

ON SHAKY GROUND

PNG LNG and the consequences of development failure





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About Jubilee Australia

Jubilee Australia (formal name: the Jubilee Australia Research Centre) engages in research and advocacy to promote economic justice for communities in the Asia-Pacific region and accountability for Australian corporations and government agencies operating there.

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Executive summary

This report investigates the impacts of Australian-backed, Exxon-led PNG LNG project on the local affected communities. Commencing production in 2014, the project extracts gas, condensate and naphtha from PNG's Highlands and ships these products to a liquefaction plant near Port Moresby by means of a purpose-built pipeline.

Communities identified as part of the Project Impact Area numbered 34,000 people, composed of several different ethnic groups, and spread across around 117 villages. Most of them are located in the highlands province of Hela, and the vast majority are ethnically Huli.

This report is the second in a series of reports exploring the PNG LNG project. It follows the release last month of *Double or Nothing*, a report about the impacts of PNG LNG on the national economy of PNG.

Royalties

Although some royalties have been paid to communities near the LNG plant, the report finds that, four years after the gas has started to flow, no royalties have yet been paid to Hela communities. This appears partly to do with the fact that landowner identification and vetting has not been completed.

Although the companies and the Australian backers of the project argue that landowner identification and vetting is the responsibility of the government of PNG, warnings were made that such landowner vetting would be complicated, and should take place before proceeding. The companies and the backers nevertheless proceeded to ignore these warnings and made the decision to begin the project.

It remains unknown whether trust fund accounts holding the royalty monies are secure and have not been depleted in any way.

Development benefits

On the question of broader development benefits coming to the region, the PNG LNG landowners were entitled to expect delivery of a series of social services and infrastructure projects. These were laid out in both the Umbrella Benefits Sharing Agreement (UBSA) and the Local Benefits Sharing Agreements (LBSAs), one of the most significant of which is the PRL11 Angore LBSA.

According to the research conducted by the authors, the majority of the promised infrastructure and services has not been delivered. Of those projects that have been started, most remain incomplete or stand as white elephants. Landowners are particularly frustrated that the promised infrastructure projects have not been delivered.

Incidents of violence

For the past three years, there has been a series of incidents of violence, sabotage and kidnapping that are clearly connected with frustrations and discontent about the project. The report describes six of these incidents. So far, they have all remained relatively contained, and loss of life has been minimal.

However, since August 2016, the violence has escalated as a more militant younger generation of leaders in Hela begin to flex their muscles. A worrying pattern is developing where the Government appears to be paying off protesters to at least temporarily alleviate discontent.

Future risks

The population's reaction to the devastating earthquake in February 2018, which has killed over a hundred and displaced over 50,000 people, is a cause for concern. Because of the development failures of the PNG LNG project, the earthquake and the reaction to it have unleashed a torrent of anger as to the LNG project's role in the disaster, and it remains to be seen how landowners will respond to the project's reopening.

The moderate response of the operators and the PNG state to acts of sabotage and kidnapping have helped prevent the escalation of any violence to this point. However, the presence of vast amounts of high-powered military weapons in the area, and a potential overconfidence of the military and security services with respect to any uprising, suggest that the ongoing risks of this outcome are real.

Responsibilities of Australian actors

The project was supported by an AUD\$500 million loan via Efic, Australia's export credit agency, in 2009. 80% of this loan came from Efic's National Interest Account as directed by the Trade Minister, who himself was authorised by the Australian cabinet. Other national export credit agencies such as Ex-Im (US), JBIC (Japan) and SACE (Italy) also lent money to the project, as did a consortium of private banks. The situation that the project is in now could not have happened without serious deficiencies in accountability and due diligence on their part.

The main entity that is supposed to provide due diligence for the project financiers, D'Apollonia, has not been up to the task. It has shown poor process and a lack of independence from the lead company, Exxon, which also pays for its services.

Although Australian financial support for this

The project was supported by an AUD\$500 million loan via Efic, Australia's export credit agency, in 2009. 80% of this loan came from Efic's National Interest Account as directed by the Trade Minister, who himself was authorised by the Australian cabinet.

project was made possible by advice from by DFAT and due diligence from Efic, neither agency has released the advice or due diligence, despite repeated requests to do so.

Instead DFAT and Efic officials have attempted to place the blame on 'long-standing tribal conflicts' which represents an attitude that is both misinformed and willfully ignorant. Efic and DFAT officials have also been either deliberately or accidentally misleading in some of their answers to questions about the project in Senate Estimates.

Recommendations to the Government of Australia

1. The Australian Government should require parliamentary scrutiny and approval before any decisions on the National Interest Account are taken, such as via a relevant Senate Committee.
2. The Australian Government should make good on Assistant Trade Minister Mark Coulton's commitment on 1 May 2018 to an investigation into the PNG LNG decision via a formal Senate inquiry.
3. The Australian Government should immediately release the 2009 National Interest Assessment by DFAT which it provided to the Trade Minister recommending Efic support for the PNG LNG project.
4. The Australian Government should order an independent review of Efic's due diligence guidelines for social and economic transactions, with wide parameters and for

Komo valley



which there is some oversight by the Efic Multistakeholder Advisory Group.

5. The Australian Government should require that any further Category A¹ investments by Efic are taken in the context of ensuring that local law has been followed (in particular the completion of land ownership determination before construction begins).

Recommendations to the Export Finance and Insurance Corporation (Efic)

1. Efic should immediately release all its due diligence reporting for the entire lifetime of the PNG LNG project.
2. Efic should cease to use due diligence consultants who are either paid by or receive any other sort of material support from project operators.

Recommendations to the Government of PNG

1. The Government of PNG should re-negotiate a new fiscal agreement with the companies to see that more revenues are flowing to PNG government for development outcomes.

2. The Government of PNG should do a public review of the infrastructure, and social development benefits that were promised in the benefit sharing agreements compared to what has been delivered.
3. The Government of PNG should urgently clarify some of the confusing figures in the most recent EITI reports that royalties and development levies paid by ExxonMobil are not being received, and explanations provided as to why the level of what should be identical payments are so different.

Recommendations to the companies

1. The project joint-venturers should re-negotiate a new fiscal agreement with the government to allow more finances to flow to the PNG government for development outcomes.
2. The project joint-venturers should cease processing any finances through the use of entities in known tax havens like the Netherlands, Delaware and the Bahamas.

1. Category A refers to those projects with significant social or environmental impacts.

Section 1: Introduction

1.1. Overview

The PNG LNG project, which commenced production in 2014, extracts gas, condensate and naphtha from PNG's Highlands and ships these products to a liquefaction plant near Port Moresby by means of a purpose-built pipeline. It is currently producing around 7.9 million tonnes of LNG per year for buyers in Japan, South Korea and China and is projected to run for 30 years.² The project operator is ExxonMobil, supported by the Australian/PNG company OilSearch. Both have stakes in PNG LNG of just under a third. The Government of PNG also has a large stake in the project as does Australian gas giant Santos.

The project was supported through an AUD\$500 million loan provided by Efic, Australia's export credit agency, in 2009. 80% of this loan came from Efic's National Interest Account as directed by the Trade Minister, following authorisation by the Australian cabinet. Other national export credit agencies such as Ex-Im (US), JBIC (Japan) and SACE (Italy) also lent money to the project, as did a consortium of private banks.³

In 2009 the LNG impacted landowners signed an agreement with the PNG government at Kokopo, on the island of New Britain. This agreement, known as the Kokopo agreement,

2. ExxonMobil, PNG LNG Environmental and Social Report—Annual 2016, [https://pnglng.com/media/PNG-LNG-Media/Files/Environment/Environment%20and%20Social%20reports/2016-Annual-ES-Report-FINAL-28-04-2017-FULL-\(ENG-WEB\).pdf](https://pnglng.com/media/PNG-LNG-Media/Files/Environment/Environment%20and%20Social%20reports/2016-Annual-ES-Report-FINAL-28-04-2017-FULL-(ENG-WEB).pdf).

3. A complete description of the companies, the financiers, the government and the landowners, and the role each group plays in the project is provided in Chapter 2 of Jubilee Australia's Pipe Dreams report: Luke Fletcher and Adele Webb, *Pipe Dreams: The PNG LNG project and the Future Hopes of a Nation*, Jubilee Australia Research Centre, December 2012 (henceforth: JARC, *Pipe Dreams*).

promises an extensive range of benefits to landowners. These benefits were to be paid out of revenues generated from the sale of their natural gas.

This is the second in a series of reports that seek to explore and assess the impact of the PNG LNG project in particular and more broadly PNG's commitment in general to resource-fueled development. The first report, *Double or Nothing*, released in April 2018, assessed the impacts that the project has had on the national economy. As part of this task, it examined why the grandiose predictions of wealth and prosperity have yet to materialise.

This second report in the series deals with the local impacts of the PNG LNG project. What development benefits have been delivered to the local communities? What has been the cause of the recent unrest in the region? And how convincing has the response of the agencies that supported the project been?

The report contains the following sections:

- The remaining part of Section 1 places the issue in the overall context of the connection between resource extraction and land disputes;
- Section 2 discusses the question of land-owner identification and royalties and the lack of payment thereof;
- Section 3 describes and catalogues the development benefits that were promised and examines what has happened to them;
- Section 4 outlines the recent incidents of unrest that have been developing around the project since 2015;
- Section 5 discusses the major risks moving

forward, including the risk of serious conflict developing;

- Section 6 assesses the response to these issues made by the Australian agencies that backed the project with a half-billion dollar taxpayer-backed loan;
- Section 7 contains the conclusion and recommendations.

1.2. Resource extraction, land disputes and inequality

The project landowners consist of those groups who own land within the project license areas. License areas broadly cover the area of the gas resource itself as well as land the pipeline runs through, and the land containing the LNG processing facility near Port Moresby (see Map 1). The Social Impact Assessment for the project defined a Project Impact Area (PIA) that covered 34,000 people spread across 117 villages. The PIA includes:

people and places likely to be immediately and directly and/or indirectly impacted by the PNG LNG Project intervention and its associated benefit streams...⁴

The majority of the people impacted by the project live in PNG's Hela Province, which was carved out of the country's Southern Highlands Province in 2012. It includes the major centres of Tari, Komo, Koroba and Margarima. Although the landowners come from a variety of ethnic groups, the vast majority of gas resource land owners belong to the Huli ethnic group.

There has been a tendency for supporters of the project, especially those from outside PNG, to claim that the violence associated with the project is merely a continuation of previous

4. Laurence Goldman, , 'Papua New Guinea Liquefied Natural Gas Project Social Impact Assessment 2008', Appendix 26, *PNG LNG Environmental Impact Statement*, Coffey Natural Systems, 2008 (henceforth: Goldman, 'Social Impact Assessment').

'tribal' violence. The use of this sort of elision by Australian actors in defence of the project are discussed in detail in section 6 below. But a few initial comments about the connection between resource extraction and conflict in PNG are necessary.

Certainly, fighting over material possessions, overwhelmingly over land, has been a dominant feature of PNG highlands society for centuries, much as it has between the nations of Europe. Based on oral genealogical accounts, researchers have been able to date the histories of individual wars between clans to at least the 1830s. However, it is also clear that the introduction of western technologies and resource extraction into this culture changes and escalates the problem in profound ways. The key to understanding the link between resource extraction projects and clan warfare is the inequality that is created by the interest in the resource. Payments to clans are made according to strict geographical boundaries imposed by the resource companies. A clan that occupies land within a particular Petroleum Development License, for example, is eligible for cash payments for use of the land by the company. These boundaries are blind to the existence of clan boundaries that have existed for centuries. Combined with the complex system of land ownership and residence rights, any activity by an oil and gas company that does not take seriously the delicate social environment in which it is operating is bound to result in the troubles that have beset ExxonMobil in the Papua New Guinea highlands to date. It is therefore both superficial and misleading to draw parallels between tribal fighting in the past, and its contemporary iteration.

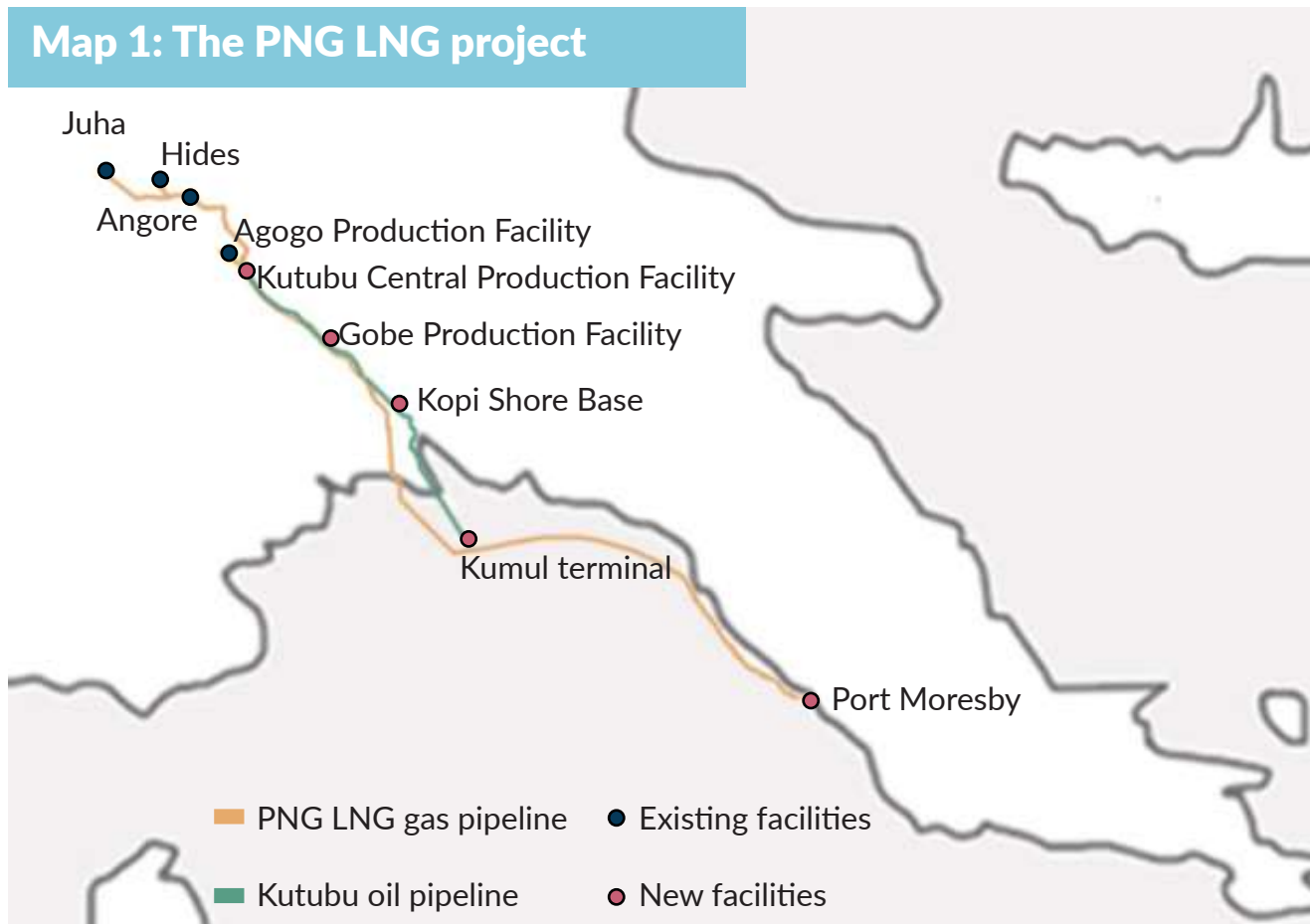
As an example of the conflict that has resulted, intense fighting in an area called Angore in Hela Province dates back to 2005 when Oil Search Limited undertook a survey of the proposed Gas-to-Queensland pipeline. A pre-existing dispute over the ownership of land affected by the survey erupted into violence when the perceived value of the land was suddenly increased by the survey. Two clans, Halapura and Polopu, were joined by supporting clans in a protracted fight that resulted in the deaths of nine people. When

disputes of this nature turn violent, the subject of the fighting is rarely limited to a single, well-defined issue. Unresolved issues such as the failure to pay compensation for war deaths can linger for generations and, when a major war breaks out, these peripheral issues are easily drawn in. Clan members take the opportunity to avenge past killings, or restart an unrelated and unresolved land dispute.

The PNG LNG project indeed significantly increased this ‘horizontal inequality’—certain individuals having access to wealth, mainly from securing business opportunities connected

to the construction boom, while the vast majority of the population remains mired in poverty. This level of horizontal inequality has no precedent in the project area. The marked increase in violent conflict catalogued in the report below, including attacks against project staff and facilities, is therefore a logical result of the development failures of the project itself. Now that the construction phase has ended, in 2014, it would be reasonable to predict that royalty payments will further increase horizontal inequality. However, as the next section describes, no royalties have yet been paid to Hela communities, which is an entirely different problem.

Map 1: The PNG LNG project



Section 2: Landowner identification and royalties

PNG LNG landowners view the payment of outstanding royalties to be the first step that the PNG government can make towards fulfilling the promises it made in the Kokopo agreement. Approximately K5.7 billion in royalties was promised to landowners over the project's lifetime. Moreover, as specific holders of equity stakes in the project, such as CDOA Equity and Kroton Equity, landowners should also be receiving share dividends.⁵

To date, Jubilee Australia is not aware of any royalties being paid to landowners of the LNG resource in Hela Province. Royalty payments commenced for landowners of the PNG LNG facility in Port Moresby in September 2017.⁶ To date an estimated \$300 million in landowner royalties has been accrued, none of which has been paid to the highlands landowners.⁷

The disruption of these royalties has partly been a result of complications of clan identification and vetting. However, there are also suspicions that the monies have not been sufficiently safeguarded and protected in order to reach their intended recipients.

2.1. The benefits sharing agreement and landowner vetting

The PNG LNG project seeks to be compliant with the Oil and Gas Act and its expectation of

5. JARC, *Pipe Dreams*. Table 3, 54.

6. Sonali Paul 'Papua New Guinea starts paying landowners LNG royalties', *Reuters*, 13 September 2017, <https://www.reuters.com/article/papua-lng-royalties/papua-new-guinea-starts-paying-landowners-lng-royalties-idUSL4N1LU2MQ>.

7. Jo Chandler, 'The Resource Curse: Papua New Guinea's boom gas project is burning up', *The Monthly*, May 2018 (henceforth: Chandler, 'The Resource Curse').

To date, Jubilee Australia is not aware of any royalties being paid to landowners of the LNG resource in Hela Province.

Petroleum Development License areas (PDLs). PDLs are intended to be used as the basis for the payment of project benefits, with those living inside the PDL eligible for payment. However, identification of who has a claim on being a member of a certain PDL is complicated by the complexities of Huli social organisation described in Box 1. Moreover, in the context of a resource extraction project, where certain portions of land acquire greater value due to their proximity to the project, disputes over land ownership often results. As required by the PNG Oil and Gas Act, landowner beneficiaries are supposed to be identified prior to the granting of licenses in respect of a petroleum project. Where landowner beneficiaries have not been identified, or there is a dispute as to who should be identified, the Minister may make the determination. The Minister may also direct royalty monies that are subject of the dispute to be held in abeyance.

The 2008 Social Impact Analysis (SIA), written before the project was approved, warned ExxonMobil and its partners that 'adherence to [the Benefits Sharing Agreement] is likely to be encumbered by the inter-ethnic baggage of both pre and post-colonial relations in the region'. In other words, it warned that there were likely to be problems. It also recommended that a number of principles under which the benefits sharing agreements should take place, particularly the one of transparency.⁸

However, these warnings went unheeded when it came to PNG LNG. The umbrella benefit sharing agreement (UBSA) was held in a

“***In this project, despite s. 47 of the Oil and Gas Act, both the State and the developers have failed to properly identify the true and correct landowners.***

-PNG's Supreme Court

decidedly unorthodox and non-transparent manner, thousands of miles away in Kokopo, on the island of New Britain, and in circumstances in which Transparency International Representatives were ejected from the meeting.⁹ Lawyer and former MP Alfred Kaiabe, who co-wrote the PNG Oil and Gas Act, was also evicted from the Kokopo forum when he protested its legality. In a subsequent letter to ExxonMobil's Peter Graham, he called the UBSA a 'fraud' and that the 2,000 signatures on it were 'cheaply and fraudulently obtained'.¹⁰

Moreover, the project was initiated before the landowner mapping was completed. The process was such that, prior to Social Mapping being undertaken, the Department of Petroleum and Energy met with the anthropologist consultants undertaking the work to discuss what the Government required and what could be achieved given the 12 week time-frame allowed for each social mapping report. This process only allowed for clans and sub-clans to be identified, leaving the more complex and time-consuming work of identifying landowner beneficiaries to be completed later. The process has since been stalled since 2010, as the landowner identification has become tied up in PNG's court system as a result of several legal claims.

There has been some debate as to whether or not this failure to fully complete landowner identification before the start of the project was

8. Goldman, 'Social Impact Assessment', page nr?

9. JARC, *Pipe Dreams*, 31.

10. Ian T. Shearn, 'ExxonMobil's New Guinea Nightmare', *The Nation*, May 19 2014 (henceforth: Shearn, 'ExxonMobil's New Guinea Nightmare'). <https://www.thenation.com/article/exxonmobils-new-guinea-nightmare/>.

a breach of PNG law. In a recent judgement over the identification of land owners in relation to a logging operation, PNG's Supreme Court used the PNG LNG project as a "clear case on point" of the broader problem of failure to identify landowners prior to undertaking resource extraction:

In this project, despite s. 47 of the Oil and Gas Act, both the State and the developers have failed to properly identify the true and correct landowners, properly organising them into ILGs, to enable the landowners to fairly and meaningfully enter into negotiations with the developers and the State and for the developers and the State to seek and secure from the true and correct landowners through their duly elected or appointed leaders the landowners free and informed consent and approval and ultimately, their social license to operate.¹¹

But some have pointed to the fact that it is not so simple. A University of Otago study in 2012 argued that the companies were probably acting within the letter of the law, a position that has also been taken by anthropologist and consultant to the project Colin Filer.¹² Many point to inadequacies of the existing legislation and a lack of proper guidance from the government as major factors. As Stephen Howe and Sam Koim argue, new regulations have made the registration of landowner groups more complicated; and the legal ambiguities have been a cause of the issue becoming tied up in PNG's court system.¹³ On top of this, the government does not appear to have had sufficient plans, capacity, or budget to tackle the problem.

11. Pacific Islands Legal Information, "*Rimbunan Hijau (PNG) Ltd v Enei [2017] PGSC 36; SC1605*," 25 December 2017, <http://www.paclii.org/pg/cases/PGSC/2017/36.html>.

12. James McIlraith, *The Community Good: Examining Influence of the PNG LNG Project in the Hela Region of Papua New Guinea*, University of Otago, May 2012, 32-33.

13. Stephen Howe & Sam Koim, 'PNG Landowner Royalties: Why So Long?' *Development Policy Blog*, December 2016. <http://www.devpolicy.org/png-lng-landowner-royalties-long-20161216/>.

But even if it is true that the government bears much of the blame, this does not eradicate the fact that the companies were warned about the dangers of the path that they were heading down and yet chose to proceed. Filer says that he advised Exxon in 2006 that more extensive landowner identification would be needed before the project started. He said:

Basically these guys in Texas can't see the point. They don't seem to ever have been able to adapt their management style to the realities of Papua New Guinea.¹⁴

By the time the construction was underway, ExxonMobil received further information that laid out the existential threat that incomplete landowner identification and unpaid royalties posed to the project. This situation, an internal report warned, constituted the greatest risk to the project's success. The report also warned that PNG's own legislation was ineffective and inappropriate in that it failed to comprehend the system of land ownership that exists for the Huli landowners.¹⁵

While this report agrees that technically the companies may have followed the letter of the law, nevertheless they behaved extremely

recklessly. As Jubilee Australia concluded in 2012:

When it comes to the critical issues of landowner identification and negotiation, on which the success or failure of the Project may ultimately rest, responsibility for oversights and failures in due diligence technically rests more with the PNG Government than the Companies. Nevertheless, the Companies were aware from a very early stage that the Government would in all likelihood not be meeting its obligations on this matter.¹⁶

Rushing to meet their own financial deadlines, the companies ignored the warnings about treading carefully and taking time to get things right and, as with the benefits sharing agreement, rushed headlong into the project without thought for the consequences. Now, four years and over 300 shipments since LNG production began, landowner beneficiaries at the site of resource extraction are yet to be identified.

14. Chandler, 'The Resource Curse', 32.

15. ExxonMobil's internal Community Affairs reporting.

16. JARC, "Pipe Dreams", 5-6.

Hides Gas Conditioning Plan at dawn



Box 1: Huli social organisation

Huli rights to land involve the two overlapping concepts of ownership and residence, and the right to engage in disputes over land ownership traditionally only exists for men. This produces not a single land ownership right, but a tiered system of overlapping claims to land ownership and residence rights. At the top of this system are males who can trace their paternal ancestry to an original ancestor of an area of clan land. These are the 'land fathers' or 'source' owners and the ones who should, in theory, receive and distribute royalty monies and other benefits. Below this group are men who live on the land of their wives' fathers or on their mother's family's land. This second-tiered group has rights to live on land that they are connected to via female links, although they have secondary status. A third group consists of individuals who have a friendship relation to a source landowner who has given them permission to live on a piece of land. Once a person has lived for a time and worked the land through agricultural activities, they further cement their rights to that land. Men who settle on their mother's land will, after a few generations on that land, begin to claim the higher status of land father. These claims to land ownership and residence rights change over generations as people accumulate deeper histories of land occupation and use. These histories are often contested, and when a dispute arises over who should own a piece of land, these overlapping historical claims can be extremely complex and difficult to negotiate. Furthermore, in contrast to many other parts of the PNG mainland, there is no well-established form of Big Man leadership in Huli culture. To put this colloquially, there are no real chiefs as such, only people competing for power. What this means in practice is that the process of identifying landowners in the Hela region is even more complex than in other parts of PNG.

Huli women traditionally have rights to their own garden land. However, new forms of land value created by the PNG LNG project means that women are increasingly marginalised from their traditional rights to land. Demand for royalties are being made by men, all clan representations are made by men, and payments for land taken up by the project have all gone to men.

2.2. Unpaid royalties

With landowner identification incomplete for all communities except those around the liquefaction plant, no communities in Hela have received any of the K300 million or so of royalties to which they should have been entitled. A further question is, when the landowner identification is finally complete, will the money that has supposedly be held in trust still be there?

Royalties are controlled by PNG's Department of Petroleum and Energy and the Mineral Resources Development Company (MRDC). Jubilee's 2012 report *Pipe Dreams* revealed serious governance deficiencies in the MRDC back in

2012. Many of these concerns date back to a 2008 investigation by the PNG Ombudsman's Commission, which found that the MRDC distributed benefits belonging to particular landowner groups without the knowledge or consent of those groups, and that trustee company Board meetings took place in Queensland. *Pipe Dreams* concluded:

If transparency requirements for the MRDC were improved, and enforcement for breaches were applied, the risks of funds not reaching their targets would be reduced. Yet the political and institutional hurdles to achieving this are significant.¹⁷

There is now widespread suspicion among landowners that LNG royalties which are supposed to be managed by the MRDC have been stolen or misappropriated.

The internal ExxonMobil report mentioned above stated that the Papua New Guinea Mineral Resources Development Company, and its Department of Petroleum and Energy, have been compromised by corrupt individuals. Royalties and other benefits to landowners were likely to be stolen and an equitable method of distributing benefits did not exist.

As far as the companies themselves are concerned, the delay in payments of the royalties has only been due to legal disputes over clan vetting and landowner identification and not to any loss of funds. In response to a series of questions regarding the payments made by Jubilee partner The Australasian Centre for Corporate Responsibility (ACCR), Oil Search said:

Continuing land ownership disputes between landowner groups represent ongoing impediments to benefits distribution. Resolution of these disputes is primarily driven by activities of the Department of Petroleum.

In response to questions by Jubilee/ACCR about misappropriation of funds, Oil Search also denied that any of the monies have been stolen. In the ACCR memo Oil Search said:

It has been confirmed that outstanding benefits payments are being held in trust with the Bank of PNG. This was also demonstrated to landowners at Hides in the last quarter of 2016.¹⁸

However, there is now widespread suspicion among landowners that LNG royalties which are supposed to be managed by the MRDC have been stolen or misappropriated. This perception was cemented during 2016 when Transparency International revealed that 8 billion Kina was missing from public trust funds, to which PNG's Prime Minister Peter O'Neil admitted.¹⁹ Whatever the reasons, the lack of payment of royalties remains a sore point and a major motivation for the project unrest detailed in Section 4.

17. JARC, "Pipe Dreams", 61

18. Oil Search Memorandum to ACCR, 'Responses to Questions Regarding the PNG LNG Project', 4 April 2017.

19. Adam Connors and Anne Barker, 'Papua New Guinea shooting: Why were students protesting against Peter O'Neill's Government?' ABC News, 8 June 2016. <http://www.abc.net.au/news/2016-06-08/papua-new-guinea-violence-student-anger-at-oneill/7492874>.

Huli wigman



Section 3: Development benefits: promised vs delivered

One of the common misconceptions about the landowners' grievances is that their frustrations are focused solely on the issue of royalty payments. However, royalty payments are just part of the promises made to project communities. The other arguably more important part is development promises.

3.1. The development benefits promised

The Kokopo Agreement also outlined material benefits such as badly needed infrastructure developments including roads, power supply, hospitals, schools, vocational training, and local business developments.

The Kokopo UBSA specifies several development promises including a list of "high impact infrastructure", which includes:

- Kikori-Kutubu-Tari-Koroba-Kopiago North Coast road
- Komo to Tari road sealing
- Hela City Development (first phase)
- Komo Township
- Magarima Township
- Kutubu Township
- Koroba Township (including hospital)
- Nogoli Growth Centre²⁰

Further agreements have been made specific to petroleum license areas, known as Local Benefit Sharing Agreements (LBSAs). For example, a LBSA was made for Petroleum

Retention License (PRL) 11, which covers a vast proportion of Huli territory. There were also specific development projects specified in the LBSAs signed with each smaller land group. These agreements often specified a list of infrastructure projects to be completed. The PRL11 LBSA, specified the following:

- Angore Growth Centre (inclusive of Rural Electrification Project, Housing Project, Water Supply Project, Sewerage Project and Rural Communication Project)
- Puren Growth Centre (inclusive of Rural Electrification Project, Housing Project, Water Supply Project, Sewerage Project and Rural Communication Project)
- UPNG Hela Campus
- Unitech Hela Campus
- Hulia Growth Centre (inclusive of Rural Electrification Project, Housing Project, Water Supply Project, Sewerage Project and Rural Communication Project)
- Hela Agriculture Research Centre
- Awatangi Growth Centre (inclusive of Rural Electrification Project, Housing Project, Water Supply Project, Sewerage Project and Rural Communication Project)
- Komo Ring Road
- Tari - Linapini - Angore - Awatangi - Komo Road²¹

20. PNG LNG Project, 'Umbrella Benefits Sharing Agreement', Version 4, 20 May 2009, p. 24.

21. PNG LNG Project, Angore PRL11 License Based Benefits Sharing Agreement, December 2009, p. 14.

The location of the major development benefits are shown in Map 2 below, and they are, in theory, perfectly reasonable given the size of the PNG LNG project. If the predictions made by the Acil Tasman report (see Double or Nothing report) had been reliable, then development projects such as those described above are exactly what the landowners would rightly have expected to have been achieved, or in the process of being achieved.

3.2. The reality

This infrastructure was to be delivered by a couple of mechanisms, as outlined in Pipe Dreams. Firstly, there was K5.27 billion of development levies, to be collected by the Provincial and Local Level Governments. Second, there was a further approximately K1.9 billion of other grants, such as the Infrastructure Development Grants, the Business Development Grants, and the High Impact Infrastructure Grants, all of which were to be tendered out to the Landowner corporations (LANCOs).

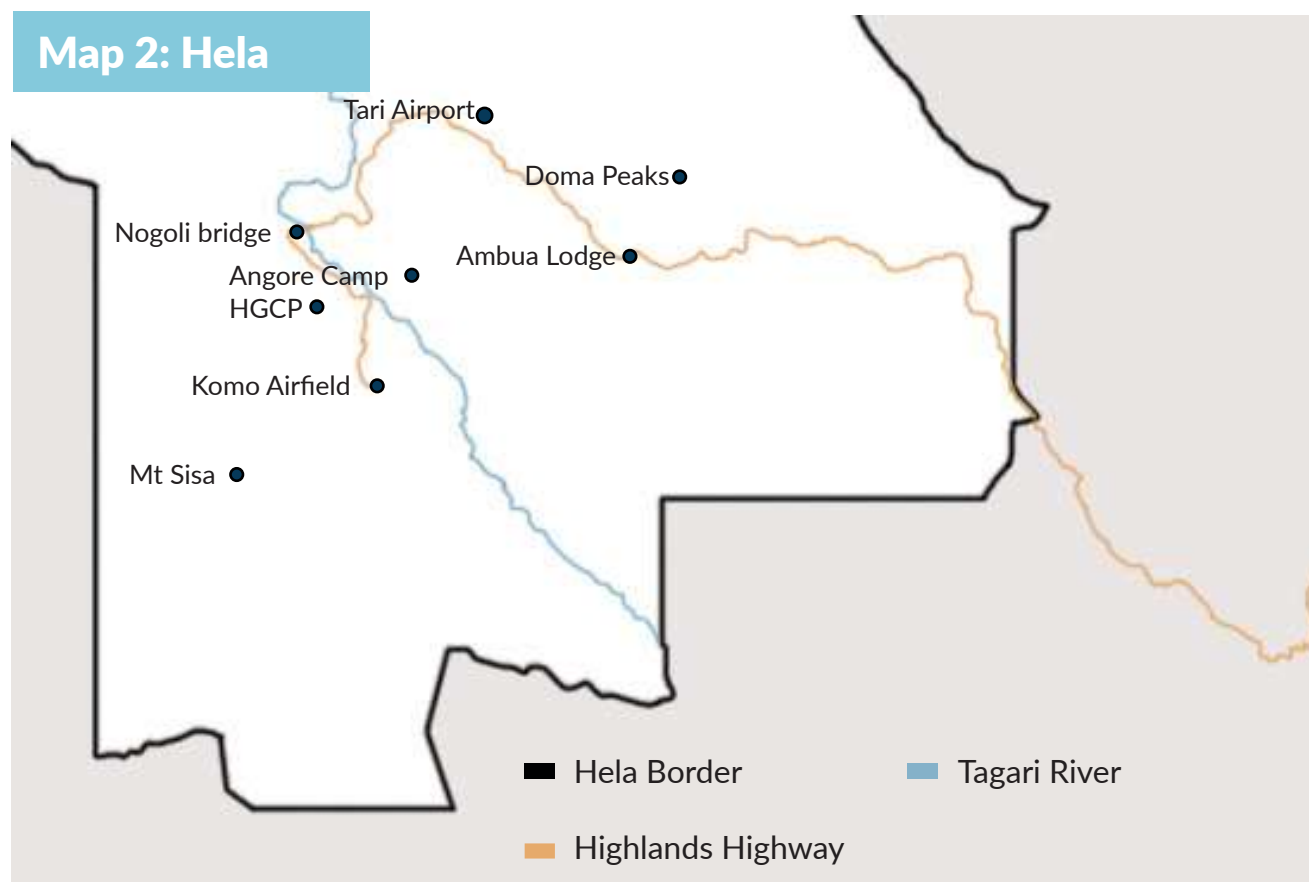
Both the development levies and the grants spending were to be overseen by an Expenditure Implementation Committee (or EIC).²² Concerns with the EIC were raised in Jubilee’s Pipe Dreams report.²³ We have not been able to establish through our investigations whether the EIC is currently operational.

The co-author of this report spent seven months conducting research in Hela Province and was able to witness first hand the complete absence of the vast majority of promised infrastructure projects, and the failure to implement functioning versions of those projects that had been attempted.

Of those few projects that were commenced, some have turned out to be white elephants, such as the Komo Hospital (see box 2 below). Others remain incomplete and without the capacity for ongoing operation or maintenance. The roads that have been sealed around Tari

22. See JARC, *Pipe Dreams*, Table 3, 54.

23. JARC, *Pipe Dreams*, 60-61.



for example are beginning to degrade, as roads in tropical highlands climates need ongoing maintenance to remain functional. Tari airport does not even have a security fence, and on one occasion the researcher was required to chase away a cow that had wandered on to the airstrip away from the Air Niugini plane that was coming in to land. Air Niugini suspended flights to Tari the next day until the safety of its aircraft could be guaranteed.

Finally, there is the problem of project infrastructure that is causing problems in other ways i.e. the Komo airport (see Box 3).

Huli landowners of the PNG LNG project's gas reserves interviewed in December 2017 expressed their frustration with the lack of plans as to how the promised infrastructure would be delivered.²⁴ Because these development benefits have not been realised, the communities that have been displaced to make way for ExxonMobil's facilities have formed into

squatter settlements around these facilities. A local ExxonMobil employee at Hides said that local landowners, and also those in the wider Hela community, have yet to receive the promised projects. He said there were no plans to show how and when to deliver the markets, police stations, schools and other institutions, better sealed roads, hospitals, power supply, water supply, or the resettlement plan:

ExxonMobil came in to convert our natural habitation within the project area communities into squatter settlements. The government does not have an outlined plan to deliver the promises."²⁵

24. Some landowners were interviewed at Hides, while other landowners travelled to Tari for interview. Interviews were conducted by James Komengi : *My Insight on the uprising at the PNG LNG Project*, interviews and analysis conducted by James Komengi of the NGO Young Ambassadors for Peace, December 2017.

25. Interviewed at Hides, December 2017.

Komo airport



Box 2: The hospital at Komo

A related problem has been the construction of white elephants where LNG money has been corruptly used to build infrastructure with no services to support them. One of the starkest examples is the hospital that was built at Komo, which was supposed to form part of the development of the Komo township. The hospital was built by a politician who used his own construction company to construct the facility at inflated prices. The result is a hospital with no equipment, staff, fuel for its generator, or even beds. On 5th August 2016 the Komo hospital was visited by Peter Botten of Oil Search. Botten commented that “the hospital was built for political reasons” and was not part of the national health system. Botten was inspecting the hospital with a view to incorporating it into the Hela regional health system, for which the Oil Search Foundation had assumed responsibility. During 2016 Peter Botten became chair of the Tari hospital board, and at the Komo hospital site he expressed his view that it was sad to see such a good facility go to waste. For all of Botten’s encouraging words, the Komo hospital remains an empty shell and a classic PNG LNG white elephant.

Inside Komo hospital



Komo hospital ward room



The project joint venturers have also made specific development promises that have not been fulfilled. One of these was for an ongoing educational training facility at Juni, located in Hela Province close to Oil Search’s Nogoli camp. The two posters in Appendix 1 were distributed to Juni residents by ExxonMobil’s community engagement personnel in June 2010. PNG government representatives promised the Juni facility as part of their acquisition of land for the PNG LNG project.²⁶ The facility is included in the benefit sharing agreement for Project Development License Area 1. Huli landowners were told that the Juni training facility would act as a secondary technical college, providing training in various trades for the young people of Hela Province. ExxonMobil, however, used the training facility for training in Level II in General Construction and Civil Construction during

the construction phase of the project, where a few dozen people were trained. After the construction phase ended, and training specific to the construction of the PNG LNG project was no longer required, the facility was allegedly handed over to the PNG government in June 2014.²⁷ However, rather than being used by the people of Hela, ExxonMobil currently uses the facility to accommodate its security personnel and staff in transit.²⁸ The unmet promise of the Juni training facility continues to be a source of grievance against the project and the project’s operator.

26. ExxonMobil, Report from Lands and Community Affairs, Upstream North.

27. “Handling over facility,” *The National*, 4 December 2014, <https://www.thenational.com.pg/handling-over-facility/>.

28. Interview with Nogoli resident at Tari, December 2017.

Box 3: Komo airfield

Another of the broken promises relates to the construction of the vast Komo airfield. The 3.2km long airfield resulted in a fenced-off security perimeter approximately 5km long by 3km wide. This had the effect of cutting off many families from easy access to the Komo township and market. Prior to the construction of the airfield these families were able to walk into town and access nearby schools via the walking tracks that were cut off by the airfield. According to ExxonMobil's internal reporting, this matter was raised in 2009 and ExxonMobil responded by promising that an access road would be constructed around the perimeter of the airport.²⁹ The contractor hired to do this work went broke and the roads were never built.

At the same time ExxonMobil's Community Affairs personnel were making verbal promises that the airport, which is an international airport, would be open for public use after the construction phase was over. Locals were expecting an influx of tourists into the area and started building guest houses as a result. The airport, however, remains closed to the public and its use is strictly confined for ExxonMobil purposes only. A logistics contractor for ExxonMobil explained that ExxonMobil never intended to open the Komo airport for public use, because the PNG state does not have the capacity to operate a large airport in such a remote part of the country.³⁰ Was the promise of the Komo international airport simply a lie told for the purposes of enabling the construction of the PNG LNG project?

29. ExxonMobil, Report from Lands and Community Affairs, Upstream North.

30. Author interview with ExxonMobil logistics contractor, Brisbane airport, February 2014.

Section 4: Escalating tensions in the project area

4.1. Incidents of violence against the project

Reported incidents of violence between locals and security forces in association with the project go back to as early as 2012.³¹ However, since the end of 2015, there have been a series of incidents of escalating tensions in the project area. These are detailed below in chronological order.

December 2015 – Attack on PNGDF at Komo

In December 2015, a group of PNGDF soldiers, who were being paid to protect the Komo airfield and other PNG LNG infrastructure, intervened after a clan member was shot and killed. The soldiers, after becoming intoxicated on beer consumed during the evening, raided a funeral ceremony (haus cry) for the recently deceased clansman. The soldiers attempted to drive their vehicle through the gate into the compound, but crashed into a deep drainage ditch around the perimeter that they did not see in the dark. According to witness accounts, the clansmen of the deceased, thinking that the soldiers were taking sides in their dispute, rushed the soldiers' vehicle, took possession of their weapons, and shot two of them dead. Following that incident, the remaining PNGDF were removed from being stationed at Komo and have not been returned. Eight months later landowner leaders organised an armed blockade of the Hides Gas Conditioning Plant (HGCP).

August 2016 – Armed blockade of HGCP

On 7th August 2016 a group of armed landowners forced entry to the HGCP site and several gated well pad areas, before blockading

the plant site and requesting that ExxonMobil shut off the gas supply (a well pad is a flat area of land that has been cleared for drilling for oil or gas). A subsequent report by the consultant D'Appolonia found:

Since the last IESC field visit there has been one serious incident in August where community members around Hides requested that the HGCP be shut down. Hired “non-locals” entered Wellpads with guns. Wellpad B was shut-in and looted; Wellpad F was looted with equipment damaged. A Government contingent met with community leaders for several days and signed an MOU with commitments to be met within 14 days; these commitments are still yet to be fulfilled.³²

Despite the claims made by D'Appolonia, the blockade was in fact organised by an elite group of local landowner leaders who reside and work in Port Moresby. These leaders had been involved in court proceedings against the state for the release of royalty payments to landowner groups as promised in one of the LBSAs signed in Kokopo in 2009. When the court refused to recognise their status as landowners, these leaders came to Hides to organise their clansmen, who were also entitled to be receiving benefits from the project. Through these efforts they entered the HGCP and well pads before blockading the site and demanding that government representatives come to Hides to hear their demands.³³ The blockading of the PNG LNG project at Hides

32. D'Appolonia, 'Independent Environmental & Social Compliance Monitoring', November 2016, 53.

33. Michael Main, 'Papua New Guinea gets a dose of the resource curse as ExxonMobil's natural gas project foment unrest', The Conversation, 9 March 2017, <https://theconversation.com/papua-new-guinea-gets-a-dose-of-the-resource-curse-as-exxonmobils-natural-gas-project-foments-unrest-70780>.

31. Shearn, 'Exxon's PNG Nightmare'.

was overwhelmingly supported by the local community, many of whom participated in the armed blockade with the assistance of individuals from other parts of the province. The practice of eliciting the support of well-armed individuals from neighbouring clans has been traditionally used as a method of prosecuting conflict over land ownership as well as other issues, which is something that was noted by early ethnographers.³⁴

The D'Appolonia report went on to claim, somewhat dubiously, that:

Consistent with previous civil unrest, the protests are not against EMPNG, but related to Government benefits. The continued lack of Government response likely means that adverse community interactions are likely to continue.

The flaws in the D'appolonia work are discussed at length in section 6.

November 2016 – Shootout at police roadblock

In November 2016, there was a shootout at a police roadblock on the road between Komo and Hides. During this incident a policeman was wounded, which resulted in police retaliation and the burning by police of several dozen homes in the area. This incident turned the opinion of local communities against the presence of police and security officers, where previously they had been viewed as a benign presence stationed to protect the assets of ExxonMobil. A victim of these reprisals, who had some of his property destroyed including car parts, requested an amount of 12,000 PNG Kina (AUD \$4,780) in compensation. On one particular day ExxonMobil security staff abandoned a vehicle by the side of the road during work. The aggrieved landowner then notified ExxonMobil's Community Affairs staff that he intended to retrieve the vehicle as compensation for his earlier claim. The landowner was then assaulted by ExxonMobil's security staff.³⁵

34. Robert Glasse, 'Revenge and Redress among the Huli: A Preliminary Account', *Mankind* 5, no. 7, 1959, 273-89.

June 2017 – Hostage taking at Komo airport

In June 2017, armed men cut through the security fence around the Komo airport terminal, before entering the area and taking hostage two female environmental scientists who were contracted to ExxonMobil. This act was triggered when members of the police mobile squad stationed to protect the assets of the PNG LNG project had intervened in fighting in the area, resulting in the arrest of one man who was being held in the police lockup at Tari. In response, the clansmen of the arrested man held the two women in demand of his release.³⁶

October 2017 – Attacks against PNG LNG supply lines

In October 2017, the trucking company, Trans Wonderland, that carries supplies to the PNG LNG project site in Hela Province, cancelled its operations amid constant attacks against its vehicles. Fighting along the road between Tari and Hides resulted in an excavator being used to cut supply to the PNG LNG project by digging up the only road access.³⁷

November 2017 – Attack on Angore Camp

In November 2017, armed locals attacked ExxonMobil's Angore camp, where they set fire to several vehicles and buildings, and took an ex-patriate security officer hostage. The attack was in retaliation for the November 2016 police roadblock shootout detailed above. The locals captured the officer, whom they planned to tie up and throw alive into the nearby Tagali River. The security officer was only saved by the intervention of a local pastor, who managed to convince the landowners to let him go. However, on 21st November, ExxonMobil evacuated all non-essential staff (around 100 personnel) from its facility at

35. Phone Interview conducted by James Komengi, December 2017.

36. Interview with Komo residents, Komo June 2017.

37. Rebecca Kuku and Gynnie Kero, 'Clans dig up road', *The National*, 2 November 2017. <https://www.thenational.com.pg/clans-dig-road/>.

Hides. For several weeks that followed, the PNG LNG project was forced to operate with a bare minimum skeleton staff.³⁸

4.2. "Mild violence": A change in leadership and strategy

The escalation of violence against the project that has occurred since August 2016 is part of a systematic attempt to force the PNG government into making good on its promises. Local landowners interviewed about the recent

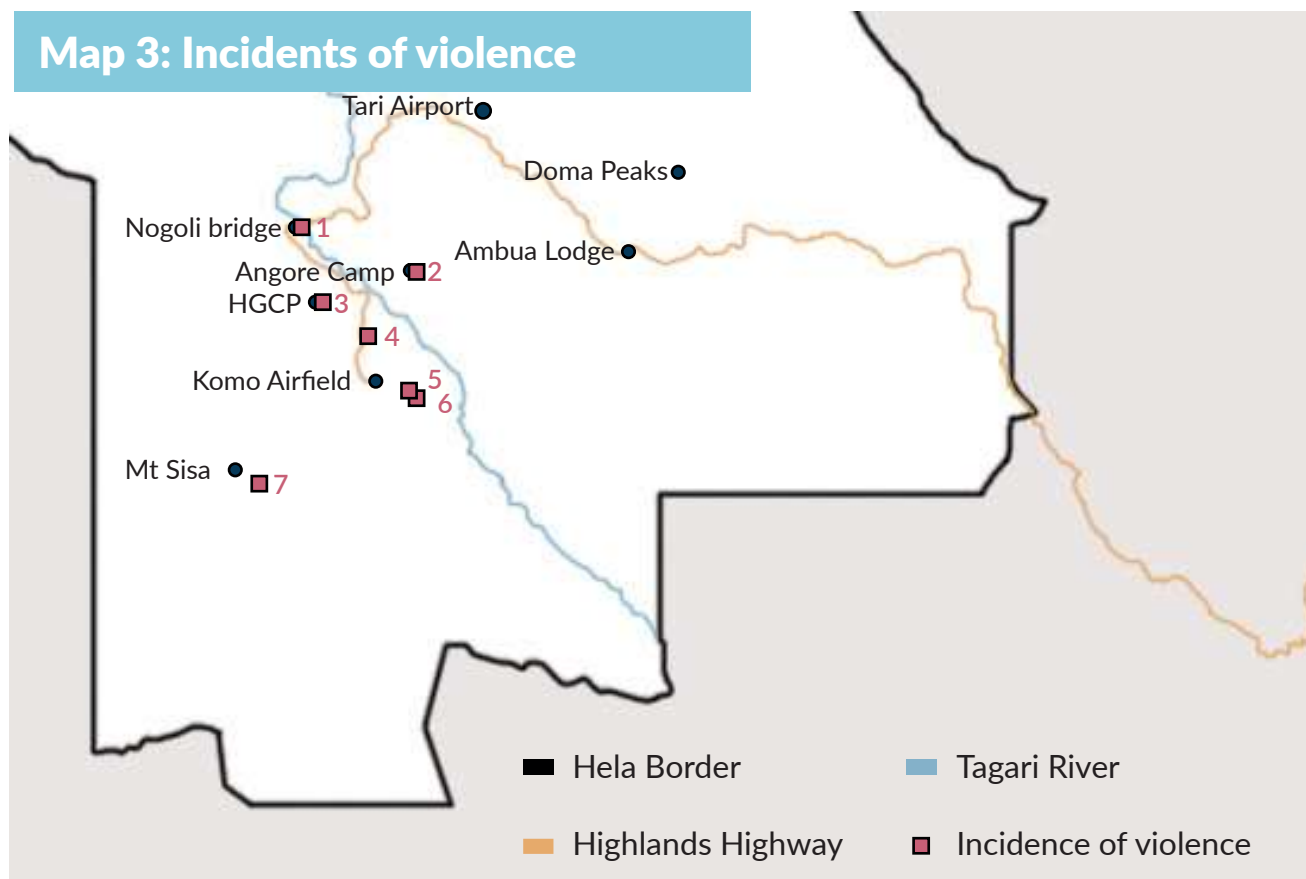
38. Sonali Paul, "ExxonMobil stops non-essential work in PNG highlands due to unrest," *Reuters*, 23 November 2017. <https://www.reuters.com/article/us-exxon-mobil-papua-lng/exxonmobil-stops-non-essential-work-in-png-highlands-due-to-unrest-idUSKBN1DM2YC>.

“*ExxonMobil is a mafia pushing money to politicians, the government, police, and a few landowner leaders*

- Landowner

attacks reveal a distinct change in strategy in their efforts to receive the promised benefits from the project. The landowner leaders who had organised the blockade of the HGCP were no longer involved. These leaders are an elite group of individuals living in Port Moresby. Subsequent to the blockade that they organised in August 2016, these same leaders were sent back to the highlands to assure the local landowners that project benefits were coming whenever new threats emerged against the project. In short, and as suggested by several prominent political leaders, the landowner

Map 3: Incidents of violence



1. Nov 2017 - Heavy fighting at Nogoli bridge
2. Nov 2017 - Armed attack on Agore camp
3. Aug 2016 - Armed blockade of HGCP
4. Nov 2016 - Shootout with police at road-block

5. Dec 2015 - Three PNGDF soldiers shot
6. June 2017 - Hostage taking of two environmental contractors
7. Feb 2018 - The epicentre of the earthquake

leaders were being paid substantial sums of money to encourage the locals to keep the peace. As a consequence, these landowner leaders have lost their authority. Following the attack against the Kobalu camp, which led to associated protests at PDL 1 (Oil Search's Nogoli camp) and PDL 7 (Exxon-Mobil's HGCP), the landowner leaders were again flown in from Port Moresby to assist in dialogue between the local landowners and ExxonMobil. However, this time the local landowners refused to allow these leaders to participate. The locals stated that those leaders had only turned up because they were on the take and that they no longer had any authority. This represents a fundamental shift in the power dynamics among landowners of the

PNG LNG project's gas reserves. One landowner stated his view that

ExxonMobil is a mafia pushing money to politicians, the government, police, and a few landowner leaders.³⁹

A new leadership is emerging from the vacuum created by the compromised position of the older leadership group. According to James Komengi, who runs the NGO Young Ambassadors for Peace in Tari, the new approach to dealing with grievances over the PNG LNG project amounts to the use of "mild violence" against the project and its personnel.

39. Interview with landowner. Hides, Dec 2017.



Previously, the landowners had been careful to avoid damage to the project infrastructure and especially its staff by limiting their actions to blocking the supply lines to the project. However, the decision to include what the landowners describe as “mild violence” is now considered to be standard procedure.

Admittedly, the strategy has showed some signs of success. Following the attack at Kobalu in 2015 the PNG government made a promise to pay an initial sum of 35 million Kina to landowners (20M for PLD1 and 15M for PDL7). When a group of representatives from the Hela Provincial government visited the LNG Project site in December 2017 they described the impending payment as “money for refreshment”, which refers to the provision of cans of soft drink that commonly occurs during any organised community meeting. The landowners are therefore expecting much larger payments to follow, otherwise the prospect of further violence is readily at hand. The promise of payment is directly linked to the hostage-taking of Oil Search staff at Kutubu on 12 January, 2018. The landowners of PDL5 and PDL6 organised a protest and held hostage two Oil Search staff, resulting in the temporary shutdown of Oil Search’s operations. These landowners saw that hostage-taking was effective in facilitating payments to PDL1, as described below.⁴⁰

The even greater danger is that LNG royalty payments have become a political tool that has the potential for disastrous consequences. In January 2018 the PNG government paid the K20M share of the K35 million referred to above into the bank account of the Development Authority for PDL1. However, according to sources in Hela Province, a court order was arranged to prevent the balance (K15M) from being paid to PDL7. When PDL7 leaders arrived to process the transfer of these funds to PDL7 clans, they discovered that the bank had been pressured not to process any of these

40. Post-Courier, “Los Shut Down Kutubu Project,” 18 January 2018, <https://postcourier.com.pg/los-shut-kutubu-project/>.

The lack of clarity over who should be receiving cash benefits from the project creates opportunities for misuse of funds that only adds to the frustrations of landowners.

funds. The court order was served a few days later. Informants at Tari believe that the complex PDL7 machinations over PDL7 revenues are associated with political jostling over the governorship of Hela Province.⁴¹ This reveals the ways in which royalty and other payments often become politicised and tied in with clan-based power struggles. The lack of clarity over who should be receiving cash benefits from the project creates opportunities for misuse of funds that only adds to the frustrations of landowners.

41. Tari, Interview with bank representatives and informants, conducted by James Komengi, January 2018.

Section 5: The risks moving forward

5.1. The impact of the recent earthquake

In the early hours of Monday, 26th February 2018, a magnitude 7.5 earthquake struck along the Papuan Fold Belt, with an epicenter approximately 10 km southwest of the HGCP. This earthquake, and the strong aftershocks in the weeks that followed, is so far known to have caused well over 100 deaths, and more injuries. It is estimated that “275,000 [people] are in urgent need of emergency aid, and 300,000 have no shelter.”⁴² The earthquake is the strongest to hit the PNG highlands in living memory, and has radically altered large swathes of landscape with entire mountain sides collapsing onto villages and damming major rivers. The earthquake also damaged the HGCP, ripped apart the Komo airfield, and forced the shutdown of the PNG LNG project for approximately two months. Almost immediately, people across Papua New Guinean society and global activists, began to question the cause of the earthquake and possible links with ExxonMobil’s operations. This view is largely driven by substantive evidence of gas operations causing earthquakes in other parts of the world.⁴³ Although the earthquake occurred in a known active seismic zone at a depth of 18 km, doubts over its cause have been expressed at the highest levels of the Papua New Guinean government, which has asked Australia to conduct an independent assessment.⁴⁴

42. BBC News, ‘Papua New Guinea quake: An invisible disaster which could change life forever’, *BBC News* 10 March 2018, <http://www.bbc.com/news/world-asia-43297145>.

43. Anna Kuchment, ‘Drilling for Earthquakes’, *Scientific American*, 28 March 2016, <https://www.scientificamerican.com/article/drilling-for-earthquakes/>.

44. ‘PNG earthquake: Calls for formal inquiry into cause as more aid arrives, ADF, sends Globemaster packed with supplies,’ *ABC News* 10 March 2018, <http://www.abc.net.au/news/2018-03-10/calls-for-inquiry-into-cause-on-png-quake/9534898>.

The risks for PNG LNG posed by the widely held view that the project is the cause of the earthquake is a potential game changer for the project’s future. Huli landowners, already frustrated by the absence of project benefits, have little reason to accept the continuation of an enterprise that has offered them nothing in the past, and may be actively harming them into the future. Regardless of the outcome of any inquiry, or the validity of causal claims, the development failures of the PNG LNG project have done little to inspire favourable views as to the project’s role in the disaster, and it remains to be seen how landowners will respond to the project’s reopening.

The Huli population’s reaction to the earthquake may well have been affected by the 2011 Tumbi quarry disaster. In this tragedy, ExxonMobil’s contractor was quarrying for aggregate when a nearby cliff face collapsed, resulting in the deaths of up to two dozen people. ExxonMobil constructed a memorial plaque for the victims, although it never admitted fault and blamed the disaster on the frequent history of landslides in the area. What happened at Tumbi, however, was no ordinary landslide. The cliff face exploded outwards and most of the bodies were thrown forward with the rocks and never recovered. Locals point to a fast flowing stream that emerged from the base of the cliff that the quarrying contractor had blocked up as part of their quarrying activities. According to locals, water was then unable to emerge from the cliff where it had previously flowed into the nearby Tagari River. This water built up a head of pressure behind the cliff face, which eventually exploded. ExxonMobil has never released its internal reporting into the disaster, and the Huli population continues to blame the company for the deaths that resulted.⁴⁵

45. For more on the Tumbi disaster, see Shearn, ‘Exxon’s PNG Nightmare’.

Weapons have proliferated in Hela



5.2. The risk of violence

One of the constant fears of Jubilee Australia has been that unrest, violence and sabotage in the project areas due to landowner discontent would spiral out of control. In particular, Jubilee has feared that if the project is shut down, this might force the government into a military crackdown. As we articulated in 2012:

The ingredients for Project-related conflict unfolding in Hela Province are all present: high community expectations, the apparent preparedness of some groups to use violence if necessary, a highly-charged and complex security situation, a government and a company that will likely respond harshly to any sabotage or other acts of violence or disruption. The vital ingredient, however, will be the perception of actors within the Project area of whether the promises of the Project were received.⁴⁶

Neither the project operator nor the PNG state has thus far responded harshly to sabotage or

One of the constant fears of Jubilee Australia has been that unrest, violence and sabotage in the project areas due to landowner discontent would spiral out of control.

acts of violence. The fact that the PNG state is so comprehensively outgunned in Hela Province has no doubt prevented, for the time being, more deadly intervention.

These risks have continued or even increased, for two reasons. One reason is the emboldening of the landowners due to the incidents detailed in section four and the influx of weapons. When members of PNG's police mobile squad, along with a deployment of soldiers, initially arrived to protect the LNG project's assets, the Huli landowners were fearful of their presence. Subsequent events have shown that the military and police have been no match for the landowners, who are both better-armed and more numerous than any external force that the PNG state is able

to send. The very existence of the PNG LNG project is now at the pleasure of the Huli landowners themselves.

High-powered military weapons are widely available across Hela Province and beyond, and these guns are made available to hire. With the introduction of the PNG LNG project, and the subsequent increase in landowner frustration, the build-up of arms has accelerated to the point where it is often speculated that the landowners are in possession of more firepower than the entire PNGDF, which is known to be severely under-resourced. The buildup of arms in Hela Province has been ongoing since the 1990s, with earlier assessments indicating that most of the weaponry was being obtained internally from members of the police and military.⁴⁷ However, in more recent years the weapons build up has reached epidemic proportions such that law enforcement personnel are often unable to function.⁴⁸ Heavily armed clansmen interviewed during an outbreak of warfare in 2016 spoke of their several day journey from Komo to the West Papuan border, carrying 20kg rice bags that they had filled with marijuana grown for the exchange of weapons with Indonesia's armed forces (TNI). Another source for their guns was from Australia via the Torres Strait, where a black market trade of guns for drugs was also reportedly occurring. In 2016 the International Committee of the Red Cross (ICRC) visited Hela Province, including the Hides and Komo regions. The ICRC warns that "money from a boom in resource extraction is being spent on high-powered guns."⁴⁹

The second reason why this risk is ever-present is the lack of discipline of the security

46. JARC, *Pipe Dreams*, 64. 47. Philip Alpers, 'Gun Violence, Crime and Politics in the Southern Highlands', Background Paper: Small Arms Survey, Geneva, December 2004, <https://www.gunpolicy.org/documents/5217-gun-violence-crime-and-politics-in-the-southern-highlands/file>.

48. Radio New Zealand, "Warning of weapons build-up in PNG's Hela province," 16 December 2016, <https://www.radionz.co.nz/international/pacific-news/320509/warning-of-weapons-build-up-in-png%27s-hela-province>.

With the introduction of the PNG LNG project, and the subsequent increase in landowner frustration, the build-up of arms has accelerated to the point where it is often speculated that the landowners are in possession of more firepower than the entire PNGDF, which is known to be severely under-resourced.

forces and a generally bellicose attitude of the military towards the project. Mobile Police Squads (MPS) were sent into both Enga Province and the Southern Highlands Province in April 2012 to quell unrest in relation to the Porgera mine and the PNG LNG project. Once again, concerns about this deployment were raised by Jubilee Australia in its Pipe Dreams report.⁵⁰ Several people, including the Hela Superintendent of the Royal Papua New Guinea Constabulary (RPNGC), have alleged that ExxonMobil were paying these Mobile Police Squads to protect the project, and also supplying them with weapons.⁵¹ These MPS squads left soon after the 2012 elections. More recently, 150 'police and soldiers' were deployed in January 2017 to quell tension and potential violence associated with the episodes of landowner discontent mentioned in Section 4.⁵² The Mobile Police Squads' troubled human rights record in other parts of the country have been raised in reports by Amnesty International and Human Rights Watch.⁵³

If the security situation does deteriorate, the attitude of the Papua New Guinea Defence Force (PNGDF) will be crucial. During the construction of the PNG LNG project, at a time when the project was faced with constant

49. Medium, "The old ways are gone: Papua New Guinea's tribal wars become more destructive," n.d., <https://medium.com/@ICRC/the-old-ways-are-gone-papua-new-guineas-tribal-wars-become-more-destructive-ade38205196f>.

50. JARC, *Pipe Dreams*, 62-62.

51. Shearn, 'ExxonMobil's New Guinea Nightmare'.

52. Eric Tlozek, 'PNG Government deploys troops, police to secure gas project', *ABC News*, 9 January 2017, <http://www.abc.net.au/news/2017-01-09/png-government-deploys-troops-to-secure-gas-project/8168796>.

53. Shearn, 'ExxonMobil's New Guinea Nightmare'

The children of Hela face an uncertain future

threats from disenfranchised landowners, an army colonel stationed in the project area was asked about the risk of a second Bougainville conflict occurring as a result. The colonel responded that the difference between Bougainville and Hela is that the jungle on the island of Bougainville was so thick that it was too difficult to see and shoot people on the ground from the vantage of a (Australian-supplied) helicopter. In Hela, where the highland forest is thinner, they would have no trouble being able to shoot people from their helicopters.⁵⁴ After Exxon's staff were evacuated in November 2017, PNG government representatives spoke privately of plans to send in the military and that the state was expecting civil war.⁵⁵ All this confident talk ignores one key fact: the PNG state lost its war with Bougainville against a population that began the conflict armed only with bows and arrows. In Hela, the population is far more numerous and heavily armed with weaponry that is increasing in sophistication and firepower by the day.

54. The confidence ignores the fact that the Hela population is vastly better armed than the Bougainville resistance fighters were.

55. Private conversations with JARC Researchers.



Section 6: The responsibility of Australian agencies

Two Australian agencies hold responsibility for the decision to loan AU\$500 million towards the project: Australia's Export Credit Agency, Efic, and the Department of Foreign Affairs and Trade (DFAT).

The recent unrest has naturally attracted attention towards the standards of the due diligence processes of these agencies, in particular when it came to their decision to support the project.

6.1. Due diligence

The project financiers (both the export credit agencies and the banks) have commissioned a consultant service provider, D'Appolonia, to assess the project on an ongoing basis, both to ensure that the company is meeting its obligations and commitments to the landowners and to assess the risk of potential conflict.

However, D'Appolonia's due diligence processes and methodology appear completely inadequate for the task of providing thorough or independent assessments of the reality of the state of affairs in Hela Province. For example, the fieldwork conducted by the D'Appolonia team on November 14-15, 2016 in Hela Province relating to the Hides shut down consisted of a single overnight stay at the HGCP plant site in Hides, as described in Appendix A of their report.⁵⁶ The team was airlifted to the site by helicopter (facilitated by ExxonMobil), after landing at the Komo airport (owned and operated by ExxonMobil). From there they visited the nearby Para Sub-Health centre, (the construction of which had been partly funded by ExxonMobil), the waste incinerator and

56. D'Appolonia, 'Independent Environmental & Social Compliance Monitoring'.

D'Appolonia's due diligence processes and methodology appear completely inadequate for the task of providing thorough or independent assessments of the reality of the state of affairs in Hela Province.

landfill (described in the report as a "waste management facility"), the Mbelopa women's agricultural group, and the ridge from which natural gas is currently being extracted.

ExxonMobil then flew the single member of the supposedly independent "Social Team" by helicopter over 'affected households' of the Angore area.

For more than ten years, Exxon and Oil Search have commissioned many private expert consultants reports focusing on social issues in hela province. Yet none of these reports are referred to by D'Appolonia. The cursory and simplistic attention given to serious issues in what is an immensely complex social and cultural environment explains their crude and context-free observation that "Tribal fighting [is] very common and seen as normal behaviour".⁵⁷

D'Appolonia's work appears even more suspect when one considers their financial arrangement for their services. Industry insiders have noted that the bill for D'Appolonia work has been picked up by ExxonMobil,⁵⁸ a claim that has subsequently been confirmed by D'Appolonia. These revelations remove any pretence that DA is reporting independently, and should ring alarm bells for any investor in the PNG LNG project.

57. D'Appolonia, 'Independent Environmental & Social Compliance Monitoring'. 59.

Despite the obvious lack of independence and inadequacy of this alleged due diligence, project financiers nevertheless rely on their reporting as a defensive shield. In response to questions in the Australian Senate over its involvement in the PNG LNG project, Jan Parsons, Efic's Director of Environmental & Technical Review, said the following:

the assessments and reports that are done by D'Appolonia cover conflict issues as well as other issues. The D'Appolonia reports would include some sort of summary of what they may assess to be areas of non-conformance [sic] in terms of the project's implementation of its environmental and social plans. So, if there were concerns along those lines they should be picked up in the D'Appolonia reports... my understanding is that landowner disputes are a fairly common thing...⁵⁹

6.2. Long-standing tribal conflicts

Given Australia's involvement, the tensions and unrest in the project areas over the last 18 months have brought the issue to the attention of Australian parliamentarians. Australian Senators have had the opportunity to publicly quiz representatives of Efic and DFAT about their understanding of and connection to the project.

Understandably the most pressing question asked by politicians is about the connections between the recent violence in Hela and the PNG LNG project. When asked about this connection, the strategy of DFAT and Efic officials is to obscure the links between the recent troubles and the project, and instead attribute it to long-standing practices in the culture of the region, or rather a regular feature of the election cycle.

58. Interview with industry insider, LOCATION, DATE, Feb 2017.

59. Scott Ludlam, 'Export Finance Insurance Corporations', Green MP's, 4 March 2011. <https://greensmps.org.au/articles/export-finance-insurance-corporation>.

Armed conflict is not “just the nature of” any society, and the attitude displayed by Efic is unfortunate in that it is informed by ignorance about the society in question.

This strategy is most aptly displayed in DFAT First Assistant Secretary, Pacific Division, exchange with Senator Sarah Hanson Young (see Box 4). The strategy seems to be an attempt to avoid having to make any sort of admission that the recent rise in violence has clear and obvious connections to the project (See section 3).

The attempt to tie the violence to long-standing tribal conflict is a strategy that has also been employed by Efic. When asked about the issue by Scott Ludlam in a hearing in June 2017 Jan Parsons responded:

There have been reports of weapons build-ups since before we even started due diligence on the project. It is an area of New Guinea that has ongoing troubles unrelated to the project—it is just the nature of society there in some ways. We are aware of newspaper reports of arms build-ups, and that is factored into our ongoing monitoring of the project.⁶⁰

Armed conflict is not “just the nature of” any society, and the attitude displayed by Efic is unfortunate in that it is informed by ignorance about the society in question that has not been helped by the inadequacy of its chosen independent consultant.

6.3. Placing the responsibility elsewhere

The second question that has intrigued policy makers is: why didn't Efic and DFAT see all this coming? Did they not see that the payment of royalties was going to be a problem?

60. Senate Estimates, Foreign Affairs, Defence and Trade, Australian Parliament Hansard, 1 June 2017.

Box 4: "Gas is flowing": DFAT answers to the questions regarding the violence in the project areas⁶¹

The following is the transcript of the exchange between Australian Greens Senator Sarah Hanson Young and Daniel Sloper, DFAT first assistant secretary Pacific Division, during Senate Estimates in March 2017.

Mr Sloper: The Hela Province has experienced considerable violence, to be perfectly frank, in the last few weeks and that has extended to some concerns by different land-owner groups about the project and the revenue streams they may be receiving, but I think it is fair to say some of the conflict relates to a whole range of other issues as well as that. There have been skirmishes between different groups. I think our travel advice reflects the need for caution in that area. We continue to monitor it but, of course, the PNG government itself is responsible for responding to that situation.

Senator Hanson-Young: I take from that that there is at least some acceptance by the department that part of this conflict in the region is associated with the landholder frustration in relation to the project. Is that fair?

Mr Sloper: I think it is fair to say certain groups have claimed that the basis for the violence is due to those reasons.

Senator Hanson-Young: Including discontent about the royalties associated with the project?

Mr Sloper: Some groups have claimed that that is the basis for the conflict..

Senator Hanson-Young: What is your understanding of the current situation in relation to the project? There are reports that it is absolutely dysfunctional at the moment.
Mr Sloper: I have not heard reports of its dysfunction. I think gas is flowing and regularly being exported.

Senator Hanson-Young: Are you aware that the PNG government has had to deploy troops and police to stop gun violence at the project itself?

Mr Sloper: I am aware that the Papua New Guinea government has deployed police to stop violence in the Hela Province. I do not think that is specific to the particular Exxon sites. That is actually through the province.

Senator Hanson-Young: Are you aware that there are police guarding the project?

Mr Sloper: I am not aware of that particular circumstance at present. It has happened in the past. It could be the circumstance now.

61. Senate Estimates, Foreign Affairs, Defence and Trade, Australian Parliament Hansard, 2 March 2017,

Did they not think that there would be risks of the project becoming consumed by violence? The strategy used has been one of obfuscation, distortion and wilful ignorance:

When questioned by Scott Ludlam in a Senate Estimates hearing in June 2017 about the non-payment of PNG LNG royalties, Jan Parsons, Efic's Director Environmental & Technical Review, responded:

That is the part which is managed by the government, and the project has no role in that, legally or morally, if you like... And my understanding of the problem that's holding up the distribution of those payments is identifying the actual people who should be receiving the payments.

What Mr Parsons' answer failed to acknowledge was that the problems surrounding the landowner registration and the benefits sharing agreements were widely and understood at the time that Efic and DFAT chose to lend to the project in 2009. As explained earlier, the project's own Social Impact Analysis warned of the likelihood of this sort of outcome. The answer is deliberately misleading in that it pretends that somehow these problems were unanticipated. It also avoids having to face the obvious conclusion: that either Efic's due diligence processes did not pick up this problem, in which case they are clearly deficient, or Efic's due diligence did identify this problem, but were overridden for other reasons, which is perhaps even more concerning.

6.4. The risk dilemma

It is clear then that the PNG LNG project is operating in an environment of exceptionally high risk. The project encountered a population that was already heavily armed with a long history of conflict and grievances against the state for its development neglect. Upon entering such a social environment, the potential for already existing grievances to be made worse in the event that the project failed to live up to expectations should have been obvious from the start, and formed a central

component of any assessment of risk.

Parliamentarians have repeatedly and unsuccessfully tried to require Efic and DFAT to release the risk analysis that the agencies have undertaken before approving the project and since the descent into violence. Efic and DFAT's response has been to obfuscate about the issue until the questioner gives up, and then later on, release nothing to the public when requested to. This strategy is most aptly demonstrated in the exchange in Box 5, between Senator Scott Ludlam and Efic officials. What is interesting here is that Efic officials are quite happy to imply that they have not done any risk analysis, even to the point of absurdity. To admit that any analysis exists may mean one day that they have to release it.

A similar strategy was used by Assistant Secretary Sloper in his exchange with Senator Hanson Young.⁶² Interestingly in this this exchange, Mr Sloper does not even appear to be aware that, being a National Interest account decision, the PNG LNG loan was a Cabinet-level decision that would not have been taken without DFAT advice as part of a National Interest Assessment.

Despite repeated assurances that advice and assessments would be provided on notice,

62. Senator HANSON-YOUNG: A number of the concerns raised by independent experts and organisations prior to this project being given a loan from Australia back in 2009 went directly to this issue of social unrest and the potential for this project to be a flashpoint for violence in the region. In compiling advice before a project like this is given a tick of approval, does the department compile or assess any independent concerns or expert advice outside the department?

Mr Sloper: This is probably a question for EFIC in terms of its risk management decision making processes. If requested, we might provide advice on a particular project, but we do not routinely do that without a request.

Senator HANSON-YOUNG: Could you take on notice as to whether there was any request for advice, specifically from your department, to either of the responsible ministers in relation to the impact on social cohesion and unrest; that is, specifically to this project?

Mr Sloper: Can I just confirm that your question is whether we were asked by our portfolio ministers for advice on social cohesion?

Senator HANSON-YOUNG: Yes.

Mr Sloper: We will take that on notice

no documents of risk analysis by Efic or by DFAT with respect to PNG LNG have ever been released to Parliament or to the public. It is inconceivable that Efic and DFAT did not do risk analysis in 2009 before approving the project. The risk analyses could have taken one of two approaches.

First, the analyses could have said that the risk of conflict, unrest or violence breaking out in the region as a result of the project was either a low or a medium risk. However, it was widely known at the time that (a) the project was about to take place in a region where there was extremely long and deep history of adversarial social relations and social conflict and (b) that the project's social impact analysis warned that the landowner identification was likely to be very complex. Thus any risk analysis taking this approach would have cleared the way for project approval, but only assuming the highest level of incompetence

on the part of the officials involved. Second, Efic and DFAT could have provided what we might consider reasonable or accurate risk analyses. These analyses would have pointed out that, given what is known about social relations in the region, the prevalence of guns, the difficulty of landowner identification, that the risks would have been very high. However, if this more accurate risk analysis was provided, the question must therefore be asked, how was the project recommended by Efic or DFAT for approval? On what possible grounds could the loan have been given, knowing these risks?

So far, Efic and DFAT officials have managed to avoid confronting this uncomfortable reality through the successful use of prevarication and delay when placed under the heat of direct questioning. How long they will be able to keep doing so is an open question.



Box 5: Efic's 'hypothetical' risk analysis⁶³

Senator Ludlum: ... I thought the question was reasonably clear. What are the risks to Australia being repaid if we end up with another Bougainville on our hands through civil unrest, armed or otherwise, in the impact area where people are likely pretty pissed off that they're four hundred million dollars short of the royalties that they're owed. Does that present any kind of material risk to the Commonwealth getting its money back?

Parsons: That's hypothetical

Ludlum: No, it's not hypothetical at all.

Hunter: It's hypothetical.

Ludlum: Mr. Parsons has just confirmed that he's seen some of the same reports that I have of an arms build-up in an area where unrest already existed before we imposed this half-billion dollar project on them.

Hunter: It's hypothetical.

Ludlum: It's not hypothetical at all.

Hunter: It is.

Ludlum: Have you done any evaluations of the risks? Or are you happy to just go with the minister's glib ignorance.

Hunter: No, I think it is a hypothetical question.

Ludlum: So you haven't even bothered to evaluate the risk of Australia getting its half-billion dollars back.

Hunter: Yes we have evaluated the risk of the project...

Ludlum: No, you've evaluated the hypothetical risk. Tell us about your evaluation.

Hunter: We have evaluated the risks of the project.

Ludlum: Go ahead. What did that evaluation tell you?

Hunter: It included the environmental and social governance issues, it included a credit assessment, it included the ability for the gas to be exported out of the country. So we've evaluated all of those risks.

Ludlum: Brilliant. Did you evaluate the risk of civil disobedience or armed conflict in the area?

Hunter: That is something we would have assessed... You're asking me to form a view on something that hasn't happened...

Ludlum: No, I'm asking whether you've done a risk assessment. It either happened or it didn't.

Hunter: We have done a risk assessment... but I can't specifically answer a question on something that hasn't happened.

Ludlum: This is kind of ridiculous. You guys, among other things, are professional risk managers, are you not? I mean, it's what you do.

Hunter: I think we answered your question, that, in the circumstances you've just described, that exist today, we are getting paid. Then you posed a hypothetical answer which we can't answer, because, we can't see those circumstances.

Ludlum: So it sounds... you can see them... we've been having a reasonably articulate discussion about the risks...

Chair: The officers have answered that question so I suggest you go on to a new line of questioning...

Ludlum: They really have really failed to answer anything at all... if you could provide for us anything on notice that would give some comfort as to this risk assessment, and if that's a document you'd be able to table for this committee...

Hunter: We will take that on matter, Senator, yes...

63. Senate Estimates, Foreign Affairs, Defence and Trade, Australian Parliament Hansard, 1 June 2017.

Section 7: Conclusion and recommendations

This report presents the situation on the ground with respect to the local impacts of the PNG LNG project. The communities in this grouping are composed of several different ethnic groups spread across 117 villages. Most of them are in the highlands province of Hela where the majority of the population is ethnically Huli.

The PNG LNG project was enabled on the back of a broad range of development promises and benefits to landowners. Four years after the first shipments of LNG commenced, the PNG LNG project remains an abject development failure, particularly for the Huli landowners in Hela Province.

The three main findings of the report are:

1. Despite warnings about starting production before the completion of landowner identification and vetting, the companies proceeded with into production phase before this was complete. As a result, four years in, there have been no project royalties paid to landowners in Hela. However, suspicions also remain about the governance and security of the accounts held in trust.
2. The failure to deliver infrastructure and services to the region is potentially an even greater sore point, as this cannot be blamed on conflicts between rival clans. Rather, it is the result of poor management and a lack of local government capacity. As revealed in Jubilee's Double or Nothing report, the finances of the PNG LNG project are structured so that very little revenue is available to the state to enable it to fulfill its development promises.
3. As a direct consequence of this failure to

The PNG LNG project was enabled on the back of a broad range of development promises and benefits to landowners.

deliver on project commitments, there has been a series of incidents over the past three years of violence, sabotage and kidnapping. So far, they have all remained relatively contained, and loss of life has been minimal. However, since August 2016, the violence has escalated as a more militant younger generations of leaders in Hela begin to 'flex their muscles'.

The project now faces both a short-term and a long-term risk:

- The short-term risk relates to whether the devastations caused by the recent earthquake will act to ignite further unrest in Hela.
- Although this particular flashpoint may be receding, the reaction to the earthquake points to the more long-term risk that unrest will spill into more serious conflict.

If the landowner mapping can be resolved, and royalties start to flow, tensions may cool.

However, this will still leave unsettled the question of whether the promised development benefits to the Hela region are delivered, a prospect which appears ever-more unlikely. Given the large amounts of weapons in the region, the prospect of the area descending into damaging conflict appears ever greater with each passing year.

The situation that the project is in now could not have happened without serious deficiencies in accountability and due diligence. The

main entity that is supposed to provide due diligence as to the project has been remiss in this duty. It has shown poor process and a lack of independence from the lead company, ExxonMobil.

Although Australian financial support for this project was made possible by advice from DFAT and due diligence from Efic, neither agency has released this advice or due diligence, despite repeated requests to do so. Instead, DFAT and Efic officials have attempted to place the blame on ‘long-standing tribal conflicts’, and they have attempted to evade responsibility by deferring to the failures of other actors such as the PNG government.

Although Australian financial support for this project was made possible by advice from DFAT and due diligence from Efic, neither agency has released this advice or due diligence, despite repeated requests to do so.

But neither of these strategies are able to hide the inescapable conclusion that either (a) the risk analyses prepared by Efic and DFAT in connection with the project were woefully inadequate/misleading; or, (b) DFAT and Efic prepared accurate risk analyses but for some reason chose to ignore them in recommending the project to the Minister and to Cabinet.



Armed clan near Komo

Recommendations to the Government of Australia

1. The Australian Government should require parliamentary scrutiny and approval before any decisions on the National Interest Account are taken, such as via a relevant Senate Committee.
2. The Australian Government should make good on Assistant Trade Minister Mark Coulton's commitment on 1 May 2018 to an investigation into the PNG LNG decision via a formal Senate inquiry.
3. The Australian Government should immediately release the 2009 National Interest Assessment by DFAT which it provided to the Trade Minister recommending Efic support for the PNG LNG project.
4. The Australian Government should order an independent review of Efic's due diligence guidelines for social and economic transactions, with wide parameters and for which there is some oversight by the Efic Multistakeholder Advisory Group.
5. The Australian Government should require that any further Category A⁶⁴ investments by Efic are taken in the context of ensuring that local law has been followed (in particular the completion of land ownership determination before construction begins).

Recommendations to the Export Finance and Insurance Corporation (Efic)

1. Efic should immediately release all its due diligence reporting for the entire lifetime of the PNG LNG project.
2. Efic should cease to use due diligence consultants who are either paid by or receive any other sort of material support from

project operators.

Recommendations to the Government of PNG

1. The Government of PNG should re-negotiate a new fiscal agreement with the companies to see that more revenues are flowing to PNG government for development outcomes.
2. The Government of PNG should do a public review of the infrastructure, and social development benefits that were promised in the benefit sharing agreements compared to what has been delivered.
3. The Government of PNG should urgently clarify some of the confusing figures in the most recent EITI reports that royalties and development levies paid by ExxonMobil are not being received, and explanations provided as to why the level of what should be identical payments are so different.

Recommendations to the Companies

1. The project joint-venturers should re-negotiate a new fiscal agreement with the government to allow more finances to flow to the PNG government for development outcomes.
2. The project joint-venturers should cease processing any finances through the use of entities in known tax havens like the Netherlands, Delaware and the Bahamas.

64. Category A refers to those projects with significant social or environmental impacts.

Appendix 1: Posters

ENERGY FOR THE WORLD, OPPORTUNITY FOR PAPUA NEW GUINEA

Qualified Trainers at Juni Construction Training Facility

Training at the Juni Construction Training Facility (Juni CTF) will be delivered by a Registered Training Organisation. This organisation specialises in trade training including building, construction, manufacturing and electrical.

Classes will be conducted by qualified trainers from PNG and overseas. Qualified trainers from PNG have received certification in Workplace Assessment and Training.

Qualified PNG trainers who will teach at Juni CTF



Skills training will be provided to meet the job requirements of each job description; full certification will not be provided during the training period. The skillsets are recognised by the Australia Quality Training Framework (AQTF).

Examples of training opportunities at Juni CTF



Mechanical assistants Electrical assistants Small machinery operators General labourers

ENERGY FOR THE WORLD, OPPORTUNITY FOR PAPUA NEW GUINEA

Benefits of being a trainee

Construction trainees at Juni Construction Training Facility (Juni CTF) will attend classes for up to three to four months.

Training will be provided by a Registered Training Organisation under the Australian Quality Training Framework (AQTF).

Trainees will receive a Statement of Attainment for each skillset they successfully complete. AQTF skillsets completed as part of the construction training program are recognised overseas.

Training skillsets will meet the job requirements. However the training will not provide full certification.



During the training period, trainees will receive a small allowance and meals while living and training at the training facility.

Trainees will live at the Juni Training Facility while in the training program.

All trainees will be treated fairly. No trainees will be treated differently because of their gender or beliefs.



Dining area



Accommodation units



As part of the construction training, trainees will be provided with uniforms, and personal protective equipment (PPE) as required, which may include hard hats, hearing and eye protection, boots or protective clothing.

All trainees must successfully complete each skillset to remain in the training program.

Company expectations will be outlined at the beginning of the training program.

Abbreviations

| | |
|-------|---|
| DFAT | Department of Foreign Affairs & Trade (Commonwealth of Australia) |
| Efic | The Export Finance Insurance Corporation |
| EIC | Expenditure Implementation Committee |
| HGCP | Hides Gas Conditioning Plant |
| ICRC | International Committee of the Red Cross |
| K | Kina (PNG Unit of Currency) |
| LANCO | Landowner Corporations |
| LBSA | Local Benefits Sharing Agreements |
| LNG | Liquified Natural Gas |
| MOU | Memorandum of Understanding |
| MPS | Mobile Police Squad |
| MRDC | Mineral Resources Development Company Limited |
| PDL | Petroleum Development License |
| PNG | Papua New Guinea |
| PNGDF | Papua New Guinea Defence Force |
| PRL | Petroleum Retention License |
| RPNGC | Royal Papua New Guinea Constabulary |
| SIA | Social Impact Analysis |
| UBSA | The Umbrella Benefits Sharing Agreement |

