ECONOMIC POLICY CHALLENGES

THE CONTRIBUTION OF MINING COMPANIES TO PNG DEVELOPMENT

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Porgera gold mining

“...... we are committed to making a positive difference in the communities in which we live and work”

Lihir gold mining

“We aim to bring enduring net benefits to the communities and countries in which we operate”
Oil Search Limited
Stakeholders Report (undated)
Managing Director, Peter Botten
Southern Highlands oil and gas operations

“Our aim is to leave a long-term legacy of improved sustainable development opportunities in all areas where Oil Search operates”

Ok Tedi Mining Limited
www.oktedi.com
Western Province copper mining

OTML Charter “We are successful when ... we are making positive social and economic contributions to PNG, the Western Province and the North Fly”
INDICATORS

CORE BUSINESS CONTRIBUTIONS

• payments to government
• payments to landowners, communities and development authorities
• value of procurement from local business
• wages paid to locally-hired labour
• numbers of locally-hired workers

COMMUNITY CONTRIBUTIONS

• value and type of corporate community programs
• Government-funded infrastructure spending
• benefits from community programs
<table>
<thead>
<tr>
<th>Category</th>
<th>Payment (PGK million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National government</td>
<td>1568.4</td>
</tr>
<tr>
<td>Procurement PNG suppliers (3 coys)</td>
<td>1564.4</td>
</tr>
<tr>
<td>[Landowner and JVs</td>
<td>332.1</td>
</tr>
<tr>
<td>Other PNG-owned and JVs</td>
<td>231.6</td>
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<tr>
<td>Other PNG suppliers</td>
<td>1000.7</td>
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<tr>
<td>Development authorities &amp; trusts [PNGSDP</td>
<td>755.4</td>
</tr>
<tr>
<td>[PNGSDP</td>
<td>638.3</td>
</tr>
<tr>
<td>Landowners and communities</td>
<td>196.7</td>
</tr>
<tr>
<td>Community trusts &amp; programs, donations</td>
<td>176.0</td>
</tr>
<tr>
<td>Remuneration PNG nationals (2 coys)</td>
<td>169.7</td>
</tr>
<tr>
<td>Provincial and local governments</td>
<td>139.7</td>
</tr>
<tr>
<td>Infrastructure (3 coys), TCS</td>
<td>61.2</td>
</tr>
</tbody>
</table>
ANNUAL AVERAGE WORK FORCE NUMBERS, 2009-11

Total employee work force in PNG 7791

PNG nationals 7154 (92.7%)

Expatriates 636 (7.3%)

Mine area & province as % of PNG nationals (3 coys) 50.2%

Other parts of PNG as % of PNG nationals (3 coys) 49.8%
Average total annual payments PGK million  2009-11

- Procurement of services from suppliers in PNG (3 companies)
- Payments to the national governments (taxes, royalties, dividends, other)
- Payments (cash) to landowners and communities (royalties, compensation)
- Payments to community trusts, spending on community programs, and donations
- Payments to provincial and local government (dividends, royalties)
- Payments to development authorities and trusts (dividends, royalties)
- Payments to PNGSDP (OTML dividends)
Community programs focal areas:

**Infrastructure**
Transport -- building and maintaining roads, bridges, wharves and airstrips
Schools, health facilities, community centres and women’s facilities
Power supplies, water supply and sewerage

**Health**
Basic health care (MCH, malaria, TB, HIV/AIDS)
Emergencies
Family and sexual violence

**Education**
Scholarships for school and university

**Business development and rural livelihoods**
CONCLUSIONS

1. Information not readily available

2. Information not relevant to development progress

3. Health the exception

4. Raising the bar on reporting