

## Papua New Guinea's Liquid Natural Gas Industry: The Social and Economic Impacts of Exxon Mobil's PNG-LNG Project

By [Jubilee Australia](#)

Asia-Pacific Research, May 04, 2018

[Jubilee Australia](#) 29 April 2018

Region: [Oceania](#)

Theme: [Economy](#)

*A [new report on the economy of Papua New Guinea](#) will reopen the case for the Australian government to be held accountable for the negligent decision to lend AU\$500 million taxpayer money to the PNG-LNG project.*

Jubilee Australia's new report, '[Double or Nothing: The Broken Economic Promises of PNG LNG](#)', is co-authored by **Paul Flanagan** and **Dr Luke Fletcher**. Paul has worked for the Australian government in senior executive positions and with the PNG Treasury where he was Team Leader and Senior Advisor to the SGP Program from February 2011 to August 2013. Luke is the Executive Director of Jubilee Australia.

### Summary of findings:

- Despite predictions of a doubling in the size of the economy, the outcome was a gain of only 10% and all of this focused on the largely foreign-owned resource sector itself;
- Despite predictions of an 84% increase in household incomes, the outcome was a fall of 6%;
- Despite predictions of a 42% increase in employment, the outcome was a fall of 27%;
- Despite predictions of an 85% increase in government expenditure to support better education, health, law and order, and infrastructure, the outcome was a fall of 32%; and
- Despite predictions of a 58% increase in imports, the outcome was a fall of 73%.

PNG LNG is an Exxon-led project which supplies about 8 million tonnes of LNG a year to Japan, South Korea and China. It is projected to run for 30 years. In 2009, Australia's Export Credit Agency, Efic lent AU\$500 million to Exxon, OilSearch, Santos and the Government of PNG. Efic's decision was based on advice from DFAT provided to the then-Minister for Trade, Simon Crean, on advice from DFAT. This is the largest loan ever made by Efic.

"In 2008 Australian economics consultants, ACIL-Tasman provided inflated projections of growth in employment, essential services, household income and the broader economy if the PNG LNG project went ahead. This new analysis proves just how misleading these promises were and how PNG has slipped back into the poor policies associated with the resource curse. Currently, on

almost all economic indicators, the people of PNG would have been better off had the project not happened at all,' said Paul Flanagan.

"Australia's Export Credit Agency, Efic is an agency that is out of control. It has deplorable due diligence and accountability; as a result, it makes decisions like this that not only undermines the livelihood and prosperity of our neighbours in PNG, but also our own nation's security," said Dr Luke Fletcher, Executive Director of Jubilee Australia.

"The Australian government continues to withhold the secret advice that was used by Efic to loan AU\$500 million of taxpayers money to Exxon and its project partners.

"In light of this damning new evidence of economic regression, the advice provided to Trade Minister Crean in 2009 which recommended Efic support the PNG LNG project should be released alongside all related risk analysis.

"Exxon and Oil Search should be paying half a billion dollars (AUD) to the PNG government every year, since the gas started to flow in 2014. Instead, they are paying a fraction of this amount, partly because of their use of tax havens in the Netherlands and the Bahamas.

"Unless there is greater accountability on the use of foreign loans and a crack down on the use of tax havens by companies like ExxonMobil and OilSearch, the pattern of Australian governments and corporations causing harm to our region simply to create profits for big business will continue," concluded Dr Fletcher.

*'Double or Nothing: The Broken Economic Promises of PNG LNG' is the first of two papers on the PNG-LNG pipeline that has been commissioned by Jubilee Australia. The second paper will discuss the unpaid royalties and development benefits and the escalating violence as a result of the PNG LNG project.*

**[Download the report here.](#)**

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