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Background

This case involves a raid by the police in Enga Province of Papua New Guinea near the Porgera gold mine, in which at least 200 homes were razed to the ground. While the police contend that they were targeting miners with no authorization to mine gold, and only burnt 20 homes, local politicians refuted this account. In addition, girls and women were also raped and the people forcibly removed from their homes have had to seek alternative shelter (MiningWatch Canada, 2014). It has been alleged that Barrick dumps toxic tailings from the mine into the river, while original landowners complain about a lack of compensation and development of infrastructure. Moreover, there have been reported injuries and deaths of small-scale miners close to the mine. Finally, it has also been alleged that the Porgera Joint Venture Mine's security and associated state police have meted extreme violence on the locals (MiningWatch Canada, 2014).

Expected Impact on the Company

It is expected that such concerns will lead to a drop in share value, especially due to obvious lack of transparency on the part of Porgera Company (MiningWatch Canada, 2014). In such a case, investors would be at risk of losing their money because of misrepresentation and failure by Porgera to disclose critical information, such as their environmental compliance and agreements with local communities. On top of making them an unattractive investment opportunity, it will also harm their reputation, especially in light

of conflicts and death in the local community (MiningWatch Canada, 2014). In addition, they could also be liable to huge fines if they are found guilty of environmental permit violations.

Ethical Concerns for the Company

These issues have raised various ethical concerns about the company, despite creating social and economic benefits for the community via resource revenues and job creation. The company has obviously failed to sufficiently consult and engage the local community, while they have not given accurate information about the impact of their mining. In addition, there are environmental concerns about the safety of the mines, as well as lack of transparency about economic compensation and use of the local's land. As a result, Porgera has failed to consider the social, environmental, and economic impacts of their activities, which are all important aspects of ethical mining practices.

Competitive Analysis

As a competitor, such issues have been avoided, especially as the company is aware that the local community expects to generate substantial improvements in their living standards (Ali, 2013). The company has sought to prevent conflicts with the locals by creating open and regular dialogue with the locals to build long-term and stable relationships. As such, a need for a strong team focused on community relations was set up. This will ensure that the community is involved in approval processes for mining operations, while also making an effort to understand the local community and work with them in achieving their expected benefits from the mining (Ali, 2013).

Addressing the Situation

Internally, the mining company should develop an opt-in program for remediation to take care of the victims and their families, which would offer them access to medical care and micro-credit (Ali, 2013). Such a program would be conducted by an independent team with the full support of the mining company, as well as the involvement of human-rights advocates. Publicly, the mining company should attempt to ensure that the locals know they are free to pursue action against persons related to the company, such as in the case of rape and maiming after violence.

Preventing Future Violations

To prevent any violations in the future, the mining company should provide training on voluntary principles on human rights and security to the state police attached to the mine. They may also develop a training program for their staff, locals, and community leaders on negotiating, as well as conflict resolution and reduction (Ali, 2013). In addition, they could also create educational materials that are culturally-appropriate to inform the locals about voluntary human rights and security principles. Finally, they could also develop an external mechanism for grievances to deal with concerns of the community, while also seeking to design alternative economic development activities for the locals to reduce poverty and reduce intrusion into the mine as a result (Ali, 2013).

References

Ali, S. H. (2013). *Mining, the environment, and indigenous development conflicts*. Tucson: The University of Arizona Press.

MiningWatch Canada. (2014, June 11). 200 Villagers' Houses Burnt Down

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