. AND DEPT. EXT. TERRITORIES
 D.C.O.
 PM'S

SEC DEP SEC FAS(1) FAS(2) UN PACAM AMSP PPO FAS(3)
 FAS(4) C ICR PIO

THIS PAGE HAS BEEN DIGITISED IN SECTIONS

DEPARTMENT OF EXTERNAL AFFAIRS.

INWARD TELETYPE MESSAGE

74

EX. COMMS. BRANCH
AUG 7 5 10 PM '69

936/4/13

DEPTERR AA62012

P R I O R I T Y

071620K AUG 69

FROM TERRITORIES CANBERRA
TO EXTERNAL AFFAIRS

BT

CONFIDENTIAL 091.....YOUR 728 BOUGAINVILLE.

1. CONSIDERABLE BASIC BACKGROUND MATERIAL ON THIS SUBJECT IS OF COURSE ALREADY AVAILABLE TO YOUR DEPARTMENT AND TO THE MISSION AT NEW YORK. INDEED, SPECIAL EFFORTS WERE MADE TO MAKE THE BRIEFING ON THIS SUBJECT FOR THE TRUSTEESHIP COUNCIL AS FULL AS POSSIBLE. DEVELOPMENTS SINCE THEN HAVE BEEN SUCH THAT WE FIND LITTLE TO ADD GENERALLY OTHER THAN THE MANY OFFICIAL STATEMENTS (WHICH ARE OF COURSE PROVIDED TO YOU AND TO NEW YORK AS A STANDARD SERVICE FOR BACKGROUND PURPOSES AND TO THE CONFIDENTIAL AND SPECIFIC BACKGROUND MATERIAL SIMILARLY AVAILABLE TO YOU AND NEW YORK IN THE TERRITORY MONTHLY INTELLIGENCE SUMMARIES).

2. A RESPONSE TO THE PETITION IS BEING PREPARED BUT WE WOULD

FROM TERRITORIES CANBERRA
TO EXTERNAL AFFAIRS

BT

CONFIDENTIAL 091.....YOUR 728 BOUGAINVILLE.

1. CONSIDERABLE BASIC BACKGROUND MATERIAL ON THIS SUBJECT IS OF COURSE ALREADY AVAILABLE TO YOUR DEPARTMENT AND TO THE MISSION AT NEW YORK. INDEED, SPECIAL EFFORTS WERE MADE TO MAKE THE BRIEFING ON THIS SUBJECT FOR THE TRUSTEESHIP COUNCIL AS FULL AS POSSIBLE. DEVELOPMENTS SINCE THEN HAVE BEEN SUCH THAT WE FIND LITTLE TO ADD GENERALLY OTHER THAN THE MANY OFFICIAL STATEMENTS (WHICH ARE OF COURSE PROVIDED TO YOU AND TO NEW YORK AS A STANDARD SERVICE FOR BACKGROUND PURPOSES AND TO THE CONFIDENTIAL AND SPECIFIC BACKGROUND MATERIAL SIMILARLY AVAILABLE TO YOU AND NEW YORK IN THE TERRITORY MONTHLY INTELLIGENCE SUMMARIES).

2. A RESPONSE TO THE PETITION IS BEING PREPARED BUT WE WOULD NOT WISH TO SUBMIT IT TO THE UNITED NATIONS UNTIL THE SITUATION HAS CLEARED A LITTLE FURTHER. WE SEE DISADVANTAGES IN DEALING WITH THE PETITION NOW AT A POINT IN THE MIDDLE OF AN EVOLVING SITUATION ESPECIALLY AS WE HAVE UNTIL LATE SEPTEMBER BEFORE A REPLY IS NECESSARY.

3. FOR PARTICULAR BACKGROUND TO MIDDLEMISS WE REFER YOU TO MIS 4/69 ITEM 40/69 AND MIS 5/69 ITEM 68/69 PARAGRAPH 91

4. ALTHOUGH YOU AND NEW YORK HAVE MOST OF IT ALREADY, TWO SETS OF MATERIAL ARE BEING PUT TOGETHER. WE WOULD SUGGEST THAT THE RECENT STATEMENTS BY THE MINISTER FOR EXTERNAL TERRITORIES E G THAT OF 1ST AUGUST 1969, BE PICKED OUT FOR NEW YORK AS REPRESENTING THE LATEST STATEMENTS OF GOVERNMENT POLICY ON THE MATTER. IT IS LIKELY OF COURSE THAT FURTHER STATEMENTS WILL BE MADE IN THE PARLIAMENT WHEN IT RESUMES NEXT WEEK.

BT

ENDS EMS TOD

PRIME MINISTER'S DEPARTMENT

936/4/13

Review

73

Enquiries

CENTRAL REGISTER
D.E.A.

Reference No.

69/18861

Please contact

Mr. L. G. Russell
JUL 9 4 26 PM '69

NOM. INDEX. SUBJECT

- 9 JUL 1969

The Secretary,
Department of External Affairs,
CANBERRA. A.C.T. 2600.

J
INCLOSURES ATTACHED Referred for advice, please.

C. L. Hewitt
(C. L. Hewitt) *R*
Secretary

Distribution:

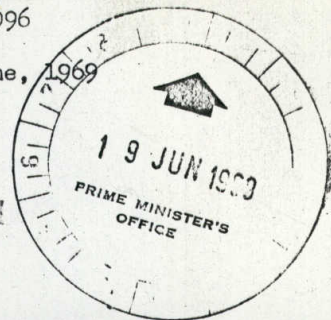
M. G. Boles

CHECK *[Signature]*

Independent Organizations for World Welfare,
Box 33, Post Office,
PARA HILLS,
S.A., 5096

16th June, 1969

The Prime Minister of Australia,
c/- Parliament House,
CANBERRA,
A.C.T., 2601



Dear Sir,

There are two main reasons for my urgent letter to you. Firstly this to resent the intrusion of Bougainville Copper Pty Ltd in the native farm areas of Bougainville. We have been shocked by the news reaching us from our resources in Papua. We want these mining operations to stop immediately for the following reasons:

- 1) the natural resources of the New Guinea Islands are being drained so that the people will not have a proper income when they become independent. Most of the natural resources must be protected from foreign interests since this is a necessity for proper income for New Guinea when they are independent.
- 2) most of the money, if not all, is taken out of the islands and New Guinea has received so little it seems that she will never become self sufficient. New Guinea must have her own companies and Australian companies mine the copper. When they become independent their income will be limited because of this drainage.
- 3) the native resistances will promote nationalist activity which we must not allow. Once a nationalist movement predominates in New Guinea they guerilla warfare will follow.
- 4) the natives receive a higher income when keeping the land then the company can ever offer. Some natives earn up to four thousand dollars per year while the company offers two dollars per acre.
- 5) the land has historical and sentimental value to the natives. We cannot destroy this. It is hard for us to imagine sentimental value. It is not our land it is their land. We did not work hard on that land- they did work hard on that land. We cannot feel their emotions nor their pride - they can. We do not like our own possessions robbed from us- nor do they.

The second reason is this. The Papua-New Guinea members of our Organization, the Governor (Sir Rowland James) and the Papua-New Guinea Relief Committee (a subsidiary have selected me as Consulate-General of Bougainville. I want the Government to recognize the office as a symbol of justice for the people of that island and a means for protecting the Australian interests. We do not want Australia to lose the island by force. The Consulate-Generalship shall do nothing more than do as I have written.

Yours faithfully,

GENERAL SECRETARY



TERRITORY OF PAPUA AND NEW GUINEA.

BOUGAINVILLE COPPER PROJECT

STATEMENT DELIVERED ^{in the House of Assembly} BY THE ACTING ASSISTANT ADMINISTRATOR (ECONOMIC AFFAIRS)

Mr. A. P. J. NEWMAN, M.H.A. 16 June 1969

This statement has been prepared in order to inform the Members of the House of the background and significance of the large low-grade deposits of copper ore which have been revealed at Panguna in the Bougainville District, and of the measures being taken by Bougainville Copper Pty. Limited and the Administration to bring the proposed copper mine into early production. This statement sets out in greater detail material which has already been published in official statements.

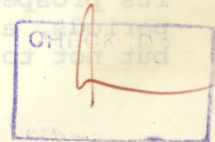
The deposit has been shown to contain at least 760,000,000 tons of ore with a grade of 0.47% copper, and 0.4 dwt. gold per ton. Such deposits can be economically mined only on a very large scale, using heavy mechanical equipment, which permits a low unit production cost per ton.

The further task of developing such a deposit to the stage of production demands specialised knowledge, and experience in large scale operations possessed only by an international mining company such as Bougainville Copper Pty. Limited.

The financial commitment is so big that a mining company embarking on such an operation must seek preliminary guarantees from the Government that it will receive the authorities and mining rights necessary to permit it to achieve production to recoup its investment together with appropriate profit. This is why the Administration entered into a formal agreement with Bougainville Copper Pty. Limited in 1967.

The Bougainville copper project has now been brought close to the stage of production by Bougainville Copper Pty. Limited. In the process various landowners in the areas have expressed opposition to the operations of the Company on their land and also to making land available for town and port sites and for supporting industries. However, the project promises such far reaching economic benefits to the Territory that the Administration must press on to bring it to fruition.

The Company has now applied for and been granted a special mining lease at the site of the mine, and is thereby committed by its agreement with the Administration to proceed, within 5 years, to production and export of copper concentrates. It has published details of preliminary marketing arrangements with seven Japanese copper smelters and has expressed confidence in its capacity to sell the whole of its production during the first 15 years of operation. Estimates of total capital required have also been published.



The account which follows begins with the discovery of the Panguna deposits and continues to the present stage of development in which the Company is poised for the massive construction phase of the operation.

DISCOVERY OF THE PANGUNA COPPER DEPOSIT

The Panguna area was known to gold miners in the period 1933 to 1951. The early miners noted that copper minerals were present at Panguna and Kupai, but they did not have the geological experience or the financial resources to lead them to look for a major low-grade copper deposit. Their efforts brought no lasting benefits to Bougainville. In 1960 the area was visited by an Administration geologist who reported that it might contain a major low-grade copper deposit.

When the Company began prospecting the area in 1964 it soon became apparent that the sand in the Kawerong River and the streams draining the Panguna area contained consistent traces of copper. Further sampling of the soils in the area confirmed that copper in small quantities was present over a wide area, and the Company's geologists began to think that there might be a large deposit in the rocks under the surface soil.

Diamond drills were brought in to bore holes deep into the mountain to give samples of the rocks. Assays of the samples confirmed that there was a small amount of copper and a very little gold in the rocks over a fairly large area. At this stage the Company knew that there was a large low-grade deposit, but it had to find out how large, and whether there would be enough copper to pay for the cost of mining it.

Many more diamond drills were brought in by helicopter and a road from the Kieta coast was cut through the rough mountain ranges. Eventually, by December, 1968, after four years of exploration and research, and at a cost of more than \$16,000,000, the Company estimated that the deposits contained at least 760,000,000 tons of rock containing 0.47% copper and 0.4 dwt. of gold per ton. Such a deposit would be worked profitably only on a very large scale, but would require a capital investment of about \$300,000,000 to establish the operation.

BOUGAINVILLE COPPER AGREEMENT

One of the important features of the Bougainville project is the Mining (Bougainville Copper Agreement) Ordinance 1967. For the benefit of new Members of this House I will give a brief outline of how the Ordinance was brought into force.

After the first two years of prospecting, with expenditure already standing at \$4,000,000, it became apparent that the further testing of the deposit would require additional expenditure of at least another \$6,000,000, and it was estimated that establishment of a mine would require a total investment of at least \$100,000,000 (This was an under-estimate, because the actual figures have turned out to be an additional \$12,000,000 and a total investment of nearly \$300,000,000).

At that time the only rights held by the Company were its prospecting authorities which were granted for only two year periods, and which gave the right to investigate the deposits but not to mine and sell copper.

Both the Company and the Administration could see that the Company would be foolish to continue spending such large sums unless it could be sure that if it decided to set up a mining operation it would be granted all the various leases of land which would be necessary for its essential installations - the mine, the concentrator to separate the copper minerals from the rock, areas for stacking waste rock near the mine and areas for stacking the tailings left after the copper has been taken out, land for company roads, dams, power lines, pipe lines, and land for a town site and port site.

This land would be acquired variously under the Mining Ordinance, Land Ordinance, Water Resources Ordinance and perhaps the Papua and New Guinea Harbours Board Ordinance.

After much discussion between the Company, the Administration and the Department of External Territories, an Agreement was signed on 6th June, 1967, between the Company and the Administration. The Agreement sets out the various things that the Company and the Administration would each guarantee to do.

The Company agreed to continue its expensive further investigations and, if possible, it would set up a mine, concentrator, port, etc. and proceed to export copper concentrates. It agreed to pay royalties to the Administration and, after an initial tax-free period, to pay specially high rates of income tax. It agreed to establish a new company to work the mine and to offer the Administration 20% of the new company's shares at par. For its part the Administration guaranteed to give the Company a three year tax-free start so that it could quickly repay its loans before it started to pay the higher taxes. The Administration also guaranteed to grant the various leases required and to make land available for support purposes such as the town and port.

A company could not venture into such large-scale investigations without some guarantee that it would be given the facilities to proceed to production. It is also clear that the Administration must honour its obligations under the Agreement ensuring that the necessary leases are granted, and by ensuring that the Company is not obstructed in its lawful operations.

WHAT IS THE BOUGAINVILLE COPPER PROJECT

The feasibility of working this low-grade deposit at a profit is based on a very large-scale rate of production. It is proposed to mine at a rate of 30,000,000 tons of ore each year, to produce concentrates for export containing about 150,000 tons of copper metal and about 500,000 ounces of gold. Such an operation would be one of the largest copper mines in the world, and would rank as a major gold producer.

Its effect would be to more than double the Territory's anticipated export income, enlarge internal revenue by way of royalties, dividends, personal and company taxes, fees, duties, service charges, etc., and it would introduce dramatic changes to the way of life of the Bougainville people by lifting them from subsistence village life to a cash economy based on secure employment opportunities, with greatly improved health and education services.

The mine cannot be brought into production until all necessary facilities have been installed or established. There will be a construction period of about three years of intense activity in order to achieve production early in 1972. During this period the Company must complete the following projects:

- (1) construction of a new town at Arawa (construction to commence October, 1969);
- (2) construction of a port at Loloho with facilities for loading concentrates to ships, (construction to commence September, 1969);
- (3) construction of a major power house near the port, with fuel storage tanks, etc., (construction of transmission lines to commence January, 1970);
- (4) construction of a major road from the port to the mine (completion August, 1970);
- (5) construction of a minor road from the mine to tailings dump areas on the western coast (survey in progress);
- (6) construction of the concentrator plant to separate copper minerals from the rock ore;
- (7) preparation of the pit site, including haul roads and the removal of 30,000,000 tons of over burden from the orebody;
- (8) preparation of a site for dumping waste rock near the pit;
- (9) preparation of facilities for stacking tailings in a swamp area near the west coast;
- (10) construction of a town at the mine with school, post office, etc.;
- (11) construction of a dam on the Jaba River to supply water to the mine and concentrator;
- (12) installation of a water supply to the Arawa town;
- (13) preparation of a quarry - probably near Boromai - to mine and burn limestone for the concentrator; and
- (14) procurement of the mining equipment to be used in the breaking and transport of the ore and waste rock.

In addition to the above mentioned Company activities there will be various obligations which the Administration must accept as matters of urgency during the construction period. These include:

- (1) prompt granting of the various land leases required for essential operations;
- (2) improvements to the Aropa airstrip to bring it to limited Fokker Friendship standard, (required by January, 1970);

- (3) design and construction of the Arawa township's primary schools, technical school, high school, and a major base hospital, (construction to commence October, 1969);
- (4) improvements to the Aropa-Kieta road, (in progress);
- (5) construction of a major road from Kieta to the Arawa town and the Loloho port, (required by May, 1970); and
- (6) installation of a telecommunications system to give 24 hour world-wide communications, (required June, 1970).

The various items are inter-related in such a way that a particular item, say the road from the port to the mine, must be completed before heavy equipment can be moved to the mine. Similarly the coastal town must be completed to provide accommodation for key personnel in the earliest stage of construction, and large temporary camps must be erected before the arrival of the temporary construction workers. Again, the procurement and arrival of capital equipment must be programmed to permit efficient use of the wharf and port storage capacity.

The Company has estimated that if construction and other preparations are carried out with the necessary speed, production could commence in about three years - i.e. probably early in 1972. There are urgent financial reasons why this period should be kept as short as possible. The large loans involved will carry a heavy interest charge, and this loan money will be largely expended by the end of the construction period. It is therefore of the greatest urgency that every effort be expended by the Company and by the Administration to prevent delays in establishing the operation. The Administration has a threefold financial interest in securing the early achievement of export production - as a taxing authority, as a potential shareholder in the enterprise, and for balance of payment reasons.

LAND REQUIREMENTS

The Administration has the responsibility to ensure that the various mining and land leases required are granted without delay - this applies particularly in respect of the Arawa town and the industrial land required near the Loloho port.

The Company has applied for and been granted a special mining lease of approximately 10,000 acres in the vicinity of Panguna, as shown in attachments 1 and 2. This lease will accommodate the open pit mine, the concentrator plant, a town to accommodate expatriate and local workers and a site in the Kawerong valley for stacking waste rock.

Although very little of this land is improved it contains the village of Moroni (population 53) and the four hamlets of Dapera (population 186). It will be necessary for these people to move from their present locations, but they will be compensated for the disturbance, and if necessary, will be given other land to live on.

The owners of the land within the special mining lease will receive compensation for damage to the land and for inconvenience; they will receive the occupation fee of at least \$20,000 in January of each year. The first year's fees have been paid by the Company to the Administration and will be distributed to the owners as soon as they have established their claim to the land. The landowners in the Special Mining Lease will also receive about \$80,000 in royalty payments each year the mine is in full production. These royalty payments will be made every month. Thus the landowners (a group numbering some 1,000 men, women and children) will receive a total of about \$100,000 each year, to be divided among them in proportion to the respective areas owned, and the land will be returned to them when the mine is finished.

It is expected that the Company will, in the near future, apply for leases for mining purposes for:

- (1) the main company road from Loloho to the mine;
- (2) a minor road from the mine to the tailings area and water supply dam on the Jaba coastal area;
- (3) an area for stacking tailings on the swamp areas of the western coast; and
- (4) possibly for leases to mine limestone near Boromai and to mine construction materials near Willy's Nob on the lower Pinei area.

It is expected that the land required for the abovementioned leases for mining purposes will not exceed 40,000 acres.

The total land involved under the Mining Ordinance would thus amount to about 50,000 acres comprising 10,000 acres in the special mining lease and possibly 40,000 acres as leases for mining purposes. This land would all attract income to the landowners of at least \$2 per acre for each year of the lease, plus compensation for damages, and, in the case of the special mining lease which produces the copper, the landowners' share of royalty.

On the Special Mining Lease it will be necessary to relocate the people of Moroni (53) and Dapera (186). The remaining leases for mining purposes will not involve relocation or resettlement of village people.

It is expected that the Company will apply for a lease under the Water Resources Ordinance to accommodate a dam and pumping station on the Jaba River, as shown on attachment 2. This dam would provide water for the concentrator and for tailings disposal. It is not expected that this lease would seriously affect the people living in the area.

It is expected that an installation will be placed in the upper Bovo River to bleed off a water supply for the Arawa town and port facilities. This would not involve a major dam or inundation of land. A small area of about 1 to 2 acres would be required for storage tanks, water filtration and purification.

Land required on the east coast area will be needed for installations which will endure beyond the life of the mine. It is expected that the Arawa township and associated industrial

areas will remain as a regional centre for Administration and for trade and commerce. For this reason the land required will be acquired by the Administration and leased under the Land Ordinance. Details of the anticipated land needs are as follows:

Town Site

It has been decided that the principal new town will be built on the 1,000 acres of Arawa Plantation and an adjoining area of about 650 acres of native-owned land. This area of land will serve the Company's and the Administration's immediate needs. Any long range expansion will involve the rehabilitation of uninhabited swamp land.

The town to be built at Arawa will have an eventual population of about 10,000 people, composed of expatriate and local staff employed by the mine, the Administration and the local business and professional people who will form part of the new community. More will be said about the town later in this paper.

It has been asked why the town cannot be built on reclaimed swamp in the first instance. There are two answers to this question. Firstly, as already indicated the need for the town is immediate and imperative. The operation cannot be delayed whilst waste land is reclaimed for a townsite. Secondly, this operation will not survive if the Company cannot attract and retain highly skilled staff.

Bougainville Copper Pty. Limited is in stiff competition for staff with other new and old mines in Australia and other countries. It is a fact of mining life that a company operating in a remote area must be able to offer attractive amenities located in pleasant surroundings in order to attract and retain its staff. With these facts in mind it must be clear that this Company could not agree to build its main town in a swampy unattractive location.

The area to be used for the town was chosen for a number of reasons, the main ones being:

- (1) proximity to the mine area, future port and airport sites;
- (2) proximity to Kieta, whose inhabitants would have the use of the facilities to be established (schools, hospitals, etc.);
- (3) it does not involve the displacement of any large number of people; and
- (4) balancing the loss of production and economic contribution to the Territory of a plantation owned by a two company partnership of about 20 people against the total or partial loss of land and livelihood which alternative sites would impose on nearly 500 people, to whom land is of social as well as economic importance.

Port Site

The Company owns Loloho Plantation of 183 acres on Anewa Bay. This will be used to accommodate the Company's wharf and port facilities, including large storage tanks for diesel oil (1,850 tons) and fuel oil storage tanks (60,000 tons). Other facilities will include storage sheds for approximately 100,000 tons of copper and magnetite concentrates, and a major power generating station. In this general area there will be warehouses and stores, and other industrial installations essential to the total operation.

It will be necessary to provide further land of possibly 600 acres adjacent to Loloho to accommodate this general industrial development. Some of this land will be used in the first instance as a camp for construction workers, and for further processing of copper concentrates.

Site for Support Industries

A further area of about 600 acres will be sought for industrial use by the numerous firms and companies which would be required to support the mine, the town and the district generally. This land would be near the Pinei River several miles inland from the port site, and adjacent to the main company road.

To indicate the range and magnitude of this associated industrial development a preliminary list of probable requirements is given in attachment 3.

Reclamation Site

In order to provide a margin for future industrial or town expansion an area of about 100 acres of swampy land adjacent to the port area will be acquired. This will be reclaimed through the dumping of town and industrial waste. The land will be chosen with the objective of causing as little disturbance to the landowners as possible.

The Administration faces a major problem of acquisition of land for subsequent leasing under the Land Ordinance. The total area discussed above is summarised:

Arawa Plantation	1,000 acres
Adjacent native land	650 "
Port industrial	600 "
Other industrial	600 "
Reclamation Area	100 "
	<hr/>
Total	2,950 acres

Since this land is required to support a major industry by world standards it will be clear that where the required land cannot be obtained by negotiated purchase or by leasing under the Land Ordinance it must be acquired by compulsory process. In the case of the two industrial areas, where the time factor is critically urgent, it may be necessary to grant the Company leases for mining purposes pending completion of the formalities

of purchase or lease under the Land Ordinance.

An important section of the Mining (Bougainville Copper Agreement) Ordinance 1967 is Section 12, which reads:

"The purposes of this Agreement are a public purpose within the meaning of any law in force in the Territory or a part of the Territory."

Such a law in force in the Territory is the Land Ordinance 1962. Sections 17 to 23 of that Ordinance set out the ways in which the Administration may acquire land for a public purpose. Such ways include compulsory acquisition if landowners will not sell the required land. This power of compulsory acquisition will be used, if necessary, in respect of the purchase of Arawa Plantation and also in respect of the purchase of other land on the east coast adjacent to Arawa and the port site if the owners refuse to sell the land. But the Administration still hopes to be able to negotiate purchases from the indigenous landowners concerned, and is making every effort to do so.

WHAT BOUGAINVILLE COPPER WILL MEAN TO THE TERRITORY

The impact of the project will be noticed most dramatically in respect of the Territory's level of exports. Current exports are valued at about \$58,000,000. Under the planned increase in the Development Programme agricultural exports should reach a level of \$84,000,000 by the year 1972-73.

In 1972-73 it is expected that export of copper concentrates will commence, and that the value of that year's production of copper will be \$111,000,000. This would result in a more than doubling of Territory exports to nearly \$200,000,000.

Attachment 4 shows the export achievements since 1966 and the projected growth of exports, (under the Development Programme), to the year 1974-75. The tremendous impact of the new industry on the Territory's export income is obvious.

During the development of the project there will be three different stages of revenue collection by the Administration. During the construction period in the years before 1972-73 when exports of concentrates will begin the Administration will receive substantial revenue generated through company tax paid by contractors, personal income tax paid by construction workers, fees, duties and service charges etc. Preliminary estimates indicate that this revenue will gradually increase to more than \$7,000,000 in the year 1971-72, with a total of more than \$17,000,000 over the construction period.

The second increase in revenue collections will occur when exports of copper concentrates commence in 1972-73. The company will not be liable to pay company tax at this early stage but will commence paying royalties and dividends. The Administration will receive from \$1,000,000 to \$2,000,000 per annum in royalties from this date depending upon the export price of copper and production levels achieved during the period. Indirect revenue from sub-contractors and construction workers will cease, but a substantial increase in total revenue collections will occur if the Administration exercises its option

to purchase 20 percent of the company's shares. Depending upon the price of copper and the company's dividend policies, total revenue received by 1973-74 could be as high as \$16,000,000 per annum.

It is expected that the company will commence to pay company tax by 1981-82. A conservative estimate indicated Administration revenue collections of about \$30,000,000 but depending upon world copper prices this could be as high as \$50,000,000 per year.

The Company desires that the indigenous residents of the Territory will participate financially in the Bougainville Copper project and thus reap a proportion of the cash benefits to be derived from the project. To this end the Company intends to reserve for Papuans and New Guineans a proportion of those shares in the project which will be offered to the general public and is studying the methods whereby this could be achieved.

The Company expects that during the construction period the work-force will reach about 4,000 men. Owing to the shortage of skilled local construction workers and the necessity for speed it is likely that many of the construction workers will be recruited from sources outside the Territory. Recruitment will be on the basis of a short contract with provision for compulsory repatriation at the end of the contract. The Company's recruitment programme will be carried out in a way which will not prevent other industries from also gaining a fair share of the skilled and semi-skilled people becoming available in the Territory. During the construction period the Company will gradually increase its permanent work force so that when production commences early in 1972 the permanent work force will number about 1,800 workers comprising about 700 expatriates and 1100 Papuans and New Guineans. As the indigenous people acquire the necessary skills they will be recruited by the Company to replace expatriate workers. This means that the Company will open up employment to Papuans and New Guineans in the fields of skilled labour, and also in technical, middle range and senior executive and professional fields.

The Administration will need to expand its staff in the District by about 770 by the year 1972-73 (170 expatriate and 600 local).

It is expected that by the year 1972-73 commercial, industrial and service industries will provide employment for a further 200 expatriate and 700 local people.

In all avenues of employment there will be progressive increases in the proportion of local workers as the Company's training programme and the Administration's Educational services take effect.

The new town at Arawa will ultimately have several primary schools. The first of these schools is expected to commence enrolling pupils by February, 1970. As pupil numbers increase this school will be expanded or new schools built. The town will also have a secondary school to be completed by December, 1970. It will cater for the educational needs of about 250 students. A technical college will also be completed by December, 1970.

In addition a large new primary school will be built at the Panguna mine town.

These new schools will form a valuable educational complex. The primary schools will serve not only the residents of the new towns but also the surrounding indigenous population. The technical and high schools will, it is expected, serve the whole of the Bougainville District.

The Company has already established a heavy training programme. The aims of the Company's training programme are:-

- (1) to meet, and where possible, exceed the manning guide lines in relation to indigenous labour content;
- (2) to examine methods and undertake steps to provide effective practical and theoretical training for indigenous employees;
- (3) to provide additional academic instruction to enable employees to profit from industrial training; and
- (4) to explore and undertake steps to obtain an adequate supply of technically qualified personnel.

The programme includes systematic training courses whereby employees recruited at the school-leaving stage are either passed directly to full-time university courses, or are taken through formal in-service training courses leading to senior management responsibilities in the technical, clerical and executive fields.

It is estimated that this programme when fully underway, will involve the Company in an annual expenditure of about \$500,000.

A major regional hospital will be built at Arawa town. It will have 30-35 intermediate beds and 200 public beds. Like the regional hospital at Goroka it will be equipped with all specialist facilities to serve the medical needs of the whole of the Bougainville District. Building of the first stage should be commenced in December, 1969 and be completed in December 1970. The second stage should be completed in April, 1971 and the final stage in December, 1971.

During the construction period additional temporary hospital facilities will be provided at Kieta and at the mine site.

The Company will construct a port at the site of its Loloho Plantation on Anewa Bay about 8 miles north from Kieta. Associated with the port installation will be loading facilities for shipping concentrates, tank farms for storage of fuel and oil, warehouses, etc.

Near the port the Company will construct its power-house, and will require land for a site for further processing of copper concentrates.

It is important to keep in mind that this project will be one of the largest mining operations in the world. The scale

of the physical operation is unprecedented in the industrial history of the Territory. It is apparent that an operation on this scale will require support from a large variety of subsidiary industries. For example, the equipment using rubber tyres will create a demand for a major rubber goods warehouse and retreading factory.

The suppliers of heavy earth moving machinery will require warehouses and repair service shops, as will the electrical equipment companies, steel fabricators, timber merchants, hardware and builders suppliers, etc.

Most of this and similar industrial development will be required in direct support of the mining operation but will also serve the needs of the surrounding district.

The volume of air traffic to and from Aropa will be increased many fold. Already the airlines have announced increases in the number of scheduled flights. Work has begun in connection with improvement of the airstrip to allow handling of Fokker Friendship (F.27) aircraft. This work will cost the Administration a sum of approximately \$500,000.

The road from Aropa airport to Kieta is being improved to carry the great increase of traffic which will take place.

A new heavy duty road from Kieta to link with the Company's road at Loloho will be constructed at a cost of approximately \$500,000.

The Company's road from Loloho to the mine will of course be a major road. It is estimated to cost about \$8,000,000.

A lesser road will be required from the mine to serve the Company's pumping station and tailings disposal operations on the west coast. This road will complete a virtual trans-island link which could in the future connect with a road system along the west coast.

Improved communication with Rabaul has been established. By August, 1969 it is hoped to complete a similar direct link to Lae, and by June 1970 the operation will call for a major system of 24-36 channels connecting at Lae with the Territory network and the 'Seacom' system. This will permit 24 hour service to the rest of the world.

The Company proposes to establish a major power generating station near its port. The station will initially generate 120 megawatts of electric power, with a provision for extension if required. This electricity would be used mostly for the Company's operations, but sufficient power will be made available to the Papua and New Guinea Electricity Commission to permit distribution to the Arawa town and Kieta.

The output from the new station will greatly exceed the total power generated in the rest of the Territory. For comparison - the new Rouna No. 2 hydro-electric station generates 30 megawatts - Rabaul uses about 5 megawatts.

The new Arawa town will have an eventual population of about 10,000 people, expatriate and local. These will be mine workers, Administration staff, and the personnel associated

with the private, commercial, professional and industrial activities essential to the existence of such a town.

All houses in the town will be of modern construction and will be connected to water, electricity and sewage services. In addition recreational and entertainment facilities will be incorporated in the town plan.

This town will remain as a permanent regional centre for administration and commerce after the mining ceases.

It is seldom that the life of a mine can be accurately forecast in its early stages. Mining is still an important industry in Kalgoorlie, W.A., Broken Hill, N.S.W. Mt. Lyell, Tasmania and Mt. Morgan, Queensland after more than 60 years of operation. The total life of the Mt. Isa field can be expected to exceed 60 years.

The published figures relating to the Bougainville project show a life of about 25 years, but it is known that substantial additional tonnages of lower grade ore exist within the Special Mining Lease, and that additional ore exists below the planned bottom level of the pit. It also seems likely that there would be additional suitable ore nearby and perhaps in a few years the people will have become used to mining, and recognising its benefits would then not object to the Company making further detailed investigations. The overall prospect of a life greatly in excess of 25 years is particularly promising at this pre-production stage of the operation.

GENERAL CONCLUSIONS

Earlier in this paper it was stated that the effect of the Bougainville copper project would be to more than double the Territory's export income; to introduce massive new revenue to the Treasury by way of dividends, royalties, company and individual income taxes, fees, duties and service charges; and to make possible dramatic advances in the way of life of the people of the area who will be able to enter into a cash economy based on secure employment and greatly improved education and health services.

It is hoped that the detailed information given in the paper will confirm that statement, and permit Members of the House to see the project in its proper perspective as an event of unprecedented economic and social significance in the history of the Territory.

It should be kept in mind that without the technical and financial strength of a major international mining company it is most unlikely that the significance of the Bougainville copper deposits would have been recognised. Few companies have the resources to risk \$16,000,000 in investigations (which might not disclose a feasible operation), or to continue with the further massive investment required to bring the mine into production (\$300,000,000).

It would not be difficult to imagine the added economic and social benefits if another such deposit were discovered in the Territory. The chances of such a discovery are by no means remote. Several large foreign mining companies are today investigating interesting mineral occurrences in other

parts of the Territory including the Western District, the Sepik District and the Central District. The successful establishment of the Bougainville Copper project will encourage such companies to continue their exploration efforts.

The Administration believes that the Bougainville Copper project offers a most important opportunity for the Territory to take a significant step forward toward economic self-reliance. Because of this the project is seen as of national rather than local importance, and it is seen as a unit in the mining industry rather than as a single mine.

The Administration intends to fulfil its obligations under its Agreement with the Company and take all steps necessary to bring this great national asset into production.

Honourable Members, the facts are placed before you in order that you may be fully informed as to what is involved in this project.

GENERAL COMMENTS

It is noted that the detailed information given in the paper will be of interest to all members of the House to see the progress of the project as an example of unprecedented economic and social significance in the history of the Territory.

It should be noted in addition that without the technical and financial strength of a major international mining company it is most unlikely that the significance of the Bougainville copper deposit would have been recognized. Few companies have the resources to make the 100,000,000 investment (which might not include a profitable operation) or to continue with the further massive investment required to bring the mine into production (200,000,000).

It would not be difficult to imagine the added economic and social benefits if another such deposit were discovered in the Territory. The chances of such a discovery are by no means remote. Several large foreign mining companies are today investigating interesting mineral occurrences in other

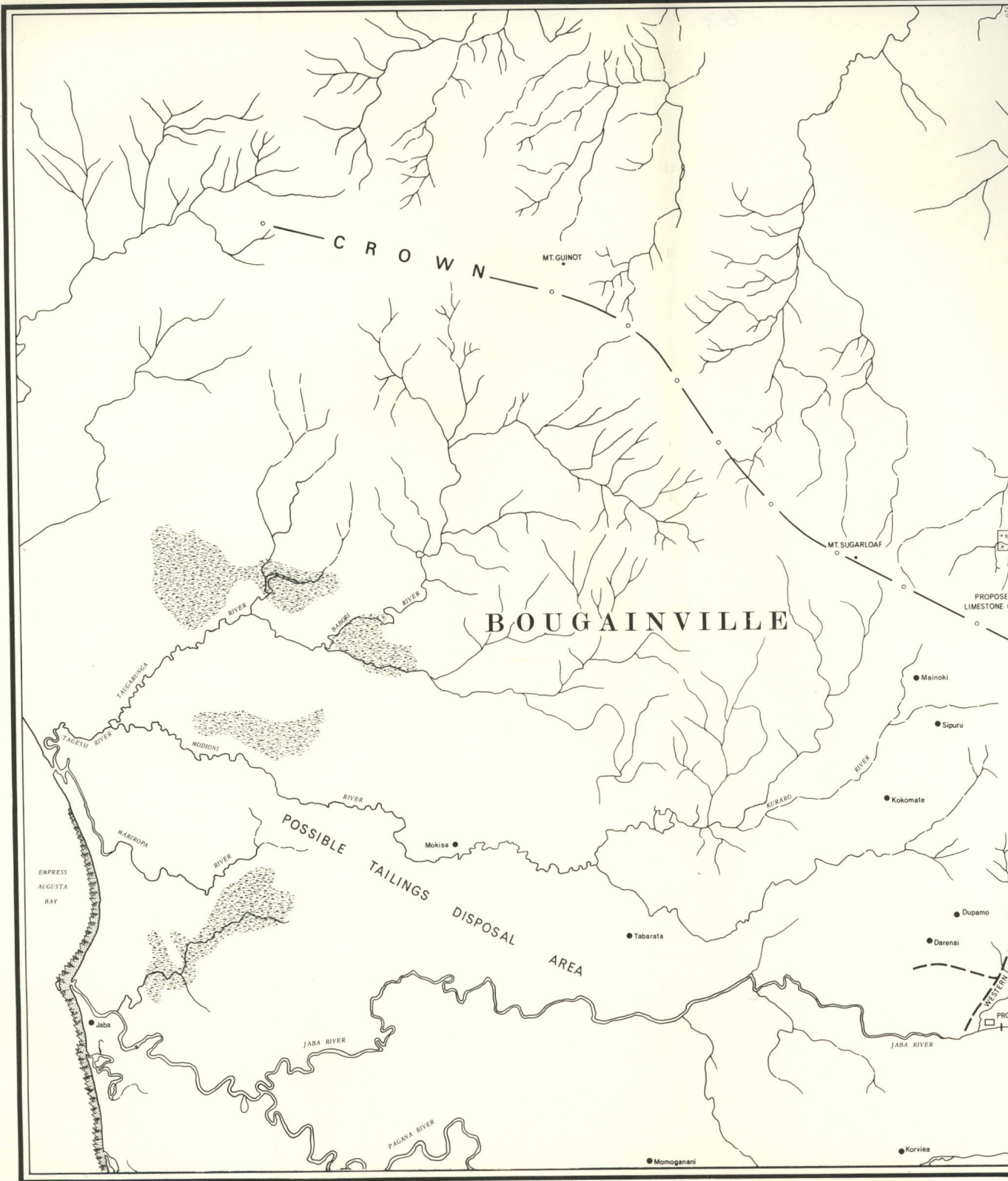
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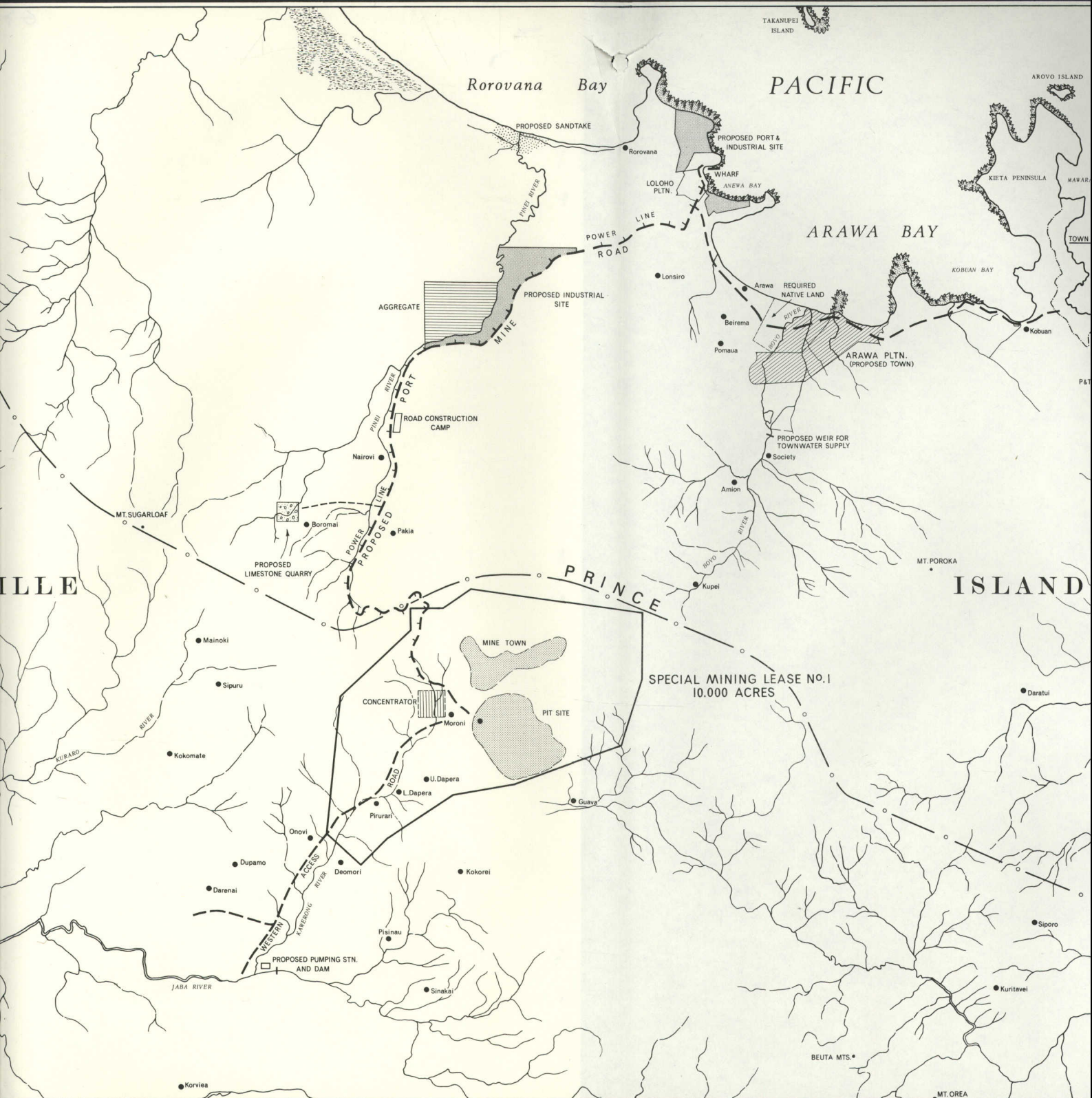
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PREPARED BY THE DEPT. OF LANDS, SURVEYS & MINES DRAFTING BRANCH



BOUGAINVILLE



DEVELOPMENT PLAN

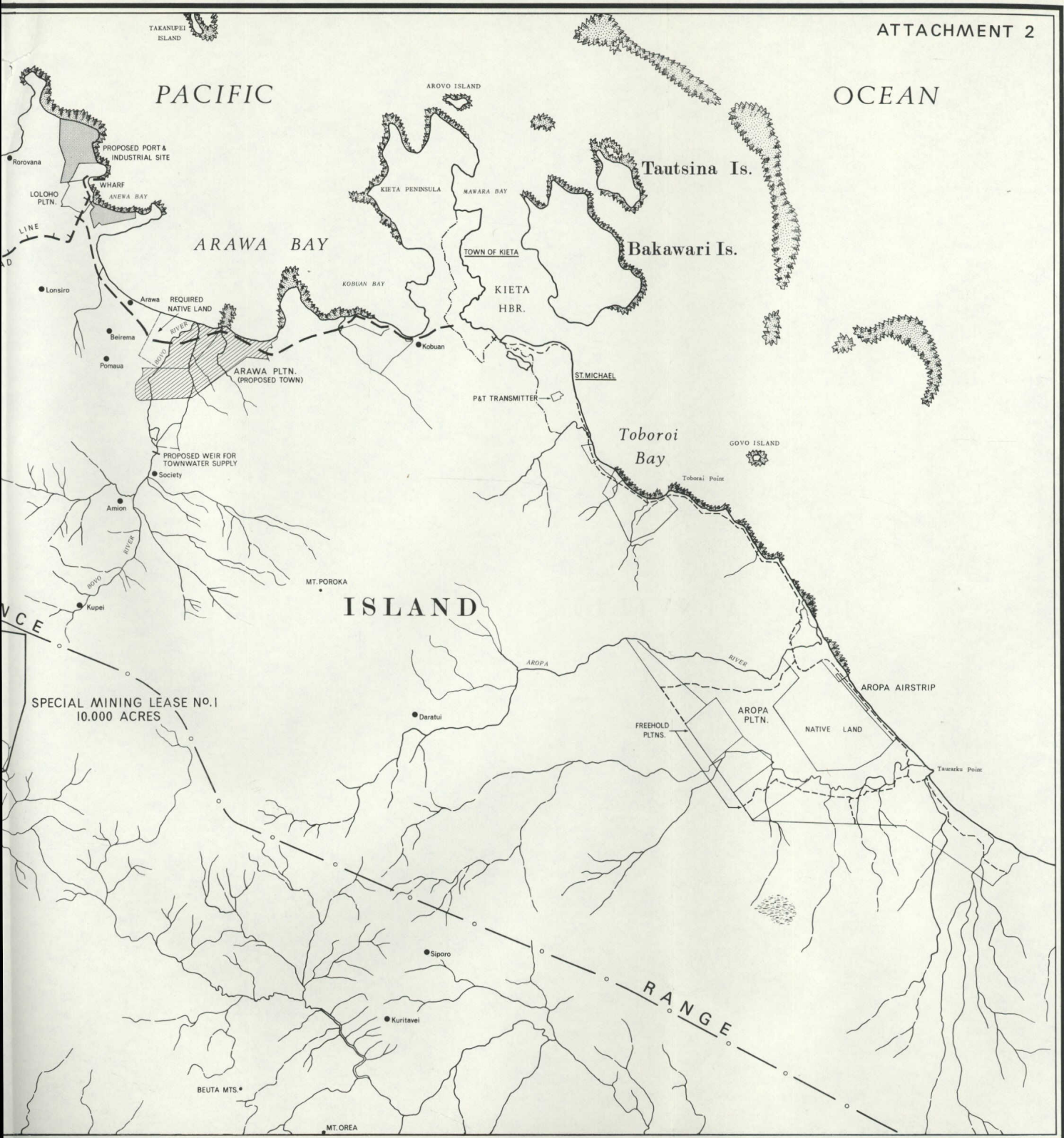
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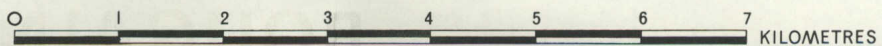
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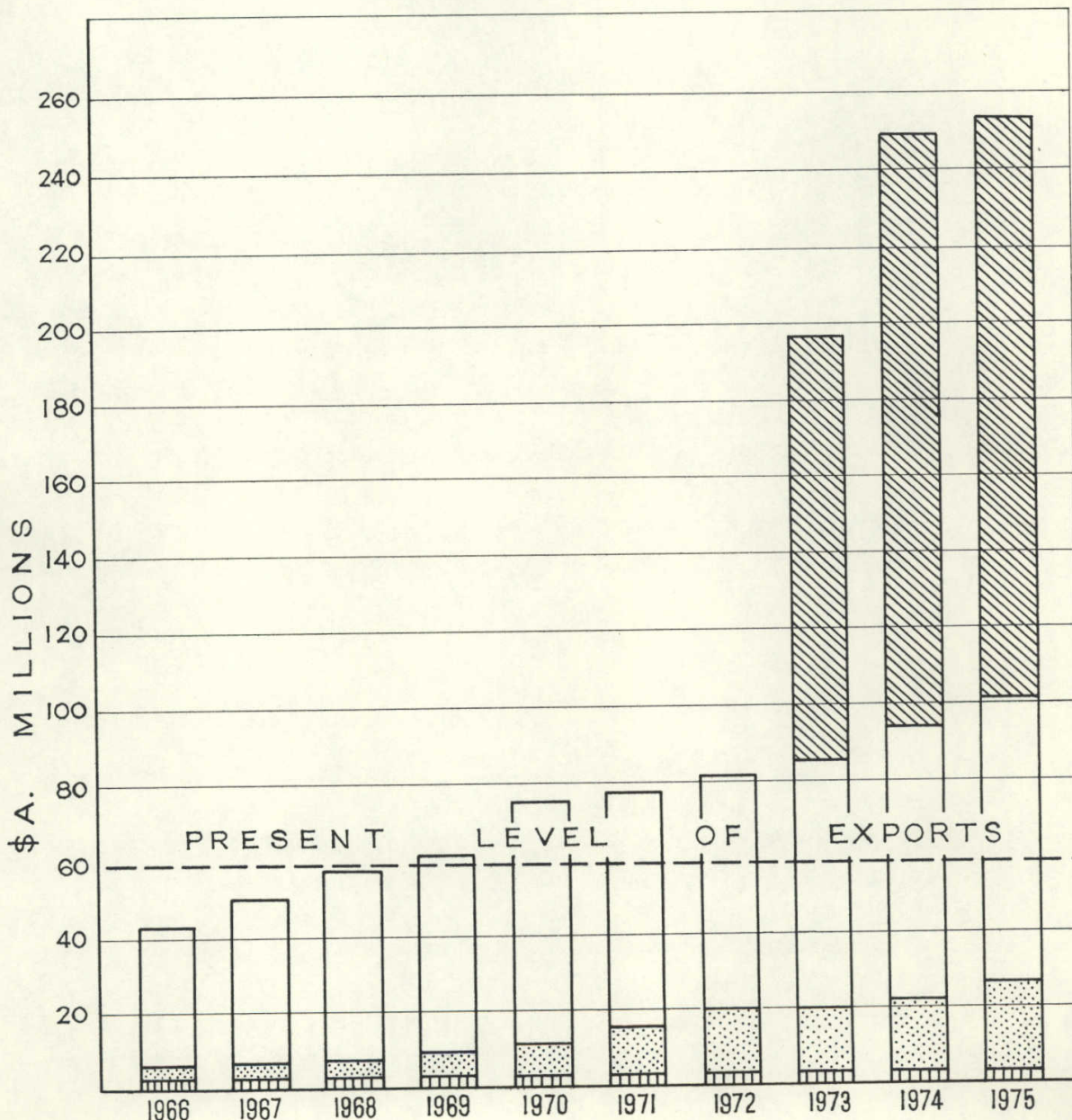
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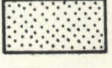

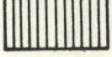


ATTACHMENT 3EXAMPLES OF ANTICIPATED SUBSIDIARY INDUSTRIES

1. Earth Moving Machinery - Warehouse and Service Shop.
2. Tyres and Rubber Goods - Warehouse and Retreading.
3. General Engineering Workshops - 4 or 5 firms.
4. Plant Spares Yard for Bougainville Copper Pty. Ltd.
5. Diesel Engine Manufacturers - Warehouse and Workshop.
6. Heavy Chemical Co. - Warehouse.
7. Electrical Equipment Companies - 3 Firms - Warehouses and Repair Facilities.
8. Steel Fabricators, 2.
9. Found ry.
10. General Engineering Merchants - 2 Warehouses.
11. Steel Merchant.
12. Timber Merchants.
13. Wholesale Hardware Merchants and Builders' Suppliers.
14. Bulk Food Warehouse and Cold Stores.
15. Automotive Repair Shops.
16. B.C.P. Light Workshops and Storage.
17. Industrial Laundry.
18. Furniture Warehouse, Repairs and Manufacturing.
19. Builders' Depots.
20. Civil Contractors' Depots.
21. Bus Depot.
22. Contingencies and Further Development.

VALUE OF PROJECTED EXPORTS DEVELOPMENT PROGRAMME PLUS COPPER



-  COPPER
-  TIMBER & TIMBER PRODUCTS
-  MAJOR CROPS
-  ALL OTHERS

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DEPARTMENT OF EXTERNAL AFFAIRS.

OUTWARD TELETYPE MESSAGE.

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FOR GALVIN EXTERNAL TERRITORIES
FROM COLES EXTERNAL AFFAIRS

AN A A P DESPATCH DATED THE 22ND APRIL REPORTS THAT THE NEW GUINEA PLANTERS' ASSOCIATION HAS ASKED THE PRIME MINISTER TO SET UP A COMMISSION OF INQUIRY INTO THE GOVERNMENT'S POLICIES ON BOUGAINVILLE ISLAND.

THE DESPATCH ALSO REPORTED THAT THE ASSOCIATION SAID THE COMMISSION SHOULD INQUIRE INTER ALIA WHETHER THE AUSTRALIAN GOVERNMENT OR ADMINISTRATION HAD ANY CONSTITUTIONAL OR MORAL RIGHTS UNDER THE TRUSTEESHIP AGREEMENT TO RESUME LAND FOR ANY PURPOSE WITHOUT REFERENCE TO THE ELECTED MEMBERS FROM THE DISTRICT CONCERNED OR THE HOUSE OF ASSEMBLY.

IN VIEW OF THE FACT THAT REPORTS OF THIS WHOLE MATTER MIGHT BE GOING OVERSEAS THROUGH EMBASSIES AND PRESS CORRESPONDENTS WE THINK IT WOULD BE USEFUL TO FURNISH THE AUSTRALIAN MISSION IN NEW YORK WITH A SHORT BACKGROUND NOTE ON THIS MATTER WITH SUGGESTIONS HOW ANY POSSIBLE OVERSEAS CRITICISMS MIGHT BE MET.

WE WOULD APPRECIATE IT THEREFORE, IF YOUR DEPARTMENT COULD SUPPLY AT ITS EARLIEST CONVENIENCE, FOR THE GUIDANCE OF OUR MISSION, SUITABLE NOTES.

CFM:- 22ND

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SUITABLE NOTES

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Canberra, A.C.T.

March 20, 1969

Mr. George Warwick Smith
Secretary
Department of External Territories
Derwent House
Hobart Place
Canberra City, A.C.T.

Dear George:

It would appear that in recent months we have been most busy asking favors of your Department--and here is another one.

As you may know, it has been about one year since the Embassy's political officer responsible for following developments in Papua and New Guinea has paid a visit to that Territory. It has been several years since an economic officer has visited the Territory to assess trade and investment prospects. To remedy this situation, with your agreement, I would like to propose that Mr. Albert Nyren, Economic Counselor, and Mr. John Dorrance, Second Secretary and Political Officer, visit the Territory for approximately two weeks during the latter part of April. John pretty well knows his way around the Territory by now, and I do not anticipate that either officer would present an undue burden on the Administration. However, to make things somewhat easier for all concerned, they would travel together wherever their interests coincided.

If you agree in principle to the above, I would suggest that the details of the itinerary and program be left to your staff and Mr. Dorrance. However, I should mention several parts of the program we have in mind in view of possible sensitivities. Both officers would like very much to visit Bougainville--Mr. Nyren to have a look at the Kieta project, and Mr. Dorrance to have a chat with some of the American missionaries in that area. In the past we have been concerned about the involvement of these missionaries in political activity,

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Mr. Nyren

Mr. Nichols
Mr. Pollock

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including separatist movements. Although this involvement appears to have fallen off, we do think it would be useful for all concerned if Mr. Dorrance could tactfully, as an Embassy representative, remind these missionaries of the Embassy view that they must avoid any activity which could be considered of a political character.

Secondly, I would appreciate it if Mr. Dorrance could briefly visit Vanimo and Wutung on the border in order to talk with your officers in that area about the border problem. I think it would be to our mutual advantage if Washington could be given a first-hand account of the nature of the problems you face in that area.

One further matter might be of direct interest to you. As you know, during his recent visit to the Territory, Ambassador Crook donated a rather sizable collection of reference texts and other books to the University in Port Moresby. We had hoped to arrange an equivalent donation to the Institute of Higher Technical Education but, unfortunately, the Ambassador's itinerary did not include Lae. We hope to remedy this situation through Mr. Nyren and Mr. Dorrance, who would personally see to the donation of a similar collection to the Institute on behalf of the Embassy.

I am sending a copy of this letter to Malcolm Booker in External Affairs.

With thanks in advance for whatever assistance your Department can render to Mr. Nyren and Mr. Dorrance, I am,

Very sincerely,

Edwin M. Cronk
Counselor of Embassy

cc: Mr. Nyren
Mr. Booker

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cc: Mr. Wynn
Mr. Hoover

TURDAY, MARCH 15, 1969

CRA to raise \$29m in 2-part share issue

Conzinc Riotinto of Australia Ltd, will raise \$29 million in a premium share issue to finance group expansion and its share of the Bougainville copper project.

The issue will be made in two parts and will raise Australian equity in CRA from 14.9 to 16.4 per cent.

The directors also announced yesterday in Melbourne that they intended to make shares in the Bougainville copper project available to the Australian public in due course.

The current issue is virtually a one-for-10 to Australian shareholders, who will pay an average price of \$15.60 a share.

The two parts of the issue are:—

1. A renounceable rights issue of 2,069,577 ordinary 50c shares on a one-for-50 basis at \$14 each.

2. Non-renounceable rights from Rio Tinto-Zinc Corporation Ltd of Britain, comprising 1,234,593 shares

of the above issue, which will be offered on a two-for-25 basis for \$2 a right plus \$14.

This means that each holder of 100 shares will receive two ordinary shares at \$14 each, plus eight of RTZ's shares at \$16 each.

CRA will raise \$28,974,078 from the issue. RTZ owns 85 per cent of CRA.

Directors said that by renouncing the greater part of its rights to the issue RTZ had again made it possible to enlarge the Australian equity in the group.

As a further step towards this objective the directors intended to make shares in the Bougainville project available to the Australian public in due course.

When this occurred, directors would ensure that CRA shareholders would be given a preferential allotment.

The new issue will be made to all shareholders registered on April 9, except those with addresses in the US.

A further 100,000 rights will be reserved for group staff provident funds and the directors and staff of the group.

RTZ will take up 200,000 shares and the balance of 226,336 rights will be taken firm by Ian Potter and Co.

Shareholders will pay \$7 for the new shares on application plus the \$2 premium for RTZ's rights and the balance of \$7 by November 30.

The shares of this issue will not participate in the final dividend already declared for 1968, but will participate in any interim dividend declared this year in proportion to the amount of capital paid on them at June 30.

Directors declared a final dividend of 9 per cent for the year ended December 31, to maintain their total dividend of 16 per cent.

Letters of offer and acceptance forms setting out the detailed terms of the issue, individual entitlements and the non-renounceable priority allocation of rights by the major shareholder will be forwarded to shareholders as soon as possible after April 9.

Rights trading would begin on all major stock exchanges on April 3.

American shareholders were excepted from the issue because it was impracticable to meet the requirements for registration of the issue under the Securities Act of the US.

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Troubled island

Mr McDonald

THE NEWS that the Conzinc Riotinto group has signed an agreement to supply seven Japanese refining companies with copper from Bougainville is of immense significance to Papua-New Guinea. While the group has added the cautious reminder that the deal is subject to further feasibility studies, it now appears certain that it will go ahead with mining operations on the island. The result will be one of the biggest mines in the world—the company has already admitted to indications of 900 million tons of low-grade ore in the area which it has investigated and seems likely to extract copper from this at the rate of about 120,000 tons a year. This would be a greater output than that currently achieved in Australia.

As shipments to Japan will not begin until 1972 the immediate benefits of the Bougainville operation will be limited. But, once mining is well under way, the effect will be a considerable economic breakthrough for the Territory. The project may add more than \$100m to the country's annual export earnings. It is immediately obvious what an enormous boon this will be when one remembers that total exports were worth only \$70m in 1967-68. The Administration will undoubtedly take up its option to purchase a 20 per cent equity in the operating company and this will yield a sizable return.

Thus the Bougainville copper should bring the Territory much closer to economic viability. But, while these economic advantages are pleasing, the operation raises a number of political questions which may present the country with serious difficulties. Where, for example, will the mining company get

its skilled and semi-skilled labour to establish its plant? If, because of the shortage of trained manpower in the Territory, it went to other countries for this, the operation would almost certainly lose some favour in the eyes of Papuans and New Guineans.

This question, however, is insignificant when compared with two other issues: local opposition and secession movements. From the time Conzinc Riotinto began a serious examination of the copper deposits almost all of the several hundred people whose land would be affected by mining operations have been bitterly opposed to its activities. The decision to give them 5 per cent of any royalties has failed to placate them so far. The Administration has also been less than skilful in its attempts to win them over. The economic returns may eventually cause a change of heart, but it would be wrong to count on this happening.

Finally, there is the major problem of demands for Bougainville to secede from the rest of the Territory. The people of the island have felt for years, with some justification, that they have been neglected by the Administration. The sudden burst of official and unofficial interest in their needs, as a result of the copper discovery, has, if anything, made them even more cynical about the central Government. The prospect of great mineral wealth has now caused many of them to think seriously of breaking away from the country with which accidents of history have linked them, and trying to go it alone. The latest mining announcement will certainly add impetus to this movement.

936/4/13

CENTRAL REGISTRY
D.E.A.

CENTRAL REGISTRY
D.E.A.

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DEC 16 11 03 AM '68

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936/4/13

54

640

16th December, 1968.

CONFIDENTIAL

The Australian Commission,
SUVA.

Bougainville : B.S.I.P.
(Your reference 235/2/2)

Thank you for your memorandum 685, which we drew upon when preparing a recent intelligence assessment of the Bougainville secessionist movement.

2. We also referred a copy to the Department of External Territories with a request that they keep us informed of details of British Solomon Islanders or other foreign elements becoming involved in secessionist movements in Papua and New Guinea. We attach for your information a copy of External Territories' reply.

....

ENCLOSURE ATTACHED

(C. E. McDonald)
for the Secretary

The Australian Consulate General,
NOUMEA.

458

For information.

(C. E. McDonald)
for the Secretary

CONFIDENTIAL

C O N F I D E N T I A L

DEPARTMENT OF EXTERNAL TERRITORIES



Hobart Place,
CANBERRA CITY.

CANBERRA A.C.T. 2601

53

TELEGRAMS: TERRITORIES
TELEPHONE: CANB. 40477

DEC 9 11 27 AM '68

06 DEC 1968

In reply please quote 68/5430

NOM. INDEX. SUBJECT

936/4/13

The Secretary,
Department of External Affairs,
CANBERRA. A.C.T. 2600

BOUGAINVILLE

With reference to your memorandum 936/4/13 of 29th October 1968, we will be pleased to keep you informed of details of British Solomon Islanders or other foreign elements becoming involved in secessionist movements in the Territory.

2. For your information, the Administrator of Papua and New Guinea recently told us that he had received a personal letter from the B.S.I.P. High Commissioner informing him that there is a question on the Notice Paper for the Legislative Council meeting in November/December of this year as to whether it would be appropriate for the B.S.I.P. to extend an invitation to send two Members of the Territory House of Assembly to the Solomons for a reciprocal visit vis a vis the visit of Doctors Kere and Ofai to the Territory earlier this year.
3. Specifically, the question asked whether the invitation would be issued to the Bougainville Members of the House of Assembly.
4. The Administrator replied personally to the High Commissioner to the effect that while the invitation would be welcome there were questions of policy involved. Meanwhile the Administrator sought our Minister's view.
5. The Minister's view, as conveyed to the Administrator was that an invitation for two Members of the House of Assembly to visit the B.S.I.P. could be accepted for a suitable time in 1969 subject to the invitation being extended to the House of Assembly as a whole to enable the House to make its own choice of Members to represent it during the visit. The Administrator was told that the Minister considers that while the B.S.I.P. should not select Bougainville, we cannot exclude it, but no objection is seen to Official Members lobbying discreetly and voting in the House against the nomination of Members from Bougainville electorates.

(J.O. Ballard)
for Secretary.

936/4/13

Mr McDonald

C O N F I D E N T I A L

52

CENTRAL REGISTRY
O D.E.A. O

NOV 28 11 39 AM '68

DESPATCHED

936/4/13
~~936/3/55~~

650

28th November, 1968.

The Australian Mission to the United
Nations,
NEW YORK.

T.F.N.C. Ministerial Statements on Secession

...

We attach for your attention the text of two recent interviews, and a recent speech by the Minister for External Territories in which he spoke against secessionist movements in the New Guinea islands.

~~ENCLOSURES ATTACHED~~

(C. E. McDonald)
for the Secretary.

~~RECEIVED~~

SECRET

57



Copy No. 25

TERRITORY INTELLIGENCE COMMITTEE

(T.P.N.G.)

PAPER NO. 3/68

SITUATION REPORT ON THE BOUGAINVILLE DISTRICT

PORT MORESBY

12th September, 1968.

DISTRIBUTION

List "B"

~~M. Steady~~

~~N. Holloway~~
In inf.
Jre/s

~~M. McDonald~~ to retain.

SECRET

936/4/13.

SITUATION REPORT ON THE BOUGAINVILLE DISTRICTIntroduction

The Bougainville District comprises the large island of Bougainville, Buka Island, and the small island groups of Carteret, Mortlock, Tasman, Fead and Nissan, which lie to the north and east of Bougainville. It covers a land area of approximately 4,100 square miles. Geographically, Bougainville and Buka do not belong to the New Guinea grouping, but form the northern part of the Solomon Archipelago.

The total indigenous population is approximately 73,000. The annual natural increase is approximately 3.9%. The people are predominantly Melanesian but are noticeably blacker in colour than other New Guinea people; they are strongly colour conscious and regard their skin colour as setting them apart from all other races to the extent that they refer collectively to others as "redskins". Amongst the people of Bougainville, there is a strong anti-white feeling which is not directed specifically at the Administration, planter, trader or mission communities, but generally against the white-skin.

Bougainville was grouped with New Guinea in 1899, as a result of Britain agreeing to give up her claims to Samoa and Bougainville if Germany made no further claims to Vavau (in Tonga) and the remainder of the Solomon Archipelago. Bougainville and Buka were included in the Bismark Archipelago under German administration. The affinities of the people on the main island of Bougainville lie more with the British Solomons than with the communities of Papua and New Guinea.

The District is divided into three Sub-Districts: Buka, Kieta and Buin, with Patrol Posts and base camps, staffed by Department of District Administration officers, at Boku, Wakunai, Tinputz, Kunua, Konga, Hutjena and Hanahan. The District Headquarters, formerly at Sohano, was transferred in 1968 back to the pre-war site at Kieta.

Economy

There are extensive areas of rich volcanic soil particularly along the east coast of the main island. Overall, there is no shortage of good arable land in the District. The present economy is primarily based on the production of copra and cocoa.

Land

A vital factor inhibiting the development of Bougainville, whether it be a transport system, resettlement scheme, school, airstrip or mining activity, is the extreme reluctance of the indigenous communities to release land or even allow temporary occupation. This attitude is a manifestation of a strong emotional relationship between the people and their land, a parochial and subsistence mentality, and suspicion of the motivation behind land alienation. This is more pronounced in the southern sector, particularly around Kieta and Buin, than in the Buka Passage area; in the former, there is a definite fear of exploitation.

Local Government

Three-quarters of the population of Bougainville are represented by seven Local Government Councils, three of which are multi-racial.

The Banoni-Nagovisi Council has been the forum for expression of the peoples suspicion of Administration motives and distrust of Europeans, attitudes which pre-date the establishment of the Council in 1965.

The other six Councils in the Bougainville District have exhibited no distinctive traits to differentiate their operations from those of other Councils in the Territory.

Representation in the House of Assembly

Bougainville is represented in the House of Assembly by three members: Joseph LUE, Donatus MOLA and Paul LAPUN, whose campaigns were actively supported by the Roman Catholic Mission. All three members are reasonably well educated and have strong personalities. Paul LAPUN is a member of Pangu Pati. It is significant that none of the three raised C.R.A. issues during their campaigning.

Missions

In the mission field, Bougainville is overwhelmingly Roman Catholic with small enclaves of Seventh Day Adventists and Methodists. Roman Catholic Mission influence is proportionate to its dominance in the spiritual field; the ratio of European missionaries to parishioners is greater than in any other comparable area of the Territory.

The Roman Catholic Mission is an American Order predominantly staffed by Americans, some of whom have come from poverty-stricken mining areas in the United States of America.

While of late the Mission has been active in promoting native development, it has been singularly critical of Administration policy in the political, educational, social and economic fields. Some Mission priests have adopted a more forceful and extremist attitude to C.R.A. activities by attempting to discredit Local Government Councils, the House of Assembly and the Administration, and by channelling the people's thoughts toward an independent Bougainville - independent from T.P.N.G., or independent in association with the British Solomon Islands Protectorate (B.S.I.P.). They have blamed the Administration, alleging neglect in developing Bougainville in relation to other parts of the Territory.

The attitude of the Mission appears to be a genuine desire to prevent what it regards as exploitation of the people, and to protect what it sees as its own present and long-term interests. Overt criticism of the Administration has subsided since the transfer elsewhere of the three priests most actively engaged in opposition to C.R.A. activities.

Hahalis Welfare Society

The Society of approximately 700 members was formed in February 1960, with the object of advancing, by all means possible, the interests of the Hahalis, Ielelina and Hanahan villagers.

The activities of the Society soon degenerated into a cargo cult in which there was no longer any semblance of individual ownership; one result of this being sexual promiscuity, practised through the establishment of "baby gardens". Believing in their own self-sufficiency, they totally rejected the Mission and the Administration and refused to conform to any Local Government Council requirements, including the payment of tax.

In 1962, following their refusal to pay tax and an expressed intention to resist arrest, it was necessary to employ some 400 police to enforce law and order.

More recently, John TEOSIN, one of the two leaders of the Society, convened meetings in local villages with the aim of uniting the Society with the Buka Local Government Council. Teosin claims that his motive is to achieve unity amongst the Buka people, but expressed the reservation that it would be a lengthy process. Subsequent cult activities of the Society cast doubt on the genuineness of his motives.

Conzinc Riotinto Company of Australia (C.R.A.)

Following a favourable report by C.S.I.R.O. on the mineral bearing deposits in the central ranges of southern Bougainville, C.R.A. was granted a prospecting authority. In April 1964, a C.R.A. prospecting party visited the GUAVA area of the Crown Prince Range and commenced stream sampling. After the preliminary investigation, C.R.A. decided to concentrate their interest in four areas :-

1. Atamo - Karato
2. Mainoki-Panguna
3. Banoni - Guava
4. Arui - Banei

During 1964, investigations continued with only minor opposition by individual villagers. Administration officers assured the people that only exploratory work was being undertaken at that stage and that their interests would be protected. However, only the people at Panguna and Kupei were prepared to allow exploratory work other than stream sampling.

Drilling at Panguna, which appears to be the centre of the copper-bearing lode, was commenced in early 1965 without opposition. The Kieta Council area villagers favoured continued C.R.A. activities and due to the influence of Onei, Luluai of Guava and Severani, the President of Kieta Council, there was no opposition to drilling operations, despite certain reservations of the Guava people.

During this period, Fathers Moore and Wiley of the Roman Catholic Mission counselled the people of the Guava area to oppose what they, the missionaries, considered to be exploitation by C.R.A..

In May 1965, the people at Mainoki strongly resisted C.R.A. efforts to establish a drill. Following this incident, the Administration arranged for influential people from the area to see mining operations in Australia. They were amazed at the immensity and scale of open cut operations at Mount Morgan. One of them, Mirintoro of Guava, was "terrified and required reassurance" as he envisaged that mining operations would result in the destruction of his land.

The party later visited Canberra where they put forward a claim to part of the royalties from mining operations and proposed, additionally, the establishment of a "development fund" for Bougainville. The party was of the opinion that the claim and proposal were well received in Canberra. Their expectation of material benefits were subsequently dashed by the Minister's policy statement at Kieta in February 1966 concerning state ownership of minerals.

Opposition to C.R.A. activities then hardened. The people opposed any extension of activity to areas other than those where the Company was already established. Fathers Moore, Wiley and Mahoney became increasingly active in counselling the people against C.R.A. exploitation, claiming that the people should receive 25% of C.R.A. profits. The peoples opposition variously expressed by the placing of "tambu" signs, vocal confrontation and physical interference with C.R.A. drilling and surveying operations, increased and there were demands for C.R.A. to withdraw.

Opposition by landowners is based on their refusal to recognise the mining laws which, in their opinion, disregard their customary rights. They fear that their land will be destroyed or irrevocably alienated, and their children will become despised landless vagrants. They do not seek royalties, compensation, occupation fees or other benefits. They have warned that the mining operations can proceed only over their dead bodies, anticipating conflict with the Administration if forcibly removed to allow operations to proceed.

The attitude of the Guava landowners was expressed by Anthony AMPEI, a Guava spokesman, as follows :-

- "(i) denial of mining legislation;
- (ii) denial of House of Assembly right to make laws unacceptable to the people;
- (iii) Bougainville does not belong to New Guinea;
- (iv) disbelief that the Company is only prospecting - sampling is stealing;
- (v) land ownership is permanent (claims it is confirmed by tradition and by the Administration);
- (vi) tax collected in Bougainville is not spent there;
- (vii) pride in the fact that he stopped drilling operations on his own land and has been the agency through which other drilling operations have been stopped;
- (viii) the people do not want royalties;
- (ix) the people do not want occupation fees; and
- (x) the people do not want financial rewards - only that C.R.A. retire from the area."

Villagers from areas not vitally concerned in the prospective mining operations have vacillated in attitude, depending on the intensity of feeling expressed by the people in the prospecting area or by influential parties such as the Roman Catholic Mission and their M.H.A.. In periods of comparative quiet these people favour the operation because of the incidental benefits to Bougainville and their future welfare. Adherents of Seventh Day Adventist and Methodist Missions favour the mining development.

The Kieta Local Government Council has expressed disappointment that there is no proposal to channel portion of the anticipated royalties into a special "Bougainville development fund". The Council currently favours the proposed development, subject to payment of a proportion of royalties to landowners and to the suggested "development fund", and now generally expresses confidence in the Administration.

Paul LAPUN, M.H.A., has at various times expressed attitudes ranging from rejection to conditional acceptance of C.R.A.. At an early stage, he spoke strongly in support of the "human rights" of landowners, regarding the possible withdrawal of the Company of little

consequence since it would be to the people's greater advantage to develop the copper deposits after the attainment of self-government. Later, he supported the "rule of law" and the proposed development by C.R.A. and was successful in having the Mining Ordinance amended to provide for the payment of 5% of the mining royalties to native landowners.

The views of the Catholic Mission have been prominently expressed in the newsletter "Catholic News" and by individual priests of the Mission. Bishop Lemay in a special issue of the "Catholic News" (No. 7 of 1966), following a unanimous resolution passed at a meeting of 35 Roman Catholic priests at Buka in September 1966, wrote that the Mining Ordinance was unsuitable and ignored customary land rights and traditions. He advised the people not to fight the Administration or C.R.A. personnel but to take proper steps to change the law by :-

"First of all, agree on whether or not you want riches in the ground (gold, silver, copper, etc.) taken out and used for the good of the country. Then secondly, speak strongly to your Local Government Councils and state clearly what you want. Do the same with your two House of Assembly representatives and ask them to speak to other members. Insist that you want native customs observed as regards land, timber and mineral ownership. Tell your leaders that you want a fair law, a good law, one that admits your rights to your land, timber and minerals, and that gives you a fair share of the profit called royalties".

"Catholic Mission will ever be ready to help and guide you, to tell you if you are wrong and why you are wrong; and, of course, to praise you when you follow the right course."

Fears were expressed by European planters that the establishment of a blister smelter on Bougainville would defoliate an area in a radius of 30 miles and seriously threaten the economic future of the District. They state that in the long term the economic future of the District lies in agriculture and that while the mining of copper is of benefit to Bougainville and the Territory as an immediate asset, its benefit can only be short term.

Independence

During recent months, Missionaries, Councils and Members of the House of Assembly have advocated early independence or secession by Bougainville from T.P.N.G..

Independence in association with the B.S.I.P. for Bougainville was fostered by Roman Catholic priests such as Father Mahoney. This has been further strengthened in discussion between M.H.A.'s representing Bougainville and two members of the B.S.I.P. Legislative Council, who visited Port Moresby in early September, 1968.

The part played by priests in encouraging unity through opposition to C.R.A. and stimulating thought on secession from T.P.N.G. has been effective.

The independence/secession movement has been highlighted by a political meeting in Port Moresby on 8th September, 1968, attended by two Bougainville M.H.A.'s, Paul LAPUN and Donatus MOLA, and about 20 people from Bougainville, at which a resolution was passed to the effect that Bougainville M.H.A.'s should move in the House of Assembly for a referendum to be conducted in Bougainville, in one or two years time, "to ascertain whether the people there wish either to remain on with Papua-New Guinea, or be an independent state, or else join up with the

British Solomon Islands Protectorate". It was stated in the resolution that there is a growing feeling among many people of Bougainville that they should be "masters of their own destiny" and have "full control over their own affairs".

This was subsequently taken up in the House of Assembly where Lapun was asked to reconcile the efforts being made towards national unity - i.e. his sponsorship of a Bill to introduce a single name for T.P.N.G. - and his suggested referendum. In reply, Lapun stated that he considered that the referendum in no way conflicted with his Bill.

Current Situation

Over recent months, the people of Bougainville have become more resigned to the mining operations of C.R.A., particularly those in the immediate area under survey. However, the situation has deteriorated with the proposals by C.R.A. to develop town and dump sites and to extend their prospecting operations into other areas outside the Panguna Valley. The peoples further opposition is prompted by the fear that they will lose lands which they consider important to their future existence.

Waning opposition by the Roman Catholic Mission to C.R.A. activities and the decreasing popularity and influence of the Hahalis Welfare Society leave two main disturbing factors on Bougainville: C.R.A.'s more recent mining developments, and the growing interest of the people in independence or secession.

A further factor in the current situation is a movement loosely known as the "Bougainville Landowners Association". The movement began late last year, its leading lights being Damen MANUKAI of Irang and Anthony AMPEI of Guava. Very broadly, the movement aimed to form a strong body to deal with the Administration in matters of land compensation and the granting of prospecting authorities. Since January 1968 there have been reports that the movement has collected between \$6,000 and \$8,000. There has been some confusion on the intended use of this money, ranging from an attempt to "buy" the United Nations Mission, and efforts to finance a committee to secure mineral rights for landowners and protect their interests in general.

Paul Lapun seems to have varied his identification with this "Landowners Association". Initially he supported it, then later expressed disapproval of its aims and now may be keeping close to it to keep a check on its activities while not positively supporting it. In July 1968, Damen attracted a meeting of about 600 people in the south-east area of the main island. Paul Lapun may have been in the area but did not attend the meeting. However, a second meeting was held a week later which he attended and stated that C.R.A. activities were good for the country, C.R.A. was in Bougainville to stay and he disassociated himself from Damen. Damen's current platform is to form an "independent government from the non-council areas in Bougainville", to negotiate direct with C.R.A., to stop its further expansion and to punish those who lease land to them or co-operate with them. The matter of the large amount of money allegedly collected by Damen and Ampei is obscure although one report stated that some money had been handed to Paul Lapun for some form of land development scheme. It is noted that in the "Bougainville meeting" in Port Moresby on the 8th September, 1968, the question of the formation of "Bougainville Landowners Association" is understood to have been raised again. While very little is really known of the "Association", it could, if well led, form a power-bloc of considerable influence.

Assessment

Sociological and geographical factors, particularly the underlying feeling among the indigenous population of their uniqueness, frequently create an atmosphere of independence, suspicion and opposition to Administration policies and practices.

The major factors affecting the security in this situation are :-

- (i) Continued opposition to the activities of C.R.A., in the main, fostered by village leaders, elements of local government councils and, to a lesser extent, individual missionaries.
- (ii) The insularity of the people and their traditional hostility to other communities in the Territory which has resulted in an apparent desire to "go it alone".

To these must be added the possible resurgence of the activities of the Hahalis Welfare Society with its disruptive influence and opposition to law and order and progress in general.

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Name of Paper *New Guinea Star*

File No.

Published at *Lae*

Date *24 Oct 68*

43

Wants statehood for Bougainville

RABAUL: A proposal to make Bougainville a separate state within the Territory did not come from a new political party formed in Rabaul recently a Buka Islander has said.

The islander, Mr Bernard Morlin, who is the principal of the Nonga School of Nurs-

ing, said the idea of separate statehood for Bougainville had been his own.

Mr Morlin said he had put forward his proposal at a recent meeting of the Bougainville Electorate in Rabaul.

He said about 100 people from Bougainville had attended the meeting.

Some of the people at the meeting had been in favor of a complete breakaway from the Territory, he said.

PROPOSAL

He had put forward his proposal because he had felt separate statehood within the Territory would be better than a complete breakaway.

Mr Morlin said it was time Bougainville had more say in the running of its affairs.

There would be a further meeting in early November to decide whether the people would press for independent statehood.

He said he was not connected with the newly-formed political

party, the Melanesian Independence Front.

But he had heard of it and thought he might join the party.

Mr Morlin said he would have to sit in at a meeting and hear what the party had to say before he could make up his mind

936/4/13



42

DEPARTMENT OF EXTERNAL AFFAIRS,
CANBERRA.

In reply quote No.

558/11/1

30th October, 1968

QUESTION WITHOUT NOTICE - SENATE

Wednesday, 23rd October, 1968.

PAPUA AND NEW GUINEA

Senator GEORGES - In addressing a question to the Minister representing the Minister for External Territories I direct his attention to an article headed 'Bougainville Breakaway' which was published in the 12th October issue of 'Nation'. Is the Minister aware that Mr Paul Lapun and Mr Donatus Mola, the two representatives of Bougainville in the Papua and New Guinea House of Assembly, intend to ask the Territory Administration to carry out a referendum on the island of Bougainville to ascertain whether the inhabitants wish to remain with Papua and New Guinea? Is he also aware of the increased incidence of violence on the island and the numbers of arrests which have been made? If the honourable gentleman is not aware of these matters, will he read the report to which I have referred and advise the Senate on the action the Government will take to correct the critical situation?

Senator WRIGHT - The Minister for External Territories and I are both aware of the report that two members of the House of Assembly have said in Press statements that they will propose a referendum for the separation of Bougainville from the Territory. I am not aware of any action they have taken to date toward that end in the House of Assembly. The violence and arrests in the Territory referred to by the honourable senator have not come to my notice. As to the Government's attitude in the matter, the honourable senator will be aware that Bougainville is part of our mandated Territory. Therefore it comes within the parliamentary arrangement by which this Parliament retains supreme responsibility and the House of Assembly of Papua and New Guinea has an immediate responsibility as to the matters entrusted to its members. I do not suppose that anybody would contemplate advising the people of Bougainville, who number in total about 73,000, that separation by the island could create a viable economy or would be of benefit to them.

936/4/13. Copy sent to UNWY.

936/4/13

CIR PLS
=AAP154 30 OCT 68 1240
SECEDE

PORT MORESBY, OCT. 30, AAP -- SUPPORTERS OF SECESSION FOR
NEW GUINEA ISLANDS WERE CRITICISED YESTERDAY BY THE ASSISTANT
MINISTERIAL MEMBER FOR LOCAL GOVERNMENT, MR KAIBELT DIRIA.
'THERE SHOULD BE NO QUESTION OF PEOPLE REGARDING THEMSELVES
AS BEING FROM THE ISLANDS OR MAINLAND OR THINKING IN TERMS OF
RACE OR COLOUR', HE SAID.

MR DIRIA, A HIGHLANDER, WAS SPEAKING AT THE OPENING OF THE
NEW GUINEA ISLANDS REGION LOCAL GOVERNMENT CONFERENCE AT
TINPUTZ, BOUGAINVILLE.

THE CONFERENCE, WHICH WILL LAST FOR THREE DAYS, IS EXPECTED
TO DISCUSS RECENT SECESSION MOVES IN BOUGAINVILLE AND RABAU.
A BOUGAINVILLE GROUP HAS SOUGHT A REFERENDUM TO GIVE THE
PEOPLE OF THE COPPER-RICH ISLAND AN OPPORTUNITY TO OPT OUT OF
THE TERRITORY.

MORE CJ

CHECKED

935/14/2

4410
-AAP155 30 OCT 68 1242

SECEDE 2 PORT MORESBY

NEW PARTY, THE MELANESIAN INDEPENDENCE FRONT, WHICH
ADVOCATES SEPARATE INDEPENDENCE FOR ALL THE NEW GUINEA
ISLANDS, HAS ALSO BEEN FORMED IN RABAUL.

AMONG THE DELEGATES AT THE TINPUTZ MEETING ARE ONE OF THE
MELANESIAN FRONT'S CO-SECRETARIES, MR STANLEY TOMARITA, AND
KIETA COUNCILLOR JOHN DAKENAI, WHO HAS STRONGLY ADVOCATED
BOUGAINVILLE SECESSION.

BOTH ARE REPORTED TO HAVE BEEN LOBBYING FOR THE SUPPORT OF
OTHER DELEGATES.

AN AFFIRMATION OF SUPPORT FOR SECESSION BY THE CONFERENCE
WOULD BE A MAJOR PROPAGANDA BLOW TO THE ADMINISTRATION WHICH
HAS ALREADY INDICATED ITS CONCERN BY CALLING FOR NATIONAL UNITY.

AAP CJ

936/4/13. Melbourne Herald

NZ MAN IS BEHIND NEW NG PARTY

41

From ANGUS SMALES

RABAUL, Mon. — A white businessman is the force behind a new political party that wants New Guinea's northern islands to break away from the rest of the Territory.

The businessman, Mr S. G. Simpson, 48, says he is only "a willing helper of the young movement."

But it is clear in Rabaul that the movement would never have got off the ground but for his prompting.

The newly-founded Melanesia Independence Front wants the northern islands of New Guinea to secede from Papua-New Guinea and gain independent nationhood in the 1970s.

Simpson, a former advertising copy writer and motoring journalist, now hires labor and promotes tourism in Rabaul.

He has picked up an atmosphere of misty thinking and moulded it into action.

In a strange conflict of part-secrecy and publicity, the new party plans a referendum in the early 1970s for a mandate to implement its aims.

The planned referendum will ask for the formation of the separate nation of Melanesia with its capital in Rabaul. It would be a member of the British Commonwealth.

But the referendum's "stacked" nature is revealed in the fact that only people who call themselves Melanesians will be allowed to vote.

And such people presumably are only those who would favor the formation of the nation of Melanesia.

Simpson defined Melanesians as anyone of any race who thought of himself as a permanent resident of the area. "There's no discrimination on racial grounds," he said.

Of his own part in the party, he said: "I didn't go out of my way to create a movement but you could say I had a lot to do with it."

'CAME TO ME'

"The people came to me and when I was satisfied they knew what they wanted I was only too glad to help them."

Simpson would say nothing about the party platform further than "it expresses what the people want."

But the platform is known to favor the establishment of a military academy in the new nation, calls for a police force with no firearms and bans firearms from the country except in the hands of licensed professional hunters.

The party met for the first time last week and has begun signing up members at 50 cents a time in the densely populated native villages round Rabaul.

After the meeting, a native member of the executive was asked how many people drew up the platform.

"I can't say who he was because it might embarrass him," he said.

The president of the independence front is a Tolai native leader from the Rabaul area, Mr Vin Tobaining, who holds the MBE for his service to the Tolai people. He does not speak English.

One of its most forceful and significant native lead-

ers seems to be Mr Melchior Tomot, the executive officer of the Gazelle Peninsula Local Government Council.

He once trained for the priesthood, and has since been a translator with the ABC in Rabaul, a court interpreter, and a trainee traffic officer with TAA.

DUTY TO HELP

Tomot said today he was active in the movement because educated people had a duty to use their talents for their own community.

He said he was translating the party platform into the Tolai language for distribution to every Tolai village.

Copies in other languages would go to the other proposed sections of the new State — Bougainville, West New Britain, New Ireland and the Admiralty Islands.

Tomot, Simpson and other speakers for the party reveal an inherent dislike of any national connection outside the New Guinea Islands region.

They believe the islands people could never live in harmony with the Papuans, the New Guinea highlanders or the New Guinea mainland coastal people.

In this, the breakaway move runs in direct opposition to Australia's policy of calling for Papua-New Guinea unity.

One speaker, Queensland-born Mr J. Hockey, said flatly this week: "Combined nationhood would never work. The Government would have to send troops all round the country to keep the peace."

The members also believe that the well developed economy of their region belongs to itself — not shared with the rest of Papua-New Guinea.

The ideas have received a lot of sympathy from people around Rabaul, but a big section of the town's white community believes the area should be a member of a federation of States in the Territory.



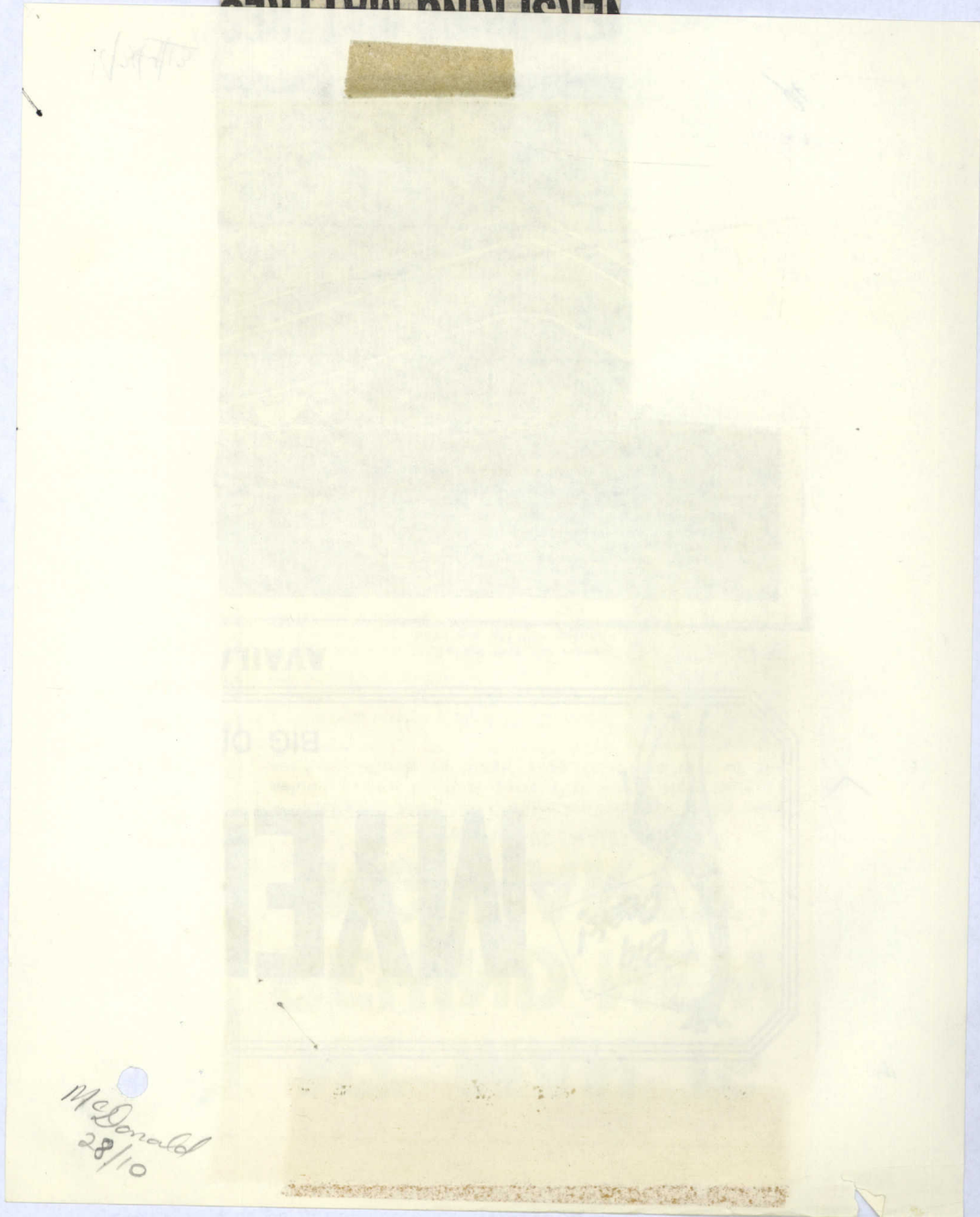
MR TOBAINING

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BACK
HAIRS

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sprung base on legs, 4'6" \$50. Also
part's Comfortable innerspring mattress



McDonald
28/10

Revised draft offered for CR on 30.10.68.

Following the call for^a referendum in Bougainville a meeting in Honiara of influential Solomon Islanders (including civil servants and an M.L.C.) agreed that such a move might be a good thing, particularly as the island was geographically part of the Solomons and many Bougainville Islanders were related to people in the northern part of the Protectorate. The fact that large copper deposits are located on Bougainville was apparently not ignored by the meeting.

936/4/13.

SECRET

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936/4/13

30th October, 1968.

BOUGAINVILLE/BRITISH SOLOMON ISLANDS

Head, IC Branch
Head,
South Pacific Section

I attach for your attention a copy of memorandum 685 from the Australian Commission, Suva reporting on developments in Honiara concerning Bougainville. I also attach a copy of a memorandum sent to the Department of External Territories on the same subject.

The South Pacific Section will recall that we recently informed Territories of a proposal to invite Baddeley Devesi to Australia and TPNG under SOVF arrangements.

(C. E. McDonald)
Head, Dependent Territories Section

SECRET

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THE AUSTRALIAN TERRITORY

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Senator Dame ANNABELLE RANKIN—I shall bring the honourable senator's question, including his request that the matter be referred to the Senate Select Committee on Water Pollution, to the notice of my colleague, the Minister for Health.

INTERNATIONAL AFFAIRS

Senator GEORGES—I direct a question to the Minister representing the Minister for External Territories. I refer to reports concerning the secession of Bougainville from the Territory of Papua and New Guinea. Are the moves in any way connected with the exploitation of the copper resources of the island? Is native discontent a result of the Administration's failure to protect native local interests affected by this development? Is a situation arising in the Territory similar to that which developed in the Congo and Nigeria where international monopoly interests used native dissatisfaction to further their own ends?

The PRESIDENT—Order! I think the honourable senator should say where he obtained the report.

Senator GEORGES—It was a newspaper article, but I do not have it with me. One of the newspapers published an editorial and a full report on the matter.

Senator WRIGHT—I have seen a report relating to the exciting developments in copper undertakings in Bougainville. I have no knowledge of any native discontent arising therefrom. The benefits to the Territory, if the project proceeds, include taxation of up to 50% of the net profit from the project after the initial 3-year tax holiday; employment of at least 1,000 indigenes, many of whom would receive technical training; the creation of a local market for agricultural products; improved social facilities such as education, medicine, housing, electricity and water reticulation; and an expansion in export income by \$60m to \$100m, with accompanying benefits, thus assisting the overseas balance of payments situation. Those are benefits which honourable senators, including the questioner, should reflect upon before suggesting that the real result of the exciting development would be discontent analagous to the Congo situation.

FILM CENSORSHIP

Senator WHEELDON—I direct a further question to the Minister for Customs and Excise. It refers to my earlier question concerning the banning of the film 'Relativity' and the analytical answer given by the Minister in which he said that I was constantly seeking the admission of dirty films into the country. Indeed I understood him to say, and if I am wrong he can correct me, that those people who wanted to bring this film into the country were themselves dirty and obscene. In view of the fact that the representations which I am making on behalf of this film are being made at the instance of the President of the Sydney Film Festival, does the Minister continue with his assertion that the sponsors of the Sydney Film Festival are dirty and obscene? If not, will he tender an apology to the sponsors of the Sydney Film Festival for making that statement?

Senator SCOTT—The honourable senator is trying to put words into my mouth. I did not say that at all. I said that the honourable senator was endeavouring to bring dirty films into the country. I withdraw and apologise to the honourable senator for saying that. I do not think I should say such things as a Minister. I say that the honourable senator has taken a considerable interest in bringing into this country films that have been banned by the Films Censorship Board. He has raised this matter on one or two occasions, and he has every right to do that. But, in the other part of his question the honourable senator said that I was implying that the sponsors of the Sydney Film Festival were dirty also. I did not mention them at all. I did not mention the Sydney Film Festival.

CHOWILLA DAM

Senator LAUCKE—I address a question to the Minister representing the Minister for National Development. It relates to the Chowilla Dam prospects. Are any waters being diverted into the Hume Reservoir which are normally not so diverted? If so, what is the reason for such diversion?

Senator SCOTT—One of the proposals put forward by the River Murray Commission is that an analysis should be made of a site at Dartmouth on the upper reaches of the Mitta Mitta River with a view to ascertaining whether it would be a better site than

936/4/13. (copy sent to UNNY)

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Main body of the document containing several columns of faint, mostly illegible text. The text appears to be organized into sections or paragraphs, but the characters are too light to transcribe accurately.

McDonald
28/10

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Name of Paper South Pacific
Published at Port Moresby

File No. 38
Date 20 Sept 1968



● The House of Assembly in November will debate a motion which calls for a referendum for the people of Bougainville to decide their political future. The motion was put forward by Mr Paul Lapun (South Bougainville Open) pictured at left and supported by Mr Donatus Mola (North Bougainville Open).

Solomons people "cool" on union

If there is any sign of a movement for a "Solomons Union" in the British Solomons Islands Protectorate, it is well hidden.

At least there are no open signs of such a movement.

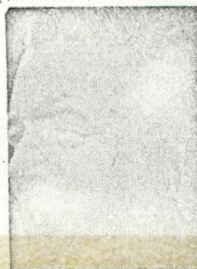
Shortland Islanders say talk of such a movement has filtered through from Southern Bougainville. This has been going on for some time.

Authorities in the Protectorate state

quite emphatically that there is little interest in the talk.

It is likely that the idea originated in the Bulm-Siwai area of Southern Bougainville. This area was badly neglected by the PNG Administration for a long time.

The BSI Administration although well aware of the talk coming from Bougainville



DON BARRET, just back from a trip to the British Solomons, looks at the political and economic situation of the fast-growing island protectorate.



● Mr DONATUS MOLA (North Bougainville Open) supported Paul Lapun's motion.

are more concerned with a possible mass movement of Solomon Islanders to Panguna if CRA proceeds with development of a copper mine.

The Legislative Council is gradually assuming more responsibility.

But as yet there is no organised demand for self-government.

Honiara wants to boost tourist industry

There's an air of confidence in the future at Honiara.

There's bustle in the streets now, growth of small secondary industries, expansion in education and a desire to make tourism of the first importance.

The Solomon Islander after the Japanese war was painfully slow compared with Papua-New Guinea's.

No war damage compensation was paid and some plantations remained overgrown until a comparatively few years ago.

There has been no great interest shown in major capital investment in agriculture — perhaps because tax is relatively high.

Pre-1940 plantations ravaged by war have not been replanted as have many coconut holdings in such areas as the east coast road of New Ireland.

PEASANT

Some replacement of palms has taken place over the last six to eight years but there is still evidence of neglect in some places.

Conversely Solomon Islanders have made very considerable plantings of coconuts in all districts.

A steep rise in copra output from the group can be expected before long.

Cocoa has also been planted as a peasant crop.

Malaita, the most populous island, has a small but steadily increasing output.

Other islands such as Guadalcanal are also starting to produce.

Most of the seed for Solomon's planting came from Kerevat in

the Gazelle Peninsula and agricultural officers watch anxiously for any sign of die-back.

So far there does not seem to be any problem like Bougainville the Solomons may remain free of this most serious disease problem.

One outstanding exception to the inflow of capital for primary industry is the large scale development of Guadalcanal Plains Ltd.

This company is already producing most of the rice needs of the British Solomons and hopes to have a surplus available for export with future harvests.

The operation is completely mechanised.

Continual efforts are being made to improve yields and secure better strains of rice.

Sorghum is also being farmed with mechanical means, partly for use as stock feed, for the company is also producing significant quantities of beef cattle, pigs and poultry.

TIMBER

It is confident it can in time supply the bulk of the protectorate's needs.

Timber, however, is the product on which the Solomons place most hope for present and future export expansion.

tourist industry

Like Bougainville and New Britain some of the British Solomons Islands have fine and extensive timber stands.

Now these are being really exploited for the first time — in both the north and the south.

Capital has come from overseas, some of it Japanese.

The Shortlands Islands timber lease — not far from Tonolei Harbor on Bougainville, is the site of the Japanese operation.

Authorities are aware of the need for some form of re-afforestation, or development of harvested areas as agricultural land.

With the lack of general interest in large-scale agriculture, and with no apparent thought yet given to land settlement for Solomon Islanders most attention is being given to re-afforestation.

STOPOVER

Chief secretary Davis said recently that a deal of study has been done on suitable types for a major re-afforestation project but further work in this field was needed before any firm decision was made.

Since the protectorate will be relying on timber as its main large scale export industry it is essential that no hasty decisions be made.

Honiara must be

stopover port on any extended air service from Fiji to Papua-New Guinea and residents are aware of what this could mean to the tourist inflow.

The town's one hotel has undergone a remarkable "facelift" in recent months and a new residential wing provides first class accommodation.

But the tariff is high compared to some good hotels in Suva and Noumea.

Two small motels are planned for Honiara; one is already in course of construction.

It seems doubtful if they will be designed

to provide really top class accommodation for tourists.

Local businessmen want more than an overnight stop; they think that a two-day stopover could be filled with an interesting programme.

Lack of first-class accommodation will certainly hinder development of this idea.

There is some thought that the Government should build a hotel or motel to give an impetus to tourism.

This idea is staunchly opposed in Government circles.

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Presented to

Wahid Khan

Date: *24.11.2005*

Name of Party

Wahid Khan

File No

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936/4/13

DEPARTMENT OF EXTERNAL AFFAIRS, SAIBERAN.

[Signature]

24
CONFIDENTIAL

9th October, 1968

Papua and New Guinea.

Mr. Ingram

During my visit to Port Moresby for the meeting of the Territory Intelligence Committee I called on the Administrator.

Visit to Canberra.

2. Mr. Hay told me that he would be coming to Canberra next week, and that he hoped to see some senior officers in the Department interested in the Territory. He had written to Sir James Plimsoll about his visit before learning that Sir James was away from Canberra.

High Commissioner of T.T.P.I.

3. I enquired whether Mr. Hay had been able to have interesting discussions with the High Commissioner for the Trust Territory of the Pacific Islands, Mr. Norwood, during his two days in Port Moresby en route to the South Pacific Meetings in Noumea. Mr. Hay said that Mr. Norwood appeared to be more interested in the American presidential elections than in learning about Papua-New Guinea or in talking about his own territory. He had gathered, however, that Mr. Norwood envisaged that the views of the inhabitants of the T.T.P.I. on their future status would be obtained soon, perhaps next year or 1970. I commented that this seemed unlikely, since the Congressional Committee to advise the President how, when and in what way the wishes of the people might be ascertained had not yet been appointed and even if it had, it would be unlikely to get very far in present circumstances.

Four Power Talks.

4. I mentioned that we were proceeding with meetings of the four metropolitan powers in Canberra to exchange information on developments in the South Pacific and to discuss possible future developments. We were all agreed on the desirability of developing some regional consciousness and cohesion as a framework for co-operation and an outlet for interests in foreign affairs. Mr. Hay said that virtually

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- 2 -

all the Territory's politicians were exclusively interested in parochial district matters and it was difficult to persuade them to take even a national view; they seldom lifted their eyes outside the Territory. He thought it would be some time before Papuans or New Guineans took much interest in regional affairs. He would, however, like to be kept informed of our discussions. (Galvin of Territories has told me that he will be sending the Administrator copies of the records of our meetings this year).

Bougainville.

5. Mr. Hay said that he had recently had a long discussion with a number of members of the House of Assembly, including one of the three members for the island, about the separatist movement in Bougainville. Their advice to him had been to treat the question in a low key and to listen carefully and sympathetically to the grievances felt by the people of Bougainville. It was generally agreed that if a referendum were held in Bougainville at present there would be a clear majority in favour of independence. The interest being shown in a possible association with the Solomon Islands was probably superficial. Racial affinity applied only to the thinly populated northern Solomon Islands level with or north of New Georgia; there was little affinity with the people of Guadalcanal and Malaita.

6. I asked whether many of the people were yet obtaining direct benefits from the activities of C.R.A. Mr. Hay replied that about 400 were currently obtaining direct benefits and more would soon. In addition, the road put in by C.R.A. had opened up a number of areas; however, the people of Bougainville had pointed out that the road was not put in for them but for C.R.A. A programme of education was being developed and attempts made to explain the economic equation that development of resources provided benefits for the people associated with it, and generated funds for the Government to provide other benefits. Mr. Hay agreed that it may also be useful for the Governor-General to visit Bougainville, for people from Bougainville to be included in the South Pacific Games Team and for some of them to visit Guadalcanal and Malaita to gain a greater understanding of the Solomon Islands Protectorate.

South Pacific Games.

7. Mr. Hay told me that he had been counselling patience to the principal officers of the South Pacific Games Trust in their efforts to obtain a financial contribution from the Commonwealth Government. In urging them to make a maximum effort to raise private funds before putting strong pressure on the Government, he was bearing in mind that this view had

CONFIDENTIAL

CONFIDENTIAL

- 3 -

the endorsement of Mr. Barnes. He acknowledged that the Games must succeed because the Administration's prestige within the Territory was at stake and because of the importance of the Games in a regional context. His estimate was that a contribution by the Commonwealth Government of approximately \$A300,000 would be necessary. I told Mr. Hay that the Department, with Mr. Hasluck's approval, had supported a contribution when consulted by the Prime Minister's Department. However, the Department of Territories had advised the Prime Minister not to accede to a request for a contribution.

(Ian E. Nicholson)

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DEPARTMENT OF EXTERNAL AFFAIRS
- 9 OCT 1968
530

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Australian Mission to the United Nations,
NEW YORK

Australian Commission,
SUVA.

936/4/13

Senior External Affairs Officer,
LONDON.

504
320

8th October, 1968.

BOUGAINVILLE

...

We attach for your information a copy of a statement on C.R.A. activities in Bougainville forwarded us us by the Department of External Territories.

f

(C.E. McDonald)
for the Secretary

936/4/13



DEPARTMENT OF EXTERNAL TERRITORIES

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CANBERRA A.C.T. 2601

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The Secretary,
Department of External Affairs,
CANBERRA. A.C.T. 2600

Attention - Mr. C.E. McDonald

↑

C.R.A. ACTIVITIES ON BOUGAINVILLE - TO AUGUST 1968.

In view of recent press reports on C.R.A. activities at Bougainville, it is considered that the attached statement on the situation may be useful.

5
ENCLOSURES ATTACHED
Encl.

J.O. Ballard
(J.O. Ballard)
for Secretary

STATEMENT ON C.R.A. ACTIVITIES ON BOUGAINVILLE

Background Information

The following is an extract from a statement forwarded to the Administrator in February, 1967, setting out the steps which the Minister decided should be taken in handling the C.R.A. mining activities on Bougainville.

- (a) "Each move to a new area is to be preceded by patient and persevering attempts by Administration officials over several weeks if necessary in conjunction as far as appropriate with officers of the Company to explain what is involved in the Company's programme for that area, the benefits to the Territory as a whole and to the people of the area if the project goes ahead, the legal rights of the Company, the preparedness of the Company to ensure maximum respect for local traditions and customs, the measures for compensation, rental, etc."
- (b) "The actual commencement of operations in a new area will be preceded if necessary by a further formal attempt in writing, by loud speaker and by word of mouth, to explain the foregoing."
- (c) "The co-operation of local members of the House of Assembly, Local Government Councillors, Missionaries etc., should be sought and availed of as far as practicable in these activities."
- (d) "If, after these steps have been taken, there is reason to think that new mining operations are likely to result in violence the Administrator should if he thinks it appropriate arrange for a final effort to be made by means of a top level group from the Administration to go through the procedures of explanation, advice and consultation again. The possibility is not ruled out of the Administrator visiting the area in conjunction with such a group but he should only do this if he judges it to be really necessary."
- (e) "If after the explanation in (d) physical resistance is still apprehended the Minister should be informed of the likelihood of violence, a formal statement should be given of the Administration's intention to uphold the law, and people should be warned against interfering with persons going about their lawful business."
- (f) "The operations should then proceed with police support. Use of police on the spot will be subject to humanity and standing field orders."

- (g) "Care to be exercised with regard to the briefing of field officers to ensure that the explanations furnished to the people are accurate and adequate and that the consultation process is effective: for example that discussions are held with the right people. It is essential that the various steps and procedures are fully documented in terms of instructions issued, reports submitted, etc."
- (h) "In areas where work is proceeding the process of consultation should be continued so that people are as fully informed as possible of proposed developments."

Present Situation

2. After a re-assessment of the potential of the Panguna deposit, C.R.A. proposed to go ahead with the following surveys as a matter of urgency -

- (1) Townsite in Pakia area.
- (2) Road realignment.
- (3) Power transmission line.
- (4) Tailings flume to stacking site.
- (5) Geological survey for several quarry sites to supply construction aggregate.
- (6) Siltation study by Franzini of Bechtel Corporation.
- (7) Water supply - possible pumping station near Jaba Kawerong junction.

3. The following times were suggested for these investigations -

- | | |
|---|------------------------|
| (1) Moroni Plant Site | June-September 1968 |
| (2) Waste Dumps South West from Panguna | July-October, 1968 |
| (3) East Coast Access Road | July-December, 1968 |
| (4) Port Facility | July-September, 1968 |
| (5) Town (Pakia) | August-October, 1968 |
| (6) Tailing Area (Darenai) | August-November, 1968 |
| (7) Construction Camp (near Nairobi) | August-September, 1968 |
| (8) Western Road and Flume | October-December, 1968 |

4. The increased tempo of survey work both within and without Panguna Valley is bringing to an end the period of quiet

3.

and comparative acceptance of operations by the people. It will also stimulate support for the Panguna people in an ever widening circle, particularly as the township area and some of the other land subject to survey include substantial acreages of cultivated land.

5. The Administration has urged the Company to avoid where possible simultaneous survey activity on a number of fronts. The Company agreed to allow a period of eight weeks for the Administration to prepare the people for the proposed surveys. This operation is now underway.

6. Further precautionary measures were taken on the part of the Administration. For example, three additional patrol officers were posted to the Kieta area; also the police force there was enlarged to 60.

7. The stepped up C.R.A. activities have already caused several disturbances, with two incidents resulting in arrests. The first incident occurred near Unabato village on 8th July, 1968, when a party of geologists with an Administration and police escort met opposition when the geologists were taking rock samples from a river in the area. After a skirmish in which the C.R.A. men were several times pushed into the river, one man was arrested and taken to Kieta.

8. The second incident occurred at Pakia village also in the Kieta region, on 22nd August. A party of eleven Papuan and New Guinean assistants clearing a line for a survey of a possible road site was ordered to withdraw by Teiori, a Councillor in the Kieta Local Government Council, and other men from Pakia. It was alleged that Teiori waved a knife and knocked one of the assistants to the ground. An investigation was made by the District Officer, Police Officer and fifteen police who after a skirmish arrested nine men including Teiori. A magistrate from Rabaul is to hear the charges against the men.

9. During the previous week the District Commissioner and Deputy District Commissioner had visited the general area to explain to the people that the road surveys would be carried out. Councillor Teiori had not expressed his acceptance of the surveys.

10. Mild vocal opposition is being raised to several other projects and escorts are being provided for all C.R.A. parties. No further violence has been recorded.

EXTERNAL AFFAIRS

Record of Conversation with Michael Somare, Leader of the Pangu Pati, T.P.N.G.

on 14 September, 1969

Officers Present Mr C.E. McDonald, Head, Dependent Territories Section,
Department of External Affairs, A.C.T.

MAIN SUBJECT(S): PAPUA AND NEW GUINEA POLITICS

I met Mr Michael Somare, the Pangu Pati leader, socially in Canberra on the evening of 19th September. After becoming acquainted I mentioned Mr Paul Lapun's call for a referendum on the future of Bougainville. Somare admitted to some embarrassment over the issue and said Lapun had not discussed the matter with the party beforehand. He did not think Pangu would start promoting separatist tendencies, and illustrated his view with some light hearted ridicule of the idea of a Republic of the Sepik. Somare admitted however that he had been unaware of separatist sentiment on Bougainville and said he hoped to visit the island in the near future.

Other remarks of interest by Somare were as follows -

- (1) Pangu had consolidated its Parliamentary ranks with a membership of 10, but about 14 other mps were showing sympathy and leaning towards the party. He thought 3 or 4 might formally join the party's Parliamentary ranks during the next few months. As it was numbers of unaffiliated mps were attending the party's meetings to discuss legislation.
- (2) He thought the idea of political parties was still suspect amongst the Highland members, and that many of the latter were beginning to resist being organised by European members. He also thought resentment was building up at the way some official members played on the ignorance of Highland members in presenting legislation.
- (3) He complained of the time allowed for mps to consider legislation, claiming that it was normal for them to have no more than three days between first seeing a bill and voting on it for the final time. When told this was often also the case in Australian parliaments, he wondered if more time could not be given in Port Moresby because of the lack of political experience and limited amount of party organisation amongst its parliamentarians.

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FOLLOWING POSTS:

Report prepared by Michael Somare

ACTION:

936/4/13

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- (4) Pangu hoped that some form of self government might be introduced before or during 1972. He would like to then see all port-folios except the Treasury and Attorney-General's being in the hands of full Ministers appointed by the Assembly; and the House having full powers except for external affairs, defence and security. He was however, not optimistic about this coming about and didn't see Pangu obtaining more than one or two positions in the next Select Committee on Constitutional Development.
- (5) He thought that outside the Vanimo area there was little awareness or concern amongst the people of the Territory for West Irian causes.

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24

Bougainville move for independence

The House of Assembly will discuss a proposal that the people of Bougainville hold a referendum to decide their political future.

The debate will take place either this week or at the November sitting.

The motion will be moved by Mr Paul Lapun (South Bougainville Open) and will be supported by Mr Donatus Mola (North Bougainville Open).

It will call on the Administration and the Minister for External Territories, Mr Barnes, to allow the people of Bougainville to hold a referendum to decide whether or not they want to remain part of the Territory.

The alternatives will be political union with the British Solomons or an independent Bougainville.

PANGU

The motion is expected to be strongly opposed by the Government.

Although Mr Lapun is a member of the Pangu Party, his motion does not at this stage have full party backing.

Mr Lapun said yester-

day that the referendum proposal was the outcome of a meeting on Sunday.

This meeting was attended by about 25 people — Mr Lapun, Mr Mola, students, and a number of other native leaders.

"At the meeting we formed an association to press for the referendum," Mr Lapun said.

"We also agreed on the motion that I will move in the House.

"We took this action because originally the people of Bougainville were from the Solomons.

"We now want the people to be given the chance to decide if they want to become part of the Solomons again."

SETTLED

Mr Lapun said the meeting had decided that the matter should be settled before the Territory gained independence.

"Then we will all know where we stand,"

he said.

Mr Lapun is confident that if the people decided to join the Solomons, the Government of the British Solomons would be amenable to the move.

He said that he had discussed the matter with members of the Legislative Council of the Solomons in the past.

"This matter was raised at the last South Pacific Conference in Lae in 1965," he said.

"It has been discussed between us from time to time since then."

The question of Bougainville wanting to leave the Territory would create important constitutional problems.

The British Solomons is a British Protectorate and would not be able to admit Bougainville to its Territory without the permission of the British Government.

Bougainville itself is part of the United Nations Trust Territory of New Guinea.

936/4/13

THIS PAGE HAS BEEN DIGITISED IN SECTIONS

DEPARTMENT OF EXTERNAL AFFAIRS.

936/4/13

INWARD TELETYPE MESSAGE.

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ROUTINE 191615K SEPT

FM TERRITORIES CANBERRA
TO EXTERNAL AFFAIRS CANBERRA

Dred. H.I.

BT
R E S T R I C T E D ...D269.. FOR MCDONALD EA FROM GALVIN

FULL ACCOUNT OF PAUL LAPUN'S STATEMENT OF 10 SEPTEMBER 1968 ON BOUGAINVILLE ~~FOLLOWS~~

In the House of Assembly on 10th September,
~~BY LEAVE OF THE HOUSE~~ MR MIDDLETON (MHA FOR SUMKAR) ^{ADDRESSED HIMSELF} ~~OPEN~~ ^{STATE TO}
~~ASKED~~ MR LAPUN AS MOVER OF THE NATIONAL NAMES BILL, ^{QUOTE} AS FOLLOWS: -
" I HEARD A CERTAIN THING THAT CAME OVER THE NEWS, AND I WANT TO
ASK HIM. IT IS A GOOD IDEA TO HAVE THIS UNITY IN THIS COUNTRY
AND TO HAVE ONE NAME FOR THE WHOLE COUNTRY. IT IS VERY
WHEN WE HEARD THE NEWS WE HEARD A DIFFERENT

Draft - H.

FULL ACCOUNT OF PAUL LAPUN'S STATEMENT OF 10 SEPTEMBER 1968 ON BOUGAINVILLE FOLLOWS

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~~BY LEAVE OF THE HOUSE~~ MR MIDDLETON (MHA FOR SUMKAR) OPEN ^{ADDRESSED HIMSELF} ~~STATE TO~~
 ASKED MR LAPUN AS MOVER OF THE NATIONAL NAMES BILL, ^{QUOTE} AS FOLLOWS: -
 " I HEARD A CERTAIN THING THAT CAME OVER THE NEWS, AND I WANT TO
 ASK HIM. IT IS A GOOD IDEA TO HAVE THIS UNITY IN THIS COUNTRY
 AND TO HAVE ONE NAME FOR THE WHOLE COUNTRY. IT IS VERY
 GOOD TO HAVE THIS BUT WHEN WE HEARD THE NEWS WE HEARD A DIFFERENT
 CONCEPTION AS TO WHAT THESE PEOPLE WANT TO DO. THE NEWS SUGGESTED
 THAT THEY WANTED TO HAVE A COUNTRY OF THEIR OWN. THEY WANT
 TO SECEDE FROM PAPUA-NEW GUINEA. NOW I WOULD LIKE TO
 KNOW WHAT HE HAS TO SAY ABOUT HIS OWN BILL. " ~~UNQUOTE~~

INSET

MR PAUL LAPUN (SOUTH BOUGAINVILLE) ^{RECALLED:} ~~QUOTE~~ MR SPEAKER THIS IS
 A VERY BIG QUESTION FOR ME TO ANSWER STRAIGHT AWAY. THIS
 NATIONAL NAME BILL THAT I AM TRYING TO BRING, I KNOW THAT ALL SORTS
 OF PEOPLE WANT TO HAVE THE COUNTRY UNITED AND SO I AM BRINGING THIS
 BILL. I DO NOT KNOW WHETHER THIS ANSWER WILL SUFFICE THE MEMBER
 OR NOT. " ~~UNQUOTE~~

INSET

AN EARLIER QUESTION WITHOUT NOTICE BY MR CASEY (MHA FOR KAINANTU)
 ASKED THE SENIOR OFFICIAL MEMBER: ^{QUOTE} DID HE HEAR THE STATEMENT
 MADE BY THE AUSTRALIAN BROADCASTING COMMISSION LAST EVENING (9TH
 SEPTEMBER) CONCERNING THE INDEPENDENCE MOVE IN BOUGAINVILLE?
 IF SO HAS HE ANY COMMENTS TO ADD ON THIS STATEMENT? " ~~UNQUOTE~~
 MR HENDERSON ^{(Government leader in the Assembly) Mr Speaker} ~~QUOTE~~ MR SPEAKER, I HEARD THE NEWS BROADCAST LAST
 NIGHT AND MUST ADMIT I WAS RATHER SURPRISED; AND I WOULD BE SURPRISED
 IF IT REPRESENTED THE FEELINGS OF THE PEOPLE OF BOUGAINVILLE.
 I FIND IT RATHER SURPRISING, IF THE NEWSCAST IS TRUE, IF THIS
 BILL HAS THE SUPPORT OF MR PAUL LAPUN, BECAUSE IT WAS ONLY EARLIER
 IN THIS MEETING THAT MR PAUL LAPUN BROUGHT IN A BILL SUGGESTING
 THAT WE HAVE A NAME FOR THE TWO TERRITORIES. I THINK REPORTS
 SUCH AS THIS TEND TO EMPHASIZE DIVISIONS IN THE TERRITORY WHEREAS
 WE SHOULD ALL BE STRIVING WITH ONE AIM FOR UNITY IN THIS COUNTRY. " ~~UNQUOTE~~

INSET

INSET

THERE WAS NO OTHER DISCUSSION ON THIS MATTER IN THE HOUSE
 OF ASSEMBLY. THE ADMINISTRATOR'S ASSESSMENT ^{IS} THAT THE NEWSCAST
 INFORMATION ^{DOES} DID NOT REPRESENT THE VIEWS OF ALL BOUGAINVILLE PEOPLE.
 THE ^{MR} LAPUN'S ANSWER TO ^{MR} MIDDLETON'S QUESTION IS SEEN AS AN EVASIVE REPLY.
 THE ^{THE LATTER} MIDDLETON WAS TAKEN TO VOICE THE GENERAL SCEPTICISM OF THE
 CONSERVATIVE MAJORITY, AND NONE OF THE NINE OTHER PANGU MEMBERS
 RAISED THE MATTER AFTER LAPUN'S ANSWER.

BT

ENDS RR TOD 1831K#
XTERNAL AA62007

936/4/13

Booked
2/3/9

INTERNAL AFFAIRS
MESSAGE

XTERNAL AA62007
DEPTERR AA62012 OVA PSE
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VEA 789TRUKVYGB
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DEPTERR AA62012
ROUTINE
TAFISK SEPT
FM TERRITORIES CANBERRA
TO EXTERNAL AFFAIRS CANBERRA

Handwritten signature

BT
R E S T R I C T E D . . . D E E . . . F O R M C O N D A L D E A F R O M G A L V I N

FULL ACCOUNT OF PAUL LAPUN'S STATEMENT OF 10 SEPTEMBER 1968 ON
BOUGA INVILLE FOLLOWS

ASKED MR LAPUN AS MOVER OF THE NATIONAL NAMES BILL
BY LEAVE OF THE HOUSE MR MIDDLETON (MHA FOR SUMKAR) OPEN
I HEARD A CERTAIN THING THAT CAME OVER THE NEWS AND I WANT TO

SECRET



936/4/13

23

307

26th September, 1968.

The Senior External Affairs Representative,
L O N D O N.

BOUGAINVILLE

We refer to the report in our Savingram No. 30 (to the Mission to the United Nations) of a call for a referendum on the political future of Bougainville.

As further information on this matter we attach the following documents:-

- (i) T.I.C. (TPNG) Paper No. 3/68 entitled "Situation Report on the Bougainville District";
- (ii) An account prepared from material supplied by the Department of External Territories, or proceedings in the TPNG House of Assembly on this issue; and
- (iii) A record of a conversation in Canberra with the leader of the Pangu Pati soon after the call was made.

(C. E. McDONALD)
for the Secretary

SECRET

SECRET

22

936/4/13

528



26th September, 1968.

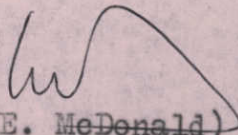
Australian Mission to the United Nations,
NEW YORK.

BOUGAINVILLE

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- (iii) A record of a conversation in Canberra with the
leader of the Pangu Pati soon after the call was
made.


(C. E. McDonald)
for the Secretary

SECRET

SECRET



21

936/4/13

478

26th September, 1968.


Australian Commission,
SUVA.

BOUGAINVILLE

We refer to the report in our Savingram No. 30 (to the Mission to the United Nations) of a call for a referendum on the political future of Bougainville.

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- (iii) A record of a conversation in Canberra with the leader of the Pangu Pati soon after the call was made.


(C. E. McDONALD)
for the Secretary

SECRET



DEPARTMENT OF EXTERNAL TERRITORIES

CANBERRA A.C.T. 2601

20

TELEGRAMS: TERRITORIES
TELEPHONE: CANB. 40477

In reply please quote

936/4/13
CENTRAL REGISTRY
D.E.A.

19 SEP 1968

SEP 20 8 58 AM '68

NOM. INDEX. SUB

The Secretary,
Department of External Affairs,
CANBERRA. A.C.T. 2600

Attention - Mr. C.E. McDonald



C.R.A. ACTIVITIES ON BOUGAINVILLE - TO AUGUST 1968.

In view of recent press reports on C.R.A. activities at Bougainville, it is considered that the attached statement on the situation may be useful.

5
ENCLOSURES ATTACHED

Encl.

J.O. Ballard
(J.O. Ballard)
for Secretary

936/4/13

Registered

Please R/S on 936/4/13

C.E. McDonald

2-10

STATEMENT ON C.R.A. ACTIVITIES ON BOUGAINVILLE

Background Information

The following is an extract from a statement forwarded to the Administrator in February, 1967, setting out the steps which the Minister decided should be taken in handling the C.R.A. mining activities on Bougainville.

- (a) "Each move to a new area is to be preceded by patient and persevering attempts by Administration officials over several weeks if necessary in conjunction as far as appropriate with officers of the Company to explain what is involved in the Company's programme for that area, the benefits to the Territory as a whole and to the people of the area if the project goes ahead, the legal rights of the Company, the preparedness of the Company to ensure maximum respect for local traditions and customs, the measures for compensation, rental, etc."
- (b) "The actual commencement of operations in a new area will be preceded if necessary by a further formal attempt in writing, by loud speaker and by word of mouth, to explain the foregoing."
- (c) "The co-operation of local members of the House of Assembly, Local Government Councillors, Missionaries etc., should be sought and availed of as far as practicable in these activities."
- (d) "If, after these steps have been taken, there is reason to think that new mining operations are likely to result in violence the Administrator should if he thinks it appropriate arrange for a final effort to be made by means of a top level group from the Administration to go through the procedures of explanation, advice and consultation again. The possibility is not ruled out of the Administrator visiting the area in conjunction with such a group but he should only do this if he judges it to be really necessary."
- (e) "If after the explanation in (d) physical resistance is still apprehended the Minister should be informed of the likelihood of violence, a formal statement should be given of the Administration's intention to uphold the law, and people should be warned against interfering with persons going about their lawful business."
- (f) "The operations should then proceed with police support. Use of police on the spot will be subject to humanity and standing field orders."

- (g) "Care to be exercised with regard to the briefing of field officers to ensure that the explanations furnished to the people are accurate and adequate and that the consultation process is effective: for example that discussions are held with the right people. It is essential that the various steps and procedures are fully documented in terms of instructions issued, reports submitted, etc."
- (h) "In areas where work is proceeding the process of consultation should be continued so that people are as fully informed as possible of proposed developments."

Present Situation

2. After a re-assessment of the potential of the Panguna deposit, C.R.A. proposed to go ahead with the following surveys as a matter of urgency -

- (1) Townsite in Pakia area.
- (2) Road realignment.
- (3) Power transmission line.
- (4) Tailings flume to stacking site.
- (5) Geological survey for several quarry sites to supply construction aggregate.
- (6) Siltation study by Franzini of Bechtel Corporation.
- (7) Water supply - possible pumping station near Jaba Kawerong junction.

3. The following times were suggested for these investigations -

- | | |
|---|------------------------|
| (1) Moroni Plant Site | June-September 1968 |
| (2) Waste Dumps South West from Panguna | July-October, 1968 |
| (3) East Coast Access Road | July-December, 1968 |
| (4) Port Facility | July-September, 1968 |
| (5) Town (Pakia) | August-October, 1968 |
| (6) Tailing Area (Darenai) | August-November, 1968 |
| (7) Construction Camp (near Nairovi) | August-September, 1968 |
| (8) Western Road and Flume | October-December, 1968 |

4. The increased tempo of survey work both within and without Panguna Valley is bringing to an end the period of quiet

and comparative acceptance of operations by the people. It will also stimulate support for the Panguna people in an ever widening circle, particularly as the township area and some of the other land subject to survey include substantial acreages of cultivated land.

5. The Administration has urged the Company to avoid where possible simultaneous survey activity on a number of fronts. The Company agreed to allow a period of eight weeks for the Administration to prepare the people for the proposed surveys. This operation is now underway.

6. Further precautionary measures were taken on the part of the Administration. For example, three additional patrol officers were posted to the Kieta area; also the police force there was enlarged to 60.

7. The stepped up C.R.A. activities have already caused several disturbances, with two incidents resulting in arrests. The first incident occurred near Unabato village on 8th July, 1968, when a party of geologists with an Administration and police escort met opposition when the geologists were taking rock samples from a river in the area. After a skirmish in which the C.R.A. men were several times pushed into the river, one man was arrested and taken to Kieta.

8. The second incident occurred at Pakia village also in the Kieta region, on 22nd August. A party of eleven Papuan and New Guinean assistants clearing a line for a survey of a possible road site was ordered to withdraw by Teiori, a Councillor in the Kieta Local Government Council, and other men from Pakia. It was alleged that Teiori waved a knife and knocked one of the assistants to the ground. An investigation was made by the District Officer, Police Officer and fifteen police who after a skirmish arrested nine men including Teiori. A magistrate from Rabaul is to hear the charges against the men.

9. During the previous week the District Commissioner and Deputy District Commissioner had visited the general area to explain to the people that the road surveys would be carried out. Councillor Teiori had not expressed his acceptance of the surveys.

10. Mild vocal opposition is being raised to several other projects and escorts are being provided for all C.R.A. parties. No further violence has been recorded.

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Booker
9/23/22

EXTERNAL AFFAIRS

~~W. Lorne~~

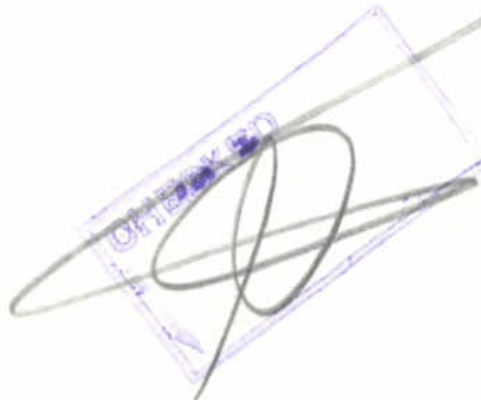
would it be possible to
obtain a report on the meeting
mentioned below at #.

PAK. Am would like it as well as UN.
~~W. Lorne~~

24.9.68

~~W. Lorne~~

Copies not available here - I shall
ask Mr. Moresby 24/10



SECRET

15



Copy No. 24

TERRITORY INTELLIGENCE COMMITTEE

(T.P.N.G.)

PAPER NO. 3/68

SITUATION REPORT ON THE BOUGAINVILLE DISTRICT

PORT MORESBY

12th September, 1968.

DISTRIBUTION

List "B"

Mr McDonald (Dep. Territory)

Mr McDonald

"Would it be possible to obtain a report on visit by B.S.P. Legislative Councilors mentioned in para 2 of intelligence report 5.?"

(1) Mr Barker 18/23/68

Copy sent to UNWY.

(2) Mr [unclear]

(3) Mr Nicholson 23/9

(4) 936/4/13. *Mr [unclear] 9.9.68.*

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SITUATION REPORT ON THE BOUGAINVILLE DISTRICT

14

Introduction

The Bougainville District comprises the large island of Bougainville, Buka Island, and the small island groups of Carteret, Mortlock, Tasman, Fead and Nissan, which lie to the north and east of Bougainville. It covers a land area of approximately 4,100 square miles. Geographically, Bougainville and Buka do not belong to the New Guinea grouping, but form the northern part of the Solomon Archipelago.

The total indigenous population is approximately 73,000. The annual natural increase is approximately 3.9%. The people are predominantly Melanesian but are noticeably blacker in colour than other New Guinea people; they are strongly colour conscious and regard their skin colour as setting them apart from all other races to the extent that they refer collectively to others as "redskins". Amongst the people of Bougainville, there is a strong anti-white feeling which is not directed specifically at the Administration, planter, trader or mission communities, but generally against the white-skin.

Bougainville was grouped with New Guinea in 1899, as a result of Britain agreeing to give up her claims to Samoa and Bougainville if Germany made no further claims to Vavau (in Tonga) and the remainder of the Solomon Archipelago. Bougainville and Buka were included in the Bismark Archipelago under German administration. The affinities of the people on the main island of Bougainville lie more with the British Solomons than with the communities of Papua and New Guinea.

The District is divided into three Sub-Districts: Buka, Kieta and Buin, with Patrol Posts and base camps, staffed by Department of District Administration officers, at Boku, Wakunai, Tinputz, Kunua, Konga, Hutjena and Hanahan. The District Headquarters, formerly at Sohano, was transferred in 1968 back to the pre-war site at Kieta.

Economy

There are extensive areas of rich volcanic soil particularly along the east coast of the main island. Overall, there is no shortage of good arable land in the District. The present economy is primarily based on the production of copra and cocoa.

Land

A vital factor inhibiting the development of Bougainville, whether it be a transport system, resettlement scheme, school, airstrip or mining activity, is the extreme reluctance of the indigenous communities to release land or even allow temporary occupation. This attitude is a manifestation of a strong emotional relationship between the people and their land, a parochial and subsistence mentality, and suspicion of the motivation behind land alienation. This is more pronounced in the southern sector, particularly around Kieta and Buin, than in the Buka Passage area; in the former, there is a definite fear of exploitation.

Local Government

Three-quarters of the population of Bougainville are represented by seven Local Government Councils, three of which are multi-racial.

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The Banoni-Nagovisi Council has been the forum for expression of the peoples suspicion of Administration motives and distrust of Europeans, attitudes which pre-date the establishment of the Council in 1965.

The other six Councils in the Bougainville District have exhibited no distinctive traits to differentiate their operations from those of other Councils in the Territory.

Representation in the House of Assembly

Bougainville is represented in the House of Assembly by three members: Joseph LUE, Donatus MOLA and Paul LAPUN, whose campaigns were actively supported by the Roman Catholic Mission. All three members are reasonably well educated and have strong personalities. Paul LAPUN is a member of Pangu Pati. It is significant that none of the three raised C.R.A. issues during their campaigning.

Missions

In the mission field, Bougainville is overwhelmingly Roman Catholic with small enclaves of Seventh Day Adventists and Methodists. Roman Catholic Mission influence is proportionate to its dominance in the spiritual field; the ratio of European missionaries to parishioners is greater than in any other comparable area of the Territory.

The Roman Catholic Mission is an American Order predominantly staffed by Americans, some of whom have come from poverty-stricken mining areas in the United States of America.

While of late the Mission has been active in promoting native development, it has been singularly critical of Administration policy in the political, educational, social and economic fields. Some Mission priests have adopted a more forceful and extremist attitude to C.R.A. activities by attempting to discredit Local Government Councils, the House of Assembly and the Administration, and by channelling the people's thoughts toward an independent Bougainville - independent from T.P.N.G., or independent in association with the British Solomon Islands Protectorate (B.S.I.P.). They have blamed the Administration, alleging neglect in developing Bougainville in relation to other parts of the Territory.

The attitude of the Mission appears to be a genuine desire to prevent what it regards as exploitation of the people, and to protect what it sees as its own present and long-term interests. Overt criticism of the Administration has subsided since the transfer elsewhere of the three priests most actively engaged in opposition to C.R.A. activities.

Hahalis Welfare Society

The Society of approximately 700 members was formed in February 1960, with the object of advancing, by all means possible, the interests of the Hahalis, Ielelina and Hanahan villagers.

The activities of the Society soon degenerated into a cargo cult in which there was no longer any semblance of individual ownership; one result of this being sexual promiscuity, practised through the establishment of "baby gardens". Believing in their own self-sufficiency, they totally rejected the Mission and the Administration and refused to conform to any Local Government Council requirements, including the payment of tax.

In 1962, following their refusal to pay tax and an expressed intention to resist arrest, it was necessary to employ some 400 police to enforce law and order.

More recently, John TEOSIN, one of the two leaders of the Society, convened meetings in local villages with the aim of uniting the Society with the Buka Local Government Council. Teosin claims that his motive is to achieve unity amongst the Buka people, but expressed the reservation that it would be a lengthy process. Subsequent cult activities of the Society cast doubt on the genuineness of his motives.

Conzinc Riotinto Company of Australia (C.R.A.)

Following a favourable report by C.S.I.R.O. on the mineral bearing deposits in the central ranges of southern Bougainville, C.R.A. was granted a prospecting authority. In April 1964, a C.R.A. prospecting party visited the GUAVA area of the Crown Prince Range and commenced stream sampling. After the preliminary investigation, C.R.A. decided to concentrate their interest in four areas :-

1. Atamo - Karato
2. Mainoki-Panguna
3. Banoni - Guava
4. Arui - Banei

During 1964, investigations continued with only minor opposition by individual villagers. Administration officers assured the people that only exploratory work was being undertaken at that stage and that their interests would be protected. However, only the people at Panguna and Kupei were prepared to allow exploratory work other than stream sampling.

Drilling at Panguna, which appears to be the centre of the copper-bearing lode, was commenced in early 1965 without opposition. The Kieta Council area villagers favoured continued C.R.A. activities and due to the influence of Onei, Luluai of Guava and Severani, the President of Kieta Council, there was no opposition to drilling operations, despite certain reservations of the Guava people.

During this period, Fathers Moore and Wiley of the Roman Catholic Mission counselled the people of the Guava area to oppose what they, the missionaries, considered to be exploitation by C.R.A..

In May 1965, the people at Mainoki strongly resisted C.R.A. efforts to establish a drill. Following this incident, the Administration arranged for influential people from the area to see mining operations in Australia. They were amazed at the immensity and scale of open cut operations at Mount Morgan. One of them, Mirintoro of Guava, was "terrified and required reassurance" as he envisaged that mining operations would result in the destruction of his land.

The party later visited Canberra where they put forward a claim to part of the royalties from mining operations and proposed, additionally, the establishment of a "development fund" for Bougainville. The party was of the opinion that the claim and proposal were well received in Canberra. Their expectation of material benefits were subsequently dashed by the Minister's policy statement at Kieta in February 1966 concerning state ownership of minerals.

Opposition to C.R.A. activities then hardened. The people opposed any extension of activity to areas other than those where the Company was already established. Fathers Moore, Wiley and Mahoney became increasingly active in counselling the people against C.R.A. exploitation, claiming that the people should receive 25% of C.R.A. profits. The peoples opposition variously expressed by the placing of "tambu" signs, vocal confrontation and physical interference with C.R.A. drilling and surveying operations, increased and there were demands for C.R.A. to withdraw.

Opposition by landowners is based on their refusal to recognise the mining laws which, in their opinion, disregard their customary rights. They fear that their land will be destroyed or irrevocably alienated, and their children will become despised landless vagrants. They do not seek royalties, compensation, occupation fees or other benefits. They have warned that the mining operations can proceed only over their dead bodies, anticipating conflict with the Administration if forcibly removed to allow operations to proceed.

The attitude of the Guava landowners was expressed by Anthony AMPEI, a Guava spokesman, as follows :-

- "(i) denial of mining legislation;
- (ii) denial of House of Assembly right to make laws unacceptable to the people;
- (iii) Bougainville does not belong to New Guinea;
- (iv) disbelief that the Company is only prospecting - sampling is stealing;
- (v) land ownership is permanent (claims it is confirmed by tradition and by the Administration);
- (vi) tax collected in Bougainville is not spent there;
- (vii) pride in the fact that he stopped drilling operations on his own land and has been the agency through which other drilling operations have been stopped;
- (viii) the people do not want royalties;
- (ix) the people do not want occupation fees; and
- (x) the people do not want financial rewards - only that C.R.A. retire from the area."

Villagers from areas not vitally concerned in the prospective mining operations have vacillated in attitude, depending on the intensity of feeling expressed by the people in the prospecting area or by influential parties such as the Roman Catholic Mission and their M.H.A.. In periods of comparative quiet these people favour the operation because of the incidental benefits to Bougainville and their future welfare. Adherents of Seventh Day Adventist and Methodist Missions favour the mining development.

The Kieta Local Government Council has expressed disappointment that there is no proposal to channel portion of the anticipated royalties into a special "Bougainville development fund". The Council currently favours the proposed development, subject to payment of a proportion of royalties to landowners and to the suggested "development fund", and now generally expresses confidence in the Administration.

Paul LAPUN, M.H.A., has at various times expressed attitudes ranging from rejection to conditional acceptance of C.R.A.. At an early stage, he spoke strongly in support of the "human rights" of landowners, regarding the possible withdrawal of the Company of little

consequence since it would be to the people's greater advantage to develop the copper deposits after the attainment of self-government. Later, he supported the "rule of law" and the proposed development by C.R.A. and was successful in having the Mining Ordinance amended to provide for the payment of 5% of the mining royalties to native landowners.

The views of the Catholic Mission have been prominently expressed in the newsletter "Catholic News" and by individual priests of the Mission. Bishop Lemay in a special issue of the "Catholic News" (No. 7 of 1966), following a unanimous resolution passed at a meeting of 35 Roman Catholic priests at Buka in September 1966, wrote that the Mining Ordinance was unsuitable and ignored customary land rights and traditions. He advised the people not to fight the Administration or C.R.A. personnel but to take proper steps to change the law by :-

"First of all, agree on whether or not you want riches in the ground (gold, silver, copper, etc.) taken out and used for the good of the country. Then secondly, speak strongly to your Local Government Councils and state clearly what you want. Do the same with your two House of Assembly representatives and ask them to speak to other members. Insist that you want native customs observed as regards land, timber and mineral ownership. Tell your leaders that you want a fair law, a good law, one that admits your rights to your land, timber and minerals, and that gives you a fair share of the profit called royalties".

"Catholic Mission will ever be ready to help and guide you, to tell you if you are wrong and why you are wrong; and, of course, to praise you when you follow the right course."

Fears were expressed by European planters that the establishment of a blister smelter on Bougainville would defoliate an area in a radius of 30 miles and seriously threaten the economic future of the District. They state that in the long term the economic future of the District lies in agriculture and that while the mining of copper is of benefit to Bougainville and the Territory as an immediate asset, its benefit can only be short term.

Independence

During recent months, Missionaries, Councils and Members of the House of Assembly have advocated early independence or secession by Bougainville from T.P.N.G..

Independence in association with the B.S.I.P. for Bougainville was fostered by Roman Catholic priests such as Father Mahoney. This has been further strengthened in discussion between M.H.A.'s representing Bougainville and two members of the B.S.I.P. Legislative Council, who visited Port Moresby in early September, 1968. | *

The part played by priests in encouraging unity through opposition to C.R.A. and stimulating thought on secession from T.P.N.G. has been effective.

The independence/secession movement has been highlighted by a political meeting in Port Moresby on 8th September, 1968, attended by two Bougainville M.H.A.'s, Paul LAPUN and Donatus MOLA, and about 20 people from Bougainville, at which a resolution was passed to the effect that Bougainville M.H.A.'s should move in the House of Assembly for a referendum to be conducted in Bougainville, in one or two years time, "to ascertain whether the people there wish either to remain on with Papua-New Guinea, or be an independent state, or else join up with the

British Solomon Islands Protectorate". It was stated in the resolution that there is a growing feeling among many people of Bougainville that they should be "masters of their own destiny" and have "full control over their own affairs".

This was subsequently taken up in the House of Assembly where Lapun was asked to reconcile the efforts being made towards national unity - i.e. his sponsorship of a Bill to introduce a single name for T.P.N.G. - and his suggested referendum. In reply, Lapun stated that he considered that the referendum in no way conflicted with his Bill.

Current Situation

Over recent months, the people of Bougainville have become more resigned to the mining operations of C.R.A., particularly those in the immediate area under survey. However, the situation has deteriorated with the proposals by C.R.A. to develop town and dump sites and to extend their prospecting operations into other areas outside the Panguna Valley. The peoples further opposition is prompted by the fear that they will lose lands which they consider important to their future existence.

Waning opposition by the Roman Catholic Mission to C.R.A. activities and the decreasing popularity and influence of the Hahalis Welfare Society leave two main disturbing factors on Bougainville: C.R.A.'s more recent mining developments, and the growing interest of the people in independence or secession.

A further factor in the current situation is a movement loosely known as the "Bougainville Landowners Association". The movement began late last year, its leading lights being Damen MANUKAI of Irang and Anthony AMPEI of Guava. Very broadly, the movement aimed to form a strong body to deal with the Administration in matters of land compensation and the granting of prospecting authorities. Since January 1968 there have been reports that the movement has collected between \$6,000 and \$8,000. There has been some confusion on the intended use of this money, ranging from an attempt to "buy" the United Nations Mission, and efforts to finance a committee to secure mineral rights for landowners and protect their interests in general.

Paul Lapun seems to have varied his identification with this "Landowners Association". Initially he supported it, then later expressed disapproval of its aims and now may be keeping close to it to keep a check on its activities while not positively supporting it. In July 1968, Damen attracted a meeting of about 600 people in the south-east area of the main island. Paul Lapun may have been in the area but did not attend the meeting. However, a second meeting was held a week later which he attended and stated that C.R.A. activities were good for the country, C.R.A. was in Bougainville to stay and he disassociated himself from Damen. Damen's current platform is to form an "independent government from the non-council areas in Bougainville", to negotiate direct with C.R.A., to stop its further expansion and to punish those who lease land to them or co-operate with them. The matter of the large amount of money allegedly collected by Damen and Ampei is obscure although one report stated that some money had been handed to Paul Lapun for some form of land development scheme. It is noted that in the "Bougainville meeting" in Port Moresby on the 8th September, 1968, the question of the formation of "Bougainville Landowners Association" is understood to have been raised again. While very little is really known of the "Association", it could, if well led, form a power-bloc of considerable influence.

Assessment

Sociological and geographical factors, particularly the underlying feeling among the indigenous population of their uniqueness, frequently create an atmosphere of independence, suspicion and opposition to Administration policies and practices.

The major factors affecting the security in this situation are :-

- (i) Continued opposition to the activities of C.R.A., in the main, fostered by village leaders, elements of local government councils and, to a lesser extent, individual missionaries.
- (ii) The insularity of the people and their traditional hostility to other communities in the Territory which has resulted in an apparent desire to "go it alone".

To these must be added the possible resurgence of the activities of the Mahalis Welfare Society with its disruptive influence and opposition to law and order and progress in general.

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=AAP149 10 SEP 68 0941

REFERENDUM

PORT MORESBY, SEPT 10, AAP - A BOUGAINVILLE LEADER LAST NIGHT CALLED ON THE AUSTRALIAN GOVERNMENT TO ALLOW HIS COPPER-RICH TERRITORY TO DECIDE ITS POLITICAL FUTURE BY REFERENDUM.

THE MEMBER FOR SOUTH BOUGAINVILLE IN THE PAPUA-NEW GUINEA HOUSE OF ASSEMBLY, MR PAUL LAPUN, SAID HIS CALL WAS SUPPORTED BY MORE THAN 30 BOUGAINVILLE PEOPLE NOW LIVING IN PORT MORESBY.

THEY INCLUDE AN ADMINISTRATION OFFICER, UNIVERSITY STUDENTS AND THE NORTH BOUGAINVILLE MEMBER, MR DONATUS MOLA, HE SAID.

MR LAPUN SAID A MOTION ASKING AUSTRALIA TO ALLOW A REFERENDUM WOULD BE INTRODUCED IN THE HOUSE.

HE HOPED THE REFERENDUM COULD BE HELD IN 1970 "SO THAT OUR FUTURE IS DECIDED BEFORE THE TERRITORY BECOMES INDEPENDENT AND A SITUATION LIKE NIGERIA IS AVOIDED."

MORE JH

=AAP150 10 SEP 68 0943

REFERENDUM 2 PORT MORESBY

MR LAPUN PROPOSED THAT HIS PEOPLE BE ASKED WHETHER THEY WISHED TO REMAIN PART OF PAPUA-NEW GUINEA, JOIN THE BRITISH SOLOMON ISLANDS OR STAND ALONE.

HE PREFERRED THE THIRD COURSE, BUT THOUGHT THE MAJORITY WOULD OPT TO JOIN THE SOLOMONS.

"THERE HAS ALWAYS BEEN TALK ABOUT REJOINING THE SOUTH SOLOMONS AND IT'S GETTING STRONGER AMONG THE PEOPLE," HE SAID.

"THEY ALL HAVE RELATIONS IN THE SOLOMONS AND CAN'T UNDERSTAND WHY THEY BELONG TO AUSTRALIA AND THE OTHERS TO BRITAIN."

MR LAPUN, A FORMER PARLIAMENTARY UNDERSECRETARY, IS DEPUTY LEADER OF THE PANGU PATI.

A PANGU PATI SPOKESMAN SAID LAST NIGHT THE PARTY HAD NOT YET DECIDED ON ITS ATTITUDE TO MR LAPUN'S CALL.

MORE JH

=AAP151 10 SEP 68 0945

REFERENDUM 3 PORT MORESBY

GEOGRAPHICALLY AND CULTURALLY BOUGAINVILLE IS PART OF THE SOLOMONS.

IT JOINED NEW GUINEA AS A RESULT OF THE COLONIAL HORSE TRADING IN THE PACIFIC AT THE CLOSE OF THE LAST CENTURY.

IN THE ANGLO-GERMAN SETTLEMENT OF 1898, BOUGAINVILLE WAS PART OF THE PRICE BRITAIN PAID TO HAVE HER CLAIMS TO THE REST OF THE SOLOMONS AND TONGA RECOGNISED.

BOUGAINVILLE CONSISTS OF THE MAIN ISLAND, PLUS SIX SMALL ISLAND GROUPS. ABOUT 73,000 PEOPLE LIVE ON ITS 4,100 SQUARE MILES.

IT BECAME OF IMMENSE ECONOMIC IMPORTANCE TO THE FUTURE INDEPENDENT PAPUA-NEW GUINEA WHEN THE MINING COMPANY CONZINC RIOTINTO DISCOVERED HUGE COPPER DEPOSITS THERE.

CRA SAID IN ITS HALF YEARLY REPORT LAST MONTH THAT ABOUT 900 MILLION TONS OF COPPER ORE HAVE BEEN LOCATED.

IT HOPED TO DEVELOP A 250 MILLION DOLLAR OPERATION WHICH WOULD PRODUCE 120,000 TONS OF COPPER IN CONCENTRATE ANNUALLY.

AAP JH

BOUGAINVILLE 936/4/13

DEPARTMENT OF EXTERNAL AFFAIRS
OUTWARD SAVINGRAM

6

HBW 0.64314
TO SENT 16.9.68

AUSTRALIAN MISSION TO UNITED NATIONS,
NEW YORK.

SAV 30 UNCLASSIFIED.
T.P.N.G. HOUSE OF ASSEMBLY.

Our 821.

1. The following is a summary of developments in the T.P.N.G. House of Assmblly for the week ending 12th September, when the House adjourned until November.
The Budget.
2. In the debate on the Appropriation Bill, Ashton (Public Works), Kapena (Labour) Tei Abal (Agriculture), and Giregire (Posts and Telegraphs) spoke for their Departments. A large number of private members spoke, but most confined their remarks to parochial interests. McKinnon (APP-Middle Ramu) criticised the level of allocations made for economic development compared with those for education and the university. Lapun (Pangu-South Bougainville), initiated a number of calls for more financial assistance for mission teachers.
3. Voutas (Pangu-Morobe) supported the Bill as a whole, but criticised it from a number of aspects. He argued a need for Ministerial Members to have a real say in preparation of the budget, and for indigenous leaders to appraise the long term social objectives of budgeting. He also spoke of the desirablility of a greater proportion of the budget being rurally orientated, and of physical goals being set for all aspects of government activity.
4. Watts (Western Highlands) called for more assistance for indig- enous businessmen and entrepreneurs. He claimed an explosive situation would develop later if the economy was dominated by Europeans while political control was in the hands of indigenous people.
5. Garet (Madang) criticised heavy spending in Port Moresby. Azanifa (Henganofi) called for strong action by the Administration and local councils to stop the drift of people from villages to towns. Langro (West Sepik) called for economic development of the border areas.

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936/4/13.

DEPARTMENT OF EXTERNAL AFFAIRS
OUTWARD SAVINGRAM

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The Bill was subsequently passed without amendment.

BOUGAINVILLE SEPARATION.

7.

Paul Lapun was reported by the press and radio to have made a public call on 9th September for Bougainville to be allowed to decide its political future by referendum, and to have given notice of an intention to introduce a Bill in the Assembly to give effect to this proposal. He expressed hope that the referendum would be held in 1970 so that the islands future would be "decided before the Territory becomes independent and a situation like Nigeria is avoided." Lapun proposed that the people of Bougainville be asked whether they wished to remain part of Papua and New Guinea, join the British Solomon Islands, or stand alone. He said he favoured the latter, but thought the second course would be preferred by the majority as "they all have relations in the Solomons and can't understand why they belong to Australia and others to Britain".

8.

Although Lapun (a Parliamentary Under-Secretary in the old Assembly) is deputy leader of the Pangu, a spokesman was reported to have promptly announced that the party had not taken a decision on his call.

9.

In the House of Assembly, Casey (Kainantu) asked about the Government's attitude to Lapun's proposal. The Government Leader (Henderson) said the Administration would be surprised if Lapun's views represented those of all Bougainville people. Middleton (Sumkar) asked Lapun how he reconciled his referendum proposal with his own private member's Bill proposing a single name ("Niugini") for Papua and New Guinea. Lapun, in reply, said all peoples had a right to determine their own future.

LAND DEVELOPMENT.

10.

The Assembly, after extensive discussion and acceptance of several amendments, adopted two Bills concerning land. It also approved a motion, made by Uroe (Rigo Abau), that the Administration ask the Deputy Chairman of the Malaysian Land Development Authority to visit the Territory.

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DEPARTMENT OF EXTERNAL AFFAIRS
OUTWARD SAVINGRAM

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Uroe claimed settlement schemes in the Territory were unco-ordinated, and that there was a need for a national policy and a statutory executive authority to administer land settlement. Several other members supported Uroe and criticised the Administration's schemes.

11. Henderson said the Administration admitted to past errors but claimed these had been rectified. He said the best features of overseas, including Malaysian, schemes were now being used in the Territory, and pointed to the Hoskins oil palm project as an example of current successes. The Administration's position was in turn defended by several members, including Tei Abal.

DEVELOPMENT PLAN.

12. Henderson introduced the new five year programmes and policies for economic development of the Territory, but discussion was adjourned until the next meeting of the House.

ADMINISTRATION.

13. The Assembly adopted a proposal, introduced by Fielding (Northern District), to establish a Select Committee to consider all aspects of the position and future of permanent overseas officers in the public service, including the practicability of inducting some or all of them into the Commonwealth Public Service so they could continue to work in the Territory on secondment.

14. Voutas, in the course of his comments on the Appropriation Bill, called for inclusion of M.H.A's as full voting members on district co-ordination committees and district education committees; and called for legislation to establish a national library.

15. Cecil Abel (Pangu - Milne Bay) gave notice of intention to introduce a bill to authorise incentives for employers who provide training and advancement for indigenous workers.

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OUTWARD SAVINGRAM

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DEPARTMENT OF EXTERNAL AFFAIRS
OUTWARD SAVINGRAM

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MINIST. DEPT E.A. (936/4/11 - 936/4/13)
MINIST. DEPT TERRITORIES
TREASURY & TREASURUR
MINIST DEPT. NAT DEV.
MINIST DEPT DEFENCE
P.G. DEPT
D.C.O.
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17.9.68

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DEPARTMENT OF EXTERNAL AFFAIRS.

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FOR GALVIN EXTERNAL TERRITORIES CANBERRA
FROM MCDONALD EA CANBERRA

BOUGAINVILLE

WE WOULD APPRECIATE A FULL ACCOUNT OF PAUL LAPUN'S STATEMENT ON TUESDAY CONCERNING GIVING VOUGAINVILLE A SEPARATE OPPORTUNITY TO DECIDE ITS FUTURE POLITICAL ATTACHMENT AND IDENTITY. WE WOULD APPRECIATE AN ACCOUNT AND ASSESSMENT OF THE REACTIONS IN THE HOUSE OF ASSEMBLY AND IN POLITICAL CIRCLES TO LAPUN'S REMARKS.

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ENDS: IT/12/1/1/1/1
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CEM: 031

REMARKS:

IN THE HOUSE OF ASSEMBLY AND IN POLITICAL CIRCLES TO GAUUN, S
WE WOULD APPRECIATE AN ACCOUNT AND ASSESSMENT OF THE REACTIONS
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ON TUESDAY CONCERNING GIVING AUCAINILIGGE A SEPARATE
WE WOULD APPRECIATE A FULL ACCOUNT OF PAUL GAUUN, S STATEMENT

AUCAINILIGGE

FROM McDONALD EA SAIBERVA
FOR AGAIN EXTERNAL TERRITORIES SAIBERVA
UNCLASSIFIED
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