

<http://jakartaglobe.id/business/indonesian-government-asked-recalculate-freeport-mine-damage/>

By : Bernadette Christina Munthe | on 6:52 PM July 26, 2018

Jakarta. The House of Representatives has asked the government to recalculate damage to the environment from the giant Grasberg copper mine operated by the local unit of Freeport McMoRan, the environment ministry said.

A 2017 report by Indonesia's Supreme Audit Agency (BPK) calculated that Freeport's decades-long operations at the mine in Indonesia's remote easternmost province of Papua had caused environmental damage worth \$13.25 billion.

That damage, it said, was largely a result of tailings from the mine that had extended beyond previously agreed limits and which had polluted coastal areas.

The audit also said Freeport Indonesia (PTFI) had missed royalty payments, cleared thousands of hectares of protected forest and began mining underground without environmental clearance.

The environmental issues have presented problems for Freeport and Indonesia, whose state-owned mining holding company, Inalum, hopes to finalize a \$3.85 billion deal to acquire a majority stake in Grasberg this year.

In a meeting with Environment Minister Siti Nurbaya on Tuesday (24/07), the House urged the minister to "ensure that FI fulfills governmental administrative penalties" in accordance with the law, the ministry said in a statement late on Tuesday.

"Commission VII asks the Environment Minister to calculate the value of environmental losses resulting from damage and pollution from PTFI operations, as per the findings of the BPK," Commission VII chairman Gus Irawan Pasaribu said, according to the statement.

Jakarta-based spokesmen for Freeport and Inalum declined to comment.

The House also urged the ministry to "conduct environmental risk analysis and environmental audits on a regular basis," and plans to hold meetings with the ministries of mining and the environment on the matter.

A spokesman for the environment ministry declined to comment further on the legislature's request or provide an estimate on how long this process could take.

Indonesia's mining minister said earlier this month that his office would need approvals from the environment ministry before it could issue a new mining permit for PTFI up to 2031.

Inalum chief executive Budi Gunadi Sadikin told the House on Monday that "regarding the environment, we told Freeport 'the past problems are your sins.'"

However, Budi added, "in future we will take responsibility together."

Budi added the environmental damage from Grasberg was a shared responsibility as the government already held a 9.36 percent stake in the mine.

Budi said a forestry permit for the mine still needed to be issued, and "the Rp 185 trillion (\$12.8 billion) from tailings damage still needs to be cleared up" although he was confident that all the environmental problems could be resolved.

There are 13 of 48 sanctions related to the environmental audit that have not been met yet, according to the environment ministry.

Freeport has said it meets Indonesia's environmental rules.

In April, Freeport shares fell to a four-month low after the environment ministry announced tough new rules intended to comply with the BPK audit, just before the company announced its first quarter earnings.

Since then Freeport had made "progress with the [environment] ministry in addressing these issues and [was] working towards a resolution that we do not expect and the ministry does not expect to adversely affect our operations," Freeport chief executive Richard Adkerson said on July 12.

Reuters