



# Chamber News

Monthly Newsletter of the Solomon Islands Chamber of Commerce and Industry

April 2010

## CEO's Foreword

Dear Members,

I am pleased to present to you the Chamber News for April 2010. We continue with our monthly publications of some of the news and events related to the Chamber in March/April. Amongst the events is the Annual General Meeting recently held at on 31 March 2010 at the Honiara Hotel. We saw a respectable number of members turn up to elect the 2010 Management Board and receive updates on the Business Plan and Financial Statement for 2009. More importantly, we congratulate all the individuals who contested the Board election, but make particular mention of Mr. Tony Koraua who was elected and now serves his first tenure as a member of the Board. The Board is voluntary so I am grateful to those who have willingly given themselves time to serve on it.

If there was ever a catch word for the month of March it would be 'Mining'; its growth and support locally, dominated government attention and featured every week in local press releases. We have been aptly updated by the news on developments taking place in the industry, especially at Gold Ridge; which saw the reopening of the mines. The Prime Minister

has supported the investments in mining - gold in Guadalcanal and nickel in Isabel. On that note, we also congratulate Allied Gold for its successful acquisition of the Gold Ridge Mines. Your investment in this country reinforces a positive image of economic growth and stability.

**"If there was ever a catch word for the month of March it would be 'Mining'; its growth and support locally, dominated government attention and featured every week in local press releases."**

We bid you every success in your investment in Solomon Islands. As you commence your business venture, we saw it fitting that you mines be a part of this front page design. It is only fitting therefore that, in this Chamber News issue, we take the time to reflect on mining and its prospects in the Solomon Islands. I am grateful therefore to Dr. Philip Tagini, Ph.D for contributing to this newsletter and offering us his views on "Sustainability of the Solomon Islands Mining Industry". Story pg 9. Generally, to end this piece, we

have a busy few months of the year ahead of us and I want to take this opportunity to indulge your continued participation in a number of programs and activities that we will be holding, including a number of "issues" workshops we will be holding to discuss matters that concern the private sector; including tax and labour law reform. While we may never be satisfied with the rate of tax reform, we do have an opportunity this year to take the lead in labour law reform. The mini-workshops establish forums whereby you as a member can contribute interactively with other members towards developing the SICCI position and recommendations.

Again, I am grateful for your continued support to this organization and what it represents.

**Calvin Zirū**  
Chief Executive Officer

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# Events

Open Year Cocktail  
**19 April**

PIPSO Sub-Regional  
Meeting  
**April TBC**

Want an event to be listed  
in Chamber News?  
Email the details to  
[sicci@solomon.com.sb](mailto:sicci@solomon.com.sb)

## SICCI holds AGM

The Solomon Islands Chamber of Commerce and Industry held its Annual General Meeting on Wednesday 31 March 2010 at the Honiara Hotel. In opening the meeting, Chairman of the Chamber, Michael Hemmer expressed his appreciation to the private sector for its resilience under the current global economic crises.

“2010 is going to be an important year for the private sector, particularly in terms of working with the government and development partners, to promote the private sector and economic growth as a whole”.

Hemmer stated that there were major issues, which the Chamber needed to drive if some progress was to be achieved. “There is an opportunity for us to take the lead in leading the labor reform in the Solomon Islands. Taxation is and always has been an issue that concerns us and we would like to see develop our positions on tax for the government consideration.”

He noted that this was an election year and therefore governance will always be an important subject for discussion. The Chamber needs to be active in demanding that good governance, transparency and equity is exercised by all levels of leadership, both in the public and private sectors.

The AGM also saw the release of the 2010 Business Plan for the Chamber outlining the complete business concept of the organization from its objectives to its financial strategy. In announcing the release, Chief Executive Officer acknowledged the support of the out-going 2009 Board in facilitating and approving the Plan. The Plan will be widely distributed in Mid April during the Chamber Open Year event, which will also see the launch of the Chamber Website. The election for the 2010 Board Members returned Michael Hemmer (SPO) (Chairman), James Kim (Kosol) (Vice-Chairman) and ordinary board members Brian Robb (ANZ), Bruce Saunders (BJS Ltd), Daniel Tuhonuku (SPO), Harry Brock (GPPOL), Henry Kapu (Origin), Julie Haro (Premiere Real Estate), Justin Fuo’o (Topical Aluminium) and Tony Koraua (Daltron).

## SICCI must promote rural private sector development

The Solomon Islands Chamber of Commerce and Industry must begin to support private sector development in the rural provincial centers. Chairman, Michael Hemmer during the Annual General Meeting on Wednesday 31 March 2010, expressed that business acumen needed to extend to the provinces.

“This year we welcome new membership from Temotu and the Western Province. It is important that we begin to engage with the smaller enterprises in the provinces and encourage their growth and development” he said.

It has been the intention of the Chamber to see business associations grow in the provinces. This year the Chamber has already set schedules to meet with provincial business associations with the aim to help develop their organizations better represent their members on issues that may be important to them.



origin

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## ADB to help Solomon Islands economy recover from crisis

**MANILA, PHILIPPINES** – The Asian Development Bank (ADB) is providing \$10 million in budget support to the Solomon Islands that will help the economy recover from the global economic crisis.

The cluster of grants, approved by ADB’s Board of Directors, supports two subprograms under the Solomon Islands Economic Recovery Support Program. The program supports improved fiscal management, structural measures that will aid economic recovery and help preserve the delivery of basic services.

“The Solomon Islands economy has been among the most affected in the Pacific by the global economic crisis,” said Craig Sugden, Senior Economist of ADB’s Pacific Department. “ADB is pleased to provide assistance to the Government of Solomon Islands with ongoing economic recovery efforts, particularly in the crucial area of economic and fiscal management.”

The global economic crisis brought forward the sharp economic slowdown expected as logging resources approach exhaustion. Economic stagnation and prolonged fiscal stress are looming in the absence of concerted action. The program is ADB’s contribution to a collaborative effort by development partners to help the Solomon Islands Government re-build the economy.

Based on the Government’s own policy agenda, the program will help diversify the economy away from a dependency on logging and foreign aid by boosting the private sector. In addition to helping achieve the macroeconomic stability needed by the private sector, the program is improving the efficiency of state-owned enterprises, helping open telecommunications to competition, improving the business regulatory environment and upgrading transport infrastructure.

These actions will help realize the growth potential of the agriculture, fishing, tourism and mining.

The Economic Recovery Support Program also responds to the extra hardship imposed on vulnerable groups by the global economic crisis and preceding episode of high inflation. The program ensures additional funds are allocated in the national budget to the delivery of health and education services and to rural infrastructure.

A series of grants totaling \$10 million, comprising two subprograms of \$5 million each, will be provided from ADB’s Asian Development Fund. The Ministry of Finance and Treasury will execute the program which runs from March 2009 to the end of February 2012.

ADB, based in Manila, is dedicated to reducing poverty in the Asia and Pacific region through inclusive economic growth, environmentally sustainable growth, and regional integration. Established in 1966, it is owned by 67 members – 48 from the region.

## Australia provides \$15 million to support income opportunities for the poor

Australia will provide a further \$15 million to innovative private sector projects in Solomon Islands to promote poverty reduction and economic growth.

The four new grants will support a fish export operation in Malaita, a biofuel production facility in Western province, a biofuel production facility in Honiara, and an eco-lodge in Marovo Lagoon

Grants will be provided under the third round of the AusAID-funded, \$140 million Enterprise Challenge Fund (ECF) pilot program.

The Enterprise Challenge Fund provides matched grants from \$680,000 - \$10.2 million on a competitive basis to private sector projects which benefit the poor, are commercially sustainable and can be shown to encourage economic growth in key sectors. Eligible grantees must commit at least fifty per cent of their own funds to project costs.

The Enterprise Challenge Fund operates in nine countries namely Cambodia, Laos, East Timor, the Philippines, PNG, Indonesia, Fiji, Solomon Islands and Vanuatu.

Solomon Island businesses proved the most competitive in the Funds third bidding round, with four out of a total of 12 grants going to Solomon Islands.

“Businesses in Solomon Islands are to be congratulated on their strong performance in the Enterprise Challenge Funds’





third bidding round. Support for these businesses will encourage growth in key sectors of benefit to the poor. This support would not have been possible without Enterprise Challenge Fund support”, said Australia’s High Commissioner to the Solomon Islands, Mr Frank Ingruber.

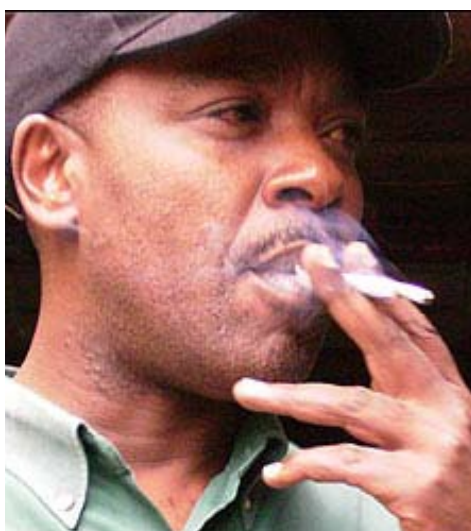
The Burrows biodiesel operation has been awarded \$8,027,370 to establish a biodiesel production facility in Honiara. The project is expected to benefit around 450 farming families responsible for the supply of copra. The ultra low sulfur diesel produced will replace costly imported diesel and provide a number of environmental benefits.

The Pelena company will use \$1,358,120 to establish an oil extraction and biofuel production facility using unused coconuts. “An oil extraction facility will be established to produce around 80,000 litres of bio-fuel each year. Over 160 customary landowners in the Western province are expected to benefit from the sale of coconuts from under-utilised plantations through Australia’s support for this project” Mr Ingruber said.

A locally owned company Didao Development Corporation has been awarded \$4,643,200 to establish a fish processing and export operation which is expected to benefit 1,200 fisher men and women in the islands of Lau Lagoon, who will be provided with a reliable income. “This project will serve as a valuable and environmentally beneficial model for the seafood sector in the Solomon Islands”, said Mr Ingruber.

The Wilderness Lodge, a locally owned eco-lodge will also receive \$751,106 to expand its tourism facilities in Marovo Lagoon. The project is expected to substantially increase employment opportunities for locals.

## SICCI appears before Bills Committee on Tobacco Bill



The Solomon Islands Chamber of Commerce and Industry appeared before the Parliamentary Bills and Legislation Committee and made its submission on the proposed Tobacco Control Bill 2010. The Bill is the culmination of work undertaken by the World Health Organization through the Ministry of Health to try and promote and protect public health by controlling the manufacture, sale and distribution of tobacco products.

In his submission to the Committee, CEO Mr. Calvin Ziru stated that SICCI understands the primary purpose of the Bill and acknowledge the risks associated with tobacco smoking; it therefore supports government initiative to develop policy and regulation that will improve the protection of public health against tobacco and tobacco products. This Bill is therefore are very important Bill in that respect.

In his submission, Calvin Ziru said that “...the challenge for the government and stakeholders however is to ensure that there is a balance between the impact that such a Bill would have on the industry, on government revenue and the government objective.”

The Bill amongst other things tries to regulate tobacco distribution by prohibiting the sale of single cigarette sales. SICCI suggested that a minimum pack size be considered to allow transition from single stick sales to pack sales. SICCI explained that the transition is important for ‘enforcement’ purposes as well as from a ‘behavioral’ point of view. By introducing a minimum size pack and increasing it over a certain period of time, the Bill allows both retailer and smoker to adapt more practically and consistently. Calvin Ziru argued that an overnight restriction will most likely give rise to illicit tobacco sales, the enforcement of which would be another issue for the responsible authority.

SICCI made a written submission, with particular emphasis on Minimum Pack Size (Clause 12), Licensing (Clause 15), Enforcement (Clause), Healthy Lifestyle Committee (Clause 25) and Enforcement (Clause 28).

The Bill was passed without minor amendments.

## Seminar hosted on use of new Companies Act

Solomon Islands Chamber of Commerce representatives as well as other business and legal professionals yesterday attended a special information and training session on the use of the new, modernised Companies Act.

Asian Development Bank (ADB) assisted the Solomon Islands Government by supporting the drafting of the bill, which was prepared following extensive local consultations in Honiara and the provinces.

At the seminar, participants were informed the improved Companies Act presents a range of new choices for Solomon Islanders who plan to use a company as a vehicle for business. Once a company is established and running, the new compliance requirements in the Act will ensure lower transaction costs for company owners. More relevant reporting requirements contained in the new Act will strengthen corporate governance.

The new Act supports the formation of single shareholder companies, and introduces the concept of community companies. A community company may comprise of a women's group, a group of farmers, or landowner groups, among others.

Community companies operate in the interests of their members, and utilize community assets such as fishing boats, handicrafts, or domestic food for the benefit of the entire community as well as preserving the sustainability of those assets for future generations.

The new Company Registrar, Edwin Saramo, who is responsible for overseeing the implementation of the Companies Act and educating the public about new business laws, was introduced at the seminar.

"The ADB supported reforms pave the way for a simplified and modern process of company registration and administration," Mr Saramo said.

"The new Companies Registry Office will be a focal point for businesses and a resource for learning more about new business laws."

Eugene Zhukov, Regional Director of ADB's Pacific Liaison and Coordination Office in Sydney, Australia, said the new Companies Act will ultimately make it easier for local people to conduct business in Solomon Islands.

"Today's information session is the first in a series of workshops to assist local people with opening and operating a business."

The new Companies Act in Solomon Islands is part of a larger regional effort by ADB to introduce company law which is more suitable for small island economies.

The new laws are tailored to suit the business environment in Pacific countries and assist with overcoming high costs associated with geographic barriers in the region. ADB is also supporting company law reform initiatives in Tonga and Vanuatu. The Company Registry and the new business laws, are part of a shared commitment of the Solomon Islands Government and the ADB, towards improving the business environment in Solomon Islands.

## SICCI seeks clarification on council head tax

The Solomon Islands Chamber of Commerce and Industry held a meeting with the Honiara City Council on 30 March 2010 to discuss various issues, including the 1% head tax charged by the City Council on employees that a company employs. The need for clarification follows concerns raised by members of the business community over the tax that now seems to apply to gross salary and not net salary as previously seen. The meeting was between CEO, Mr. Calvin Ziru, and City Clerk Mr. Wayne Hart. Mr. Hart contended that the head tax has been a City Council regulated charge for a number of years. The issue of whether this tax applies to gross salary and therefore non-cash benefits remains unclear, an issue which the Council agreed to respond to in due time.



## TGA COMPLETES PROJECT IN PNG

One of the better examples of how Solomon Islands businesses can extend its scope into regional markets is that of local company, Tropical Glass Aluminum Ltd. (TGA), owned by local Solomon islander Justin Fuo'o. TGA, experts in aluminum and glass manufacturing and construction, recently completed another project with Lamana Development in Kokopo, Papua New Guinea. Lamana Development who was the developer of the newly built Heritage Park Hotel in Honiara, had previously worked with TGA in the construction of the Heritage Park Hotel. The latest project was another Hotel complex called the "Gazelle International Hotel" which is due to be fully completed by the end of May 2010.

TGA was contracted to supply, install and build all glass and aluminum fittings to the project; a major part in the construction of the hotel. The construction team of Mr Steve Francis (Project Manager), Mr Phil Cooper (Site Manager) and Mr Luke Strain (Senior Supervisor) were very impressed with the way that TGA carried out their work on the project.

Projects in outer areas of PNG are notoriously known to be difficult given the challenges of material procurement and transportation involved. The robust environment often makes it difficult for projects to predict completion times. However, despite this and the fact that the project would be TGA's first project outside of Solomon Islands, the local company and its team of dedicated staff and builders performed exceptionally well, not only completing its construction well, but well ahead of time.

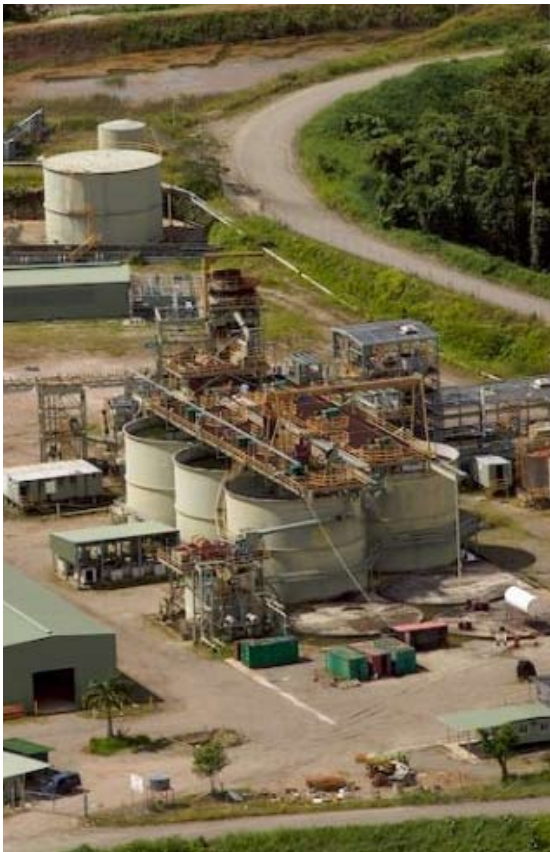
Mr Phil Cooper who also worked on the Heritage Park Hotel project for Lamana Development has only praise for TGA builders for the way they performed their tasks professionally and the way they presented themselves to the local people of Kokopo.

TGA General Manager, Justin Fuo'o expressed great satisfaction at the way the company performed, attributing TGA's success to the fore-planning of their management, which enabled them to understand the project and the elements that they were working with.



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## Gold ridge mine re-launched

The Gold Ridge Mine in Central Guadalcanal has reopened on 23 March 2010 after being closed since the ethnic tension. During the opening, Prime Minister Dr Derek Sikua remarked that the re-launch of the Gold Ridge Mine is a positive sign of national recovery following the years of ethnic conflict.

The mine was closed at the height of the ethnic crisis in 2000 which has significantly reduced the countries revenue in subsequent years. Australian Company, Allied Gold took over operations of the mine in October last year. At the opening it announced an US\$150 million investment to reopen the mine.

Dr Sikua expressed confidence over the positive implications that re-opening will have on the international community particularly in promoting Solomon Islands as a conducive environment for investment. He hopes that this encourage credible foreign companies to see the investment opportunities that the Solomon Islands has.

“I am extremely happy to be here today and to be with you all, feeling gratified by the fact that we have gathered here to celebrate the reopening of the mine by Allied Gold Limited of Australia,” he said. “This has been made possible through the very important political will that translates intentions into actions,” he said.

Sikua said that the groundbreaking ceremony signals a sense of fulfillment for the CNURA Government. The mine has left fond memories of vibrant commercial activities before the destruction of its facilities during the ethnic crisis.

Dr Sikua acknowledged the challenges that Allied Gold has encountered. However, the Prime Minister is pleased to see that their hard work has been fruitful despite obvious difficulties. Re-opening the mine is an important step in the right direction for economic development for this country, Guadalcanal Province and more so tribal communities of the Gold Ridge area.

The Mine is expected to provide higher employment opportunities for local people, development of local businesses; contribute to government revenue through taxes and improved balance of payments through foreign exchange earnings.

## Isabel nickel mine on international tender

The Government today has announced that it will soon put to international tender the Nickel Mine in Isabel Province. Minister for Mines, Energy and Rural Electrification, David Day Pacha made the announcement during reopening of the Gold Ridge Mine in Central Guadalcanal on 21 March 2010.

The announcement is testament of the CNURA government’s strong commitment to expand the local mining industry as one of the major revenue earners, particularly in light of the weakening logging industry.

The reopening of the Gold Ridge mine and the ongoing nickel exploration in Isabel signals that Solomon Islands is back on track to develop its economy after years of ethnic tensions.

“This is a sign of a growing mining industry in Solomon Islands ... it sends a signal of confidence to stakeholders especially investors that Solomon Islands is now a good place for investment,” said Minister Pacha.

In a 2008 tour of Isabel, Prime Minister Dr Derek Sikua expressed strong support for nickel exploration in the province. At that time nickel investment was a mere potential investment opportunity for the people of Isabel and Solomon Islands at large.

Tokyo-based Sumitomo Metal Mining has been exploring for nickel-ore deposits since 2006 on San Jorge and Takataka in Isabel Province. The company has also commenced its expansion of nickel explorations to Choiseul Province last year.

## National leaders agree on mineral revenue improving livelihoods



The Government and the Opposition have both agreed on the direct benefits of mineral revenue on local livelihood. Minister for Mines, Energy and Rural Electrification, Hon. David Day Pacha and Opposition Leader, Manasseh Sogavare made the call in view of the reopening of Gold Ridge Mine in Central Guadalcanal in late March 2010.

“It is very important that revenues derived from this [mining] project are managed in such a way that it contributes to raising the standard of living of our people in Solomon Islands,” Minister Pacha said.

Similarly, Opposition Leader, Hon. Sogavare said that the logging sector has already taught us that mismanagement of revenue from our resources only brought poverty and suffering.

“If we do not learn the lessons from unsustainable development of our forestry sector then we are in danger of repeating this mistake in other sectors. It therefore calls for responsible investment of returns from the development of our resources. This is a shared responsibility involving

the government, the landowners and investors,” Mr Sogavare said.

Prime Minister Dr Derek Sikua led a high level delegation including cabinet Ministers and Senior Government Officials to attend the official groundbreaking ceremony alongside top officials from Allied Gold and landowners of Gold Ridge.

## Regional News

### China-PIFS Scholarships 2010/2011 intake

The Pacific Islands Forum Secretariat is offering ten scholarships to students from Forum Island Countries to study in China .

The scholarships, offered in partnership with China under the China-Pacific Islands Forum Scholarship Scheme, will commence in the 2010/2011 academic year. This is the second year that these scholarships have been offered. The first scholarships were awarded last year and currently nine Pacific Islands students are studying in China under this scholarship scheme.

“The Secretariat is pleased to be able to offer this opportunity to students from Forum island countries,” says Tuiloma Neroni Slade, Secretary General of the Forum Secretariat.

Mr Slade adds: “The rapid growth of the Chinese economy has created many new opportunities for trade with and investment in Pacific island countries. Pacific Islanders educated in China will enhance our people’s ability to take advantage of these opportunities. These scholarships are supported with generous funding from the Government of the People’s Republic of China, an important regional partner. The students who take up these scholarships will benefit not only by bringing new skills home, but will help the region by strengthening and deepening our relationship with China.”

The China-PIFS scholarship scheme falls under the authority of the Ministry of Education of the People’s Republic of China through the China Scholarship Council and covers full scholarship under the following categories:-

<b>Undergraduates</b>	<b>4 – 5 academic years</b>
<b>Master’s Degree Students</b>	<b>2 – 3 academic years</b>
<b>Doctoral Degree students</b>	<b>3 – 4 academic years</b>
<b>Scholars</b>	<b>1 – 2 academic years</b>

These scholarships are in addition to those available under bilateral arrangements with Forum Member Governments.

Courses are conducted in the Chinese language, and applicants with no command of Chinese are required to take one to two years’ Chinese language course studies prior to commencing academic study. Such courses will be arranged by the China Scholarship Council. Students will be required to pass the Chinese language courses before being accepted for academic studies.



# Sustainability in the Solomon Islands Mining Industry

Dr Phillip Tagini, LLB, LLM, PDLP (USP), PhD (Monash)



## What is sustainable mining?

There are two main schools of thought on sustainable mining:

### Strong Sustainability (SS)

- Natural capital and human capital are complements (non-substitutability) – Herman Daly.
- Resource in short supply should be the limiting factor.
- Critical minimum for natural resources eg. Stable climate, biodiversity and life support systems, concentration of stratospheric ozone.

In this regard, a probably definition of sustainable mining is:

“Method of use and extraction where **renewable resources** are used at **rates that do not exceed** their capacities to renew themselves, **non-renewable resources** are used at **rates that do not exceed our capacity to substitute** them and using **no resources** at **rates that exceed the capacity of the natural world** to assimilate or process the waste associated with their use. *Daly, H (1992) Steady Economics, 256 [my emphasis]*

### Weak Sustainability (WS)

- Natural and human capital are substitutes.
- No requirement to maintain a particular stock of resources, but that the total of both natural and man-made capital is maintained over time. (John Hartwick and Robert Solow)
- Definition: A sustainable path...is one that allows every generation the option of being as well off as its predecessors. The duty imposed by sustainability is to bequeath to posterity not any particular thing – but rather to endow them with whatever it takes to achieve a standard of living at least as good as our own and to look after their next generation similarly. Solow, R, An Almost Impractical Step Toward Sustainability (1993) 19 (3) Resources Policy 168

Taking into account SS and WS, Sustainable Mining could be definition:

A holistic approach to minerals development which attempts to satisfy economic, social and environment needs of the present generation without compromising the ability of future generations to meet their needs.

### Importance of Sustainability in SI

- SI is a small island developing country with susceptibilities. Eg. Easter Island and Nauru
- SI comprised of natural resources based communities (78% of population)
- Government is heavily reliant on primary resources (natural resources).
- Fragile eco-systems such as rainforests, coral reefs, mangroves which can be easily damaged by unchecked development

### Mineral Occurrence in Solomon Islands

Region	Mineral
Guadalcanal	Gold (Gold Ridge), Copper (Mbetilonga, Koloula, Poha)
Isabel	Nickel (Jejevo, Takata, San Jorge)
New Georgia	Bauxite (Tirua, Hiriro), Copper (Ezefie, Mase and Humbe Rivers)
Choiseul	Chromite (Siruka), Copper (Manggo), Alumina (Vaghena), Nickel (East Choiseul)
Makira	Traces of gold, copper and zinc
Malaita	Industrial minerals and suggestions of diamond

### The economic contribution of minerals to SI economy

- Alluvial mining has been on-going since the 1930s.
- Gold Ridge Mining (under Ross Mining NL – August 1998 – June 2000), 110,000 ounces of gold and 66,900 ounces of silver. (CBSI 1999 Annual Report published in 2000).
- Although price of both minerals was low in that period, minerals produced SBD\$21 million.

### The economic contribution of minerals to SI economy (1998 – 1999)

Industry	Contribution to GDP (SBD)
Agriculture	42.3 M
Retail and Wholesale	31 M
Fisheries	27.7 M
Minerals	21 M
All other services	78.1 M

### Some current contexts of Mining – the legal framework

- The Constitution is silent on the allocation of powers between the national and provincial government.
- Mines and Minerals Act (MMA), vests ownership of minerals in the state and makes it an offence for any other person to deal with minerals in any way.
- The Department of Mines and Energy (Now the Ministry of Mines and Energy) is the implementing authority for the Mines and Minerals Act.
- The mining rights available are (i) reconnaissance permit, (ii) prospecting license and a (iii) mining lease and

processes are laid down in MMA.

- The mining rights are administered by the Minerals Board comprising of 11 members drawn from the national government, one member from the provincial government and one from landowners from the area concerned.
- Levels of public participation are low and access to information for “ free and informed” decision making is poor.
- Ministry of Mines continues to face shortages of skilled staff, lack of equipment and severe budgetary problems.

#### **Some current contexts of Mining – Land**

- Mining as an issue of control – underlying discussions and disagreements over land, is the fundamental issue of who controls the land and makes decisions – often these are dressed as environmental concerns or indigenous rights v investors.
- Mining as a competing form of land use – land used for mining is land lost to hunting, conservation, forestry development, burial sites and other forms of land use.
- Conflicting between customary law and modern law on mining, eg. the ownership of minerals, understandings on security of tenure.

#### **Some current contexts of Mining – Economic considerations**

- SI economy is largely dependent on a few primary commodities thus susceptible to global economic factors.
- With mining income coming on stream, there will be a temptation to heavily rely on mining income leading to labor distortions – *Dutch Disease*.
- Weaknesses at the macro-economic level may be exacerbated by mining income.
- The level of infrastructure and technology currently in the country is unable to successfully integrate mining infrastructure and technology if introduced.

#### **Some current contexts of Mining – Social considerations**

- Mining Induced Displacement and Resettlement (MIDR) is addressed on a case by case – Gold Ridge relocation to Lunga but there is no established framework which has the capacity to consolidate and implement stakeholder views.
- Mine Closure – unlike other developed mining countries where mine closure is part of the initial negotiations, there is little discussion on mine closure.
- Minerals extraction – and it’s link to conflict.

#### **Some current contexts of Mining – Environmental considerations**

- Environmental impacts vary in extent at both the prospecting and mining stages.
- Environment tends to be the best platform for expression of disagreements over any mining issue.
- Little technical knowledge available to verify the extent of environmental damage. Very little capacity for environmental governance or monitoring.
- Even where mining populations know of environmental legacies elsewhere, the magnitude of environmental harm is often not fully realized until mining starts.

#### **Assessment of mining industry**

Based on the assessments of the current contexts, mining will exacerbate the already precarious economic, social and environmental conditions in Solomon Islands



**SICCI**

Solomon Islands Chamber  
of Commerce & Industry



Website Launch

Business Plan Launch

Membership Forms

Networking



# 2010 OPEN YEAR COCKTAIL

Monday, 19 April 2010

5pm to 7:30pm

Lime Lounge