

# Socio-economic benefits and impacts

## Overview

The PNG LNG project is a large enterprise located in communities that continue to depend on a subsistence economy. Notwithstanding this, the project is expected to accelerate the types of change that previous resource development has already brought.

Socio-economic considerations associated with the PNG LNG project include:

- Consulting effectively with stakeholders.
- Providing employment, training and local business development.
- Contributing to health, education and agricultural initiatives.
- Avoiding cultural sites and sacred sites.
- Payment of compensation, fairly and transparently.

The State has responsibility for benefits sharing including local participation, equity, governance and effective distribution.

Chapter 29 of the PNG LNG project's Environmental Impact Statement has a schedule of mitigation measures for the attention of the various parties involved. Examples of measures requiring action by non-project entities include:

- Government revenue management and related fiscal management.
- Maintenance of law and order.
- Distribution of project benefits to landowners.
- Provision of government services to PNG citizens.

## Host community support for the project

The single most important finding of the PNG LNG Social Impact Assessment is the level of support that exists for the project.

- Evidence of the past 18 years, during which communities have been impacted by the oil and gas industry, suggests that affected people have not changed their position of support for the industry.
- Surveys and questionnaires undertaken during the assessment found project acceptance levels nearing 100% in the impacted communities.

## Benefit streams: unique in the developing world

The Benefits Sharing Agreement is a State responsibility and will set the basis for sharing royalties, development levies, equity dividends and other benefits. These benefits have the potential to directly improve the livelihoods of project landowners.

There are several streams of economic benefits that will flow from the Benefits Sharing Agreement.

- **Royalties** – a percentage of the value of production distributed to landowners (60%), Provincial Government (30%) and Local Governments (10%).
- **Grants and development levies** – paid to provincial and local-level governments which host the project. These cover the investments in projects such as water supplies and village roads.



- **Equity dividends** – payments to landowners and local-level government reflecting the beneficial interest in the project.
- **Tax credit projects** – these relate to PNG LNG project-funded infrastructure projects approved by government which can offset against the project's income tax payments.
- **Local business development** – direct business and employment opportunities through local landowner companies who are awarded service and construction contracts by the project.

#### Further information

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Royalty and equity income would be split 40% in cash and 30% each to future generations and community infrastructure trusts.

## Social impacts

Although there will be significant economic benefits, there will be social issues that arise that will need to be managed. These include, among others:

- Community health issues such as sexually transmitted diseases.
- Migration to work sites including illegal settlement.
- Potential social conflict between local populations and employment seekers.

## Land use impacts

With respect to land use and resources, the project will result in little conflict with existing patterns of settlement and agricultural practice.

- The most settled portion of the project area, the Hides gas conditioning plant site, will require relocation of some houses. A detailed Involuntary Resettlement Plan is under development which will explain the proceeds and compensation details.
- Direct impacts resulting from pipeline installation and field facilities will be compensated.
- The LNG facilities site near Port Moresby will have an exclusion zone around the causeway resulting in a fishing restriction. This loss of income through restricted access will require compensation be paid to those impacted.

## Vulnerable groups

The ethnic groups deemed vulnerable are limited to the small populations of Febi and Onabasalu living between Hides and Juha. These people have expressed the strongest support for the project to aid their social and economic development.

The status of women has been a recurring issue across all ethnic groups. More recently women have rejected the status quo and have emerged to embrace an emphasis on modern policies and education.

Capacity building and engagement have resulted and the PNG LNG project will support programs designed to empower women and girls.

## Cultural heritage

The heritage of the project area takes the form of oral tradition, archaeological and historic sites. These sites are numerous and a reflection of the relationship between the people and their environment in a subsistence lifestyle.

The main elements in the cultural heritage management plan are to protect or salvage known cultural sites and to identify and develop appropriate mitigation measures for sites yet to be discovered.

