

PRESS STATEMENT

MINISTER FOR PETROLEUM & ENERGY

PNG LNG PROJECT 30 DAYS ULTIMATUM BY HELA PROVINCIAL GOVERNMENT TO INITIATE LEGAL ACTION TO SHUT-DOWN PROJECT

On his inaugural visit to Hela Province on 22nd April 2013, Minister for Commerce & Industry, Hon. Richard Maru was officially welcomed by Governor Agiru and was presented the Hela Provincial Assembly Petition, dated 21st April 2013, which was received, on behalf of the State.

The petition has called on the government to respond within 30 days without which the Hela Provincial Government will initiate legal proceedings to stop the PNG LNG Project from advancing further.

The Petition generally calls on the Government to seriously consider and urgently take action with regard to its lack of commitment and continuity in delivering commitments made under the Umbrella Benefits Sharing Agreement (UBSA), which was signed between the State, Provincial Governments (PGs), Local Level Government (LLGs) and the Project Area Landowners in May 2009.

As Minister responsible for Oil & Gas matters, I welcome the petition as timely and a catalyst to ensure effective Government coordination towards delivering the State’s commitments under the UBSA.

Southern Highlands Province has received its fair share of resources in the last five years, in terms of national budget allocations, tax credit projects and state grants.

Under the provisions of the UBSA for the PNG LNG Project, Hela and Southern Highlands Provinces stand to benefit as follows:

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| --- | --- | --- | --- |
| **No.** | **UBSA Clause** | **State Commitment** | **Funding** |
| 1 | 6.1 (d) | Infrastructure Development Grant, allocated over 2 five year periods (10 years) | K1.2 billion |
| 2 | 6.1(e) | Business Development Grant | K120 million |
| 3 | 6.1(f) | High Impact Project (HIP): Kikori – Kutubu- Kopiago (North Coast) Road | K120m special tax credit |
| 4 | 6.1(f) | HIP: Komo – Tari Road Sealing | K90m |
| 5 | 6.1(f) | HIP: First-Phase Hela City Development 2010 | K100m |
| 6 | 6.1(f) | First-Phase Tari International Airport | K90m |
| 7 | 6.1(f) | Komo, Magarima, Kutubu Townships | K45m |
| 8 | 6.1(f) | Koroba Township including Hospital | K20m |
| 9 | 6.1(f) | Nogoli Growth Centre | K15m |
| 10 | 24 | Special Provisions for Hela City free trade zone |  |

In the last three years some funding had been disbursed by the State, to the host Provinces of oil and gas projects, in terms of Infrastructure Development Grants (IDG) and High Impact Projects (HIP) and Business Development Grants (BDG).

The balance of the State commitments will still be worked on by the Government to ensure that commitments to Hela Province and Southern Highlands must be fully funded and implemented.

As Minister responsible for Oil & Gas matters, where the PNG LNG Project falls under this jurisdiction, I want to ensure the Hon. Governor for Hela, that the Government will form a working committee to address the concerns raised in the petition.

Authorized:

**HON. WILLIAM DUMA, LLB, LLM, MP**

**MINISTER FOR PETROLEUM & ENERGY**