



ALLUVIAL MINING POLICY

AUGUST 2021



CONTENTS

ACRONYMS	i
DEFINITIONS	Error! Bookmark not defined.
1. RATIONALE	2
2. APPLICATION	3
3. POLICY OBJECTIVES	3
4. NATIONAL REGULATORY FRAMEWORK	4
5. SMALL SCALE ALLUVIAL MINING	5
6. ADMINISTRATION	6
7. DISPUTE RESOLUTION	8
8. PARTICULARS OF AN ALLUVIAL MINING TENEMENT	8
9. AML APPLICATION REQUIREMENTS	9
10. AML APPROVAL PROCESS	10
AGENCIES TO CONTACT	

ACRONYMS

AML:	Alluvial Mining Lease
BPNG:	Bank of Papua New Guinea
CEPA:	Conservation and Environment Protection Authority
DMPGM:	Department of Mineral Policy & Geohazards Management
EIA:	Environment Impact Assessment
MAC:	Mining Advisory Council
MRA:	Mineral Resources Authority
RAMTC:	Regional Alluvial Mining Training Centres
SME:	Small and Medium Enterprises

DEFINITIONS

The use of these terms including their interpretations shall be in accordance with the *Mining Act 1992* and the *Mining (Safety) Act 1977*.

“Alluvial Mining Lease” means an alluvial mining lease granted in accordance with the *Mining Act 1992* to an applicant of an alluvial mining lease.

“Alluvial Miner” means a person who has been granted an alluvial mining lease to conduct small scale alluvial mining using sluicing, gold panning or such other rudimentary mining methods or semi-mechanised mining other than a fully mechanised mining activity or a large scale mining activity under a Mining Lease.

“Alluvial Mining Activities” means the process of extracting gold from alluvial deposits on land, in rivers, creeks, streams, etc., using rudimentary technology and low-skilled labour in carrying out small scale alluvial mining or semi-mechanised mining.

“Alluvial Minerals” means minerals that are extracted from the small scale alluvial mining areas within an AML tenement area.

“Environment Permit” means an environment permit granted in accordance with the *Environment Act 2000*.

“Mechanized Alluvial Miner” means a person using machinery that is powered by diesel, petrol or electricity or such other method of mining alluvial gold that is semi mechanised other than a full scale mechanised mining project that qualifies for a different level of activity under the *Environment Act 2000*.

“Minerals” means all naturally occurring non-living substances in any form that are obtainable, directly or indirectly from the land, water or sea for use or for commercial purposes excluding -

- (a) natural gas which are fluid obtained from a well which is a gas at standard temperature and pressure and which consists primarily of hydrocarbon; and
- (b) petroleum which are any naturally occurring hydrocarbons, whether in a gaseous, liquid or solid state, or any mixture of hydro carbons, or any processed petroleum.

“River Bed” means any ground lying between the banks of any stream of water, whether perennial or intermittent, flowing in a natural channel.

“Tenement Holder” means an alluvial miner who has been granted an alluvial mining lease to conduct small scale alluvial mining within a tenement area under the *Mining Act 1992*

1. RATIONALE

- (1) The alluvial mining sector is a fast growing sector in Papua New Guinea. More than 80,000 alluvial miners are engaged in alluvial mining in PNG that generate a significant amount of export receipts in millions of kina to the PNG economy each year.
- (2) The regulating of the alluvial mining sector in PNG is very limited which poses policy and regulatory challenges on the safety and health of the alluvial miners and the environment.
- (3) This policy is designed to provide guidance to regulate the alluvial mining sector in accordance with the *Mining Act* 1992, the *Mining (Safety) Act* 1977, the *Environment Act* 2000 and other applicable legislations.
- (4) Alluvial mining activities usually take place in the rural parts of the country. Some of the historically known alluvial gold fields are located in Wau and Bulolo in the Morobe Province, Porgera and Mt. Kare in Enga Province, Kainantu in Eastern Highlands Province, and Wewak and Maprik in the East Sepik Province.
- (5) About 90% of the alluvial mining is by family units carrying out daily gold panning on their customary land without any Environment Permit or an Alluvial Mining Lease (AML) using rudimentary methods to extract gold.
- (6) Only about 10% of the alluvial miners in PNG conduct their business with the proper Environment Permit and under the AML granted under the *Environment Act* 2000 and the *Mining Act* 1992 respectively.
- (7) There are practical challenges that requires policy intervention in the following areas for proper policy guidance, regulation, management and control-
 - (a) Environment and mining regulatory licensing requirements; and
 - (b) Accessibility and use of modern technology; and
 - (c) Improved methods for small scale alluvial mining; and
 - (d) Use of chemicals and management of wastes; and
 - (e) Environmental management; and
 - (f) Workers health and safety; and
 - (g) Quality of the alluvial minerals; and
 - (h) Accessibility to markets; and
 - (i) Licensing requirements for the export of alluvial minerals; and
 - (j) Sustainable development.

- (8) National Government policy and law declare mining to be a National Government function and as a matter of national interest. And in order to ensure greater participation of its citizens in local enterprises to satisfy the national content aspiration of the National Government, it is a National Government policy directive that-
- (a) All alluvial mining activity, inclusive of semi-mechanised or fully mechanised alluvial mining, is reserved specifically for the customary landholder(s) or a natural PNG citizen; and
 - (b) any dealings involving the buying and exporting of alluvial gold or minerals extracted from alluvial mining within PNG is specifically reserved for PNG natural citizens only.

2. APPLICATION

- (1) This Policy applies within the PNG jurisdiction to regulate small scale/artisanal alluvial mining and semi-mechanised mining activities in Papua New Guinea in accordance with the *Mining Act 1992*, *Mining (Safety) Act 1977*, *Environment Act 2000*, *Central Banking Act 2000*, *Central Bank (Foreign Exchange and Gold) Regulation 2000*, *Customs Act 1951*, *Investment Promotion Authority Act 1992*, *Investment Promotion Regulation 1992*, PNG SME Policy 2016 and other relevant legislations.
- (2) References to the *Mining Act 1992* and any other legislation including the Mineral Policy also includes any subsequent amendments or enactments to these legislations and policy and is inclusive of the regulations unless stated otherwise.

3. POLICY OBJECTIVES

This policy aims to achieve the following objectives in the implementation of the local content aspiration of the National Government:

- (1) Establish proper policy and regulatory framework for the regulation of the alluvial mining sector in PNG; and
- (2) Identify practical challenges and address them through policy interventions to encourage good and safe industry practice in promoting the growth of the alluvial mining sector in PNG; and
- (3) For the National Government to provide technical and funding support to the alluvial mining sector through-

- (a) The establishment of four (4) Regional Alluvial Mining Training Centres (RAMTC) in Papua New Guinea; and
- (b) The promotion of alluvial mining sector through the bi-annual Alluvial Mining Conferences to be held rotationally throughout the four regions of PNG; and
- (c) Encouraging onshore processing of alluvial gold products through the establishment of downstream mineral processing facilities or gold refineries in PNG; and
- (d) Establishment of loan facilities at the respective bank(s) for borrowing by alluvial miners for start-up or advancement of their business in line with the National Government SME Policy; and
- (e) Reservation of alluvial gold mining and the export of alluvial gold and gold products to landowners and natural PNG citizens to encourage Papua New Guineans to actively participate in the alluvial mining sector as a means to adding value to the local PNG economy.

4. NATIONAL REGULATORY FRAMEWORK

- (1) Alluvial mining is a small but significant part of the mining sector in PNG. The *Mining Act* 1992 provides the regulatory framework for the sector to be developed and regulated.
- (2) The rights conferred by the AML authorises the holder to conduct its business in accordance with the *Mining (Safety) Act* 1977 and the *Environment Act* 2000 consistent with international best practice requirement.
- (3) The *Mining Act* 1992 is the principal law that regulates and administers the alluvial mining sector.
- (4) The *Mining (Safety) Act* 1977 is the principal law that regulates and administers the safety and health of the alluvial miners.
- (5) The *Environment Act* 2000 complements the application of this policy in the areas of environment management including the Environment Impact Assessment (EIA) and the Environment Permit requirements.

- (6) The *Central Banking Act 2000* and the *Central Bank (Foreign Exchange and Gold) Regulation 2000* complements the application of this policy especially in granting the Gold Export Licence of alluvial gold to PNG natural citizens only.
- (7) The *Investment Promotion Authority Act 1992*, *Investment Promotion Regulation 1992*, PNG SME Policy 2016 complements the application of this policy to ensure the business of alluvial mining is reserved for natural PNG citizens only.

5. SMALL SCALE ALLUVIAL MINING

- (1) The policy acknowledges that mining is a National Government function. To ensure greater participation of citizens in local enterprises to address the national content aspiration of the National Government, it is government policy that-
 - (a) Alluvial Mining Activity, inclusive of semi-mechanised or fully mechanised alluvial mining, is reserved specifically for the customary landowner(s) or a natural citizen of PNG; and
 - (b) Any dealings involving the exporting of alluvial gold or minerals extracted from alluvial mining within PNG is reserved specifically for citizens of PNG only; and
 - (c) Landholders or natural citizens using sluice boxes and gold pans or such other rudimentary mining methods can undertake alluvial mining with or without an AML on their customary land; and
 - (d) Anyone conducting an alluvial mining activity utilising any machinery that is powered by diesel, petrol or electricity must obtain an AML and the appropriate Environmental Permit.
 - (e) No natural PNG citizen shall be used as a proxy by any foreigner to venture into alluvial mining in breach of this reservation.
- (2) The State shall support and promote the growth of alluvial mining in PNG through-
 - (a) The establishment of four (4) RAMTC; and
 - (b) Hosting of the bi-annual Alluvial Mining Conferences through the MRA; and
 - (c) Promote downstream mineral processing in PNG; and

- (d) Reserve the alluvial mining activities only to PNG traditional landholders and natural citizens; and
 - (e) Reserve the alluvial minerals and the alluvial gold export licenses for PNG natural citizens only.
- (3) The MRA shall ensure alluvial miners apply the best industry practices in the conduct of their business and the use of the appropriate technology that is available on the market to ensure the conduct of their business is within the ambit of the relevant laws of the country.
 - (4) The Conservation Environment Protection Authority (CEPA) shall oversee the environment protection and regulate these activities within their policies and legislative framework.
 - (5) The alluvial miners shall ensure the environment is protected at all times whilst conducting their business, by ensuring the water and river systems are free of pollution and that every step is taken as required by law to ensure compliance with the environmental regulatory regime.
 - (6) The use of explosives is prohibited including the trading and use of dangerous chemicals, not permitted by law, by alluvial miners in the extraction of the alluvial minerals.
 - (7) The MRA in collaboration with the National Department of Health shall regulate the health and safety of the alluvial miners in accordance with the *Mining (Safety) Act 1977*.
 - (8) The MRA in collaboration with the Department of Labour and Industrial Relationship shall ensure trained and certified persons or companies are engage in the alluvial mining sector. Under aged women and children shall not be used as labourers in the alluvial mining sector in PNG.
 - (9) Preference in employment by an alluvial miner is given to suitably qualified people from the AML area first, then to those in the Province and then to those from the rest of PNG to further the goal of localisation of the work force.
 - (10) The MRA will establish and operationalise three (3) new RAMTC in addition to the Wau Small Scale Mining Training Centre. The RAMTC shall have up to date training modules to impart skills and knowledge to the alluvial miners who attend the trainings and programs.
 - (11) The MRA shall provide guidance to the alluvial miners on the opportunities to access any loan facilities as may be available to finance their alluvial mining operations. The State will commit such funding as required to establish a loan

facility through the National Development Bank (NDB) or other nominated banks to assist the alluvial miners throughout PNG.

- (12) The MRA in collaboration with the BPNG shall provide the necessary assistance to the alluvial miners and to facilitate the sale of alluvial minerals.
- (13) The MRA may facilitate technical assistance in collaboration with development partners and international agencies for alluvial miners.
- (14) The MRA shall encourage and provide guidance to the alluvial miners to invest their income from the sale of alluvial mineral products in sustainable businesses and ventures to sustain their livelihood into the future.
- (15) Alluvial mining shall be undertaken by any natural person who is a PNG citizen on their customary land other than on an existing tenement boundary with the exception of an area under an exploration licence.
- (16) Traditional landholder(s) whose land is subject to an application for an AML shall organise and establish business entities or associations to exercise their right to develop and extract the alluvial minerals from their customary land. Any agreement under a partnership or joint venture arrangement that does not give a greater participatory interest to the customary landowners as stipulated in this policy and the law is void and of no effect.
- (17) A semi-mechanised or a fully mechanised alluvial mining operation under an AML with an annual capital cost of K10 million or that exceeds the *Environment Act* 2000 permitted level of activity is not a small scale mining activity and the tenement holder must cease operation forthwith and apply for a Mining Lease in accordance with the *Mining Act* 1992.
- (18) Income tax and such other taxes as deem relevant may be set by the Internal Revenue Commission under the applicable laws.
- (19) Provincial Governments or District Development Authorities may venture into alluvial mining preferably in partnership with the customary landholders in the alluvial mining business to support and promote SMEs to boost the local economy and encourage greater participation by the community in business development in alignment with the National Government's national content aspirations.

6. ADMINISTRATION

- (1) The MRA shall regulate and administer alluvial mining sector in PNG.

- (2) The DMPGM shall provide policy advice in the regulation and administration of alluvial mining activities in PNG
- (3) The CEPA shall regulate and administer all environment issues including assessing and granting of an environment permit relating to alluvial mining in PNG.
- (4) The BPNG shall regulate the alluvial gold buyers and exporter's license in collaboration with the MRA to ensure there is greater participation of natural PNG citizens in the alluvial mining sector as a reserved activity.
- (5) The MRA shall apply a sectoral approach in coordination with relevant State departments, agencies and authorities to address specific issues that may arise from alluvial mining activities in PNG.
- (6) The Investment Promotion Authority with the Department of Commerce and Industry shall regulate and promote the business of alluvial mining as a reserved activity and SME activity for natural PNG citizens.

7. DISPUTE RESOLUTION

- (1) All disputes shall be settled in PNG in accordance with the *Mining Act* 1992 or such other laws in PNG as applicable.
- (2) Disputes arising from the implementation of this policy shall in the first instance be resolved amicably by mutual consent of the parties before being referred to the State Solicitor of Papua New Guinea for resolution.



8. PARTICULARS OF AN ALLUVIAL MINING TENEMENT

1. Applications for a mining tenement for purposes of alluvial mining may be made by a natural PNG citizen at any time over any area of land not covered by an existing tenement or not otherwise reserved by the State, and applications for the same area are considered one at a time in the order they are received by the MRA.
2. The Alluvial Mining Lease (AML) is granted-
 - (1) over land that is a river bed, and
 - (2) land that extends no further than 20 meters from a river bed; and
 - (3) for a term not exceeding five (5) years; and
 - (4) for an area not exceeding five hectares (5ha).

The AML can be renewed for terms of up to 5 years.

3. The restrictions on the rights of the holder of the tenement
 - (a) not to mine deeper than 10 meters from the natural surface of the land.
 - (b) the use of explosives is prohibited
 - (c) the use of mercury or other hazardous substance is prohibited except as prescribed.
4. The Holder of the Tenement-
 - (a) Is entitled to the exclusive occupancy of the land in respect of which a tenement is granted; and
 - (b) has the right to extract minerals, process and develop mine products derived from alluvial minerals.
 - (c) has the full ownership of the minerals to do with as he please.

5. Reporting Requirement

The holder of the tenement is required to compile a report within each month stating-

- (a) the quantity of the mineral produced for the month; and
- (b) the quality of the mineral extracted from the land; and
- (c) the value of the mineral recovered; and

9. THE AML APPLICATION REQUIREMENTS

The process of acquiring an Alluvial Mining Lease (AML) by landowners or natural citizens, whether individually or in groups, involves the following stages:

Step 1: Fill in an Alluvial Mining Lease Application Form (Form 8 or 17) and attach the following details-

- (1) Coordinates of the proposed lease area as a polygon or rectangular shape; and
- (2) Sketch map to indicate its location; and
- (3) Indicate the natural features in the map; and
- (4) Proper survey of the area.

Step 2: Write up a proposal which should state the -

- (1) Method of small scale mining to be used; and
- (2) Availability of financial resources; and
- (3) Availability of technical resources; and
- (4) Proper survey of the area (same as in Step 1 above)

Step 3: Fill in a Statutory Declaration stating-

- (1) The coordinates of the surveyed area (same as in Step 1 above); and
- (2) Identification of the Applicant as a legitimate landowner (confirmation by genealogy).

Step 4: The Application Fee must be paid to the Registrar of Tenements Administration

- (1) The fee for an Alluvial Mining Lease (AML) application is K250.00

Once all the necessary documents under Step 1 – 4 are compiled then the AML application is submitted for approval to the Registrar of Tenement under the Tenement Administration Branch of the MRA.

10. THE AML APPROVAL PROCESS

The approval process is in the following sequence:

1. Registrar of Tenements

- (1) Upon receipt of the tenement application, the Registrar checks that the-
 - (a) Application form is correctly filled, including the statutory declaration; and
 - (b) Necessary fees are paid; and
 - (c) All other relevant documents are attached.
- (2) The application is then registered on the Tenement Registry: and
- (3) The Registrar fixes a date and location for the Warden Hearing.

2. Mining Warden

The mining warden attends to the fixed date and place to conduct the warden hearing. The warden does the following during the warden hearing:

- (1) Identifies the individuals present at the hearing; and
- (2) Records and assess the views of the landholders present regarding explorations and mining activities in the area; and
- (3) May adjourn the hearing from time to time and from place to place as he thinks fit; and
- (4) Submits a warden hearing report to the MAC for its deliberations on the application.

3. Mining Advisory Council (MAC)

The MAC in considering the tenement application also looks at the Wardens Hearing Report, any other reports by the provincial government, any relevant consideration or any objections to the application, etc., before making a recommendation to the Mining Minister to either grant or refuse to grant the application.

The MAC may seek further clarification on the tenement application and may request for amendments to the proposal or programmes before making the recommendation to the Minister.

4. Minister for Mining

The Minister ultimately decides whether to grant or not to grant the AML based on the recommendations from the MAC taking into consideration safe mining practices, health and environmental concerns and such other related issue of concern.

The Minister may seek further clarification on the application from the MAC before making the final decision.

5. On Approval to Grant

Where an application for an AML is approved, the registrar shall-

- (1) Advise the applicant of the Ministers decision; and
- (2) Require the applicant to submit the prescribe rent within 30 days; and
- (3) Require the applicant to lodge the prescribe security within 30 days; and
- (4) Publish the notice of the grant in the national gazette.

6. Renewal of the Tenement

Prior to the expiry of the tenement, the leaseholder may apply for an extension of the term of the tenement

AGENCIES TO CONTACT

POLICY AND LEGISLATION:

The Secretary
Department of Mineral Policy & Geohazards Management
Private Mail Bag
PORT MORESBY
National Capital District
Papua New Guinea



Telephone (+675) 321 4138 / 322 7678
Facsimile: (+675) 321 4995

REGULATION:

The Managing Director
Mineral Resources Authority
P.O. Box 1906
PORT MORESBY 121
National Capital District
Papua New Guinea



Telephone: (+675) 321 3511
Facsimile: (+675) 321 57811
Email: infor@mra.gov.pg
Website: www.mra.gov.pg