

PNG EITI Social Expenditure Analysis, 2022–2024

Prepared from the PNG EITI 2022, 2023 and 2024 reports. Figures are stated in PGK (K) and reflect reported social expenditures.

This note focuses only on Social Expenditures (SE). In PNG EITI reporting, mandatory social expenditure mainly refers to statutory or contract-based compensation to landowners. Discretionary social expenditure captures voluntary or company-directed spending such as education, health, infrastructure, economic support, community projects and other local initiatives. The analysis below is written in plain business language for public-facing use.

Table 1. Year-to-year social expenditure trend

Year	Mandatory SE	Discretionary SE	Total SE	YoY change in total	Reading of the trend
2022	K198,827,448	K366,677,433	K565,504,881	Base year	High total driven by landowner-related mandatory payments and large discretionary outlays at Hidden Valley, Lihir and KPH.
2023	K210,513,616	K353,987,778	K564,501,394	-0.2%	Overall spend was broadly flat. Mandatory payments edged up, but discretionary spending softened slightly.
2024	K95,859,534	K553,806,906	K649,666,440	+15.1%	Strong rise in total spend, led by a sharp lift in discretionary spending across mining and state-linked entities.

Total social expenditure was broadly stable between 2022 and 2023, then rose materially in 2024. The composition also shifted. Mandatory social expenditure represented around 35% of total spend in 2022 and 37% in 2023, but fell to about 15% in 2024 as discretionary spending expanded strongly.

Table 2. Category coverage and composition

Year	What the report shows	Category pattern	What this means in practice
2022	The report discloses entity-level totals and confirms the PNG EITI social expenditure scope covers compensation to landowners, education, infrastructure development, community development, business development and health.	Largest disclosed flows were concentrated in economic and infrastructure-related items, alongside material compensation payments. Hidden Valley and KPH were major discretionary spenders; K92, Lihir and MCC Ramu were major mandatory spenders.	2022 spending leaned heavily toward resource-area obligations and community support tied to operating mines and oil and gas projects.
2023	The report provides a consolidated category table. Exact totals were: Economic PGK325.7m, Other payments PGK126.3m, Infrastructure PGK44.5m, Health PGK23.3m, Capacity building PGK13.1m, Education PGK11.5m, Law & order PGK8.6m, Statutory compensation PGK8.7m, Agriculture & fisheries PGK2.9m.	Economic spend accounted for 57.7% of total social expenditure, followed by Other payments at 22.4% and Infrastructure at 7.9%.	The 2023 mix shows a strong bias toward livelihood, local business and broad community support rather than only cash compensation.
2024	The report gives a pie-chart breakdown and leading examples. Category shares were: Economic 64%, Other payments 16%, Infrastructure 12%, Capacity building 3%, Statutory compensation 3%, Education 1%, Health 1%.	The category mix became even more concentrated in economic spending, with infrastructure still significant. The report highlights large payments by KPHL, Morobe Consolidated, K92, Lihir and MRDC.	The 2024 profile suggests a stronger focus on local procurement, business support, community projects and project-area infrastructure as operations intensified.

Education, health, infrastructure and wider community investments are all clearly within the PNG EITI social expenditure frame across the three reports. What changes year to year is not whether these categories exist, but their relative weight inside the overall spending profile.

Table 3. Total Social Expenditure for 2023 – 2024

Category	Total social expenditure in 2023 (PGK)	Total social expenditure in 2024 (PGK)	Total social expenditure in 2023 & 2024 (PGK)
Other payments	K126,325,890.0	K102,463,705.0	K228,789,595.0
Statutory compensation	K8,655,155.0	K20,963,373.0	K29,618,528.0
Capacity Building	K13,080,813.0	K15,205,788.0	K28,286,601.0
Economic	K325,709,986.0	K413,467,868.0	K739,177,854.0
Agriculture & Fisheries	K2,860,747.0	K1,223,360.0	K4,084,107.0
Law & Order	K8,568,652.0	K330,767.0	K8,899,419.0
Infrastructure	K44,531,912.0	K79,172,819.0	K123,704,731.0
Education	K11,464,189.0	K8,577,258.0	K20,041,447.0
Health	K23,304,048.0	K7,991,407.0	K31,295,455.0
Total	K564,501,394.0	K649,396,345.0	K1,213,897,739.0

Improvement to 2022 EITI report is the inclusion of the above tabulated breakdown. Total social expenditure rose from K564.5M (2023) to K649.4M (2024), driven mainly by economic and infrastructure spending. Economic investments dominate overall, while some sectors like health and education slightly declined in 2024.

Table 3. Critical analysis: reasons for change and likely economic effect

Period	Main reasons for the change	Likely impact on PNG communities and economy
2022 to 2023	The total was almost unchanged, but the mix changed. Mandatory spend rose modestly while discretionary spend eased. This aligns with a year of relatively stable mining activity, continued LNG operations, and a spending profile still shaped by community obligations and benefit-sharing arrangements rather than a broad expansion in new project-linked community spending.	For PNG, the effect was one of continuity rather than acceleration. Social expenditure kept supporting communities in resource areas, but it did not materially change the national economic picture. The main value was social stabilisation, local service support and maintaining a social licence to operate.
2023 to 2024	The key change was a strong jump in discretionary spending. The 2024 report itself links the broader lift in extractive activity and revenues to the re-opening of Porgera and active mining at Lihir, Ok Tedi and Ramu Nickel. The social expenditure table also shows much larger discretionary outlays by K92, Morobe Consolidated, KPHL, MRDC and others.	The 2024 increase is positive for PNG because it channels more money into project areas through local procurement, infrastructure, community programs and support services. In economic terms, this can strengthen local business turnover, employment and access to services. The benefit, however, is strongest at subnational level rather than across the whole national economy.
Across 2022–2024	The three reports suggest that PNG’s social expenditure story is becoming more discretionary and more development-oriented, especially in 2024. At the same time, the reports continue to note data and monitoring weaknesses, meaning that better disclosure and stronger oversight are still needed to show how far reported spending turns into durable development outcomes.	The broader economic effect is mixed but generally positive. Social expenditure helps reduce tensions in host communities, supports basic services, and can improve project continuity. But it should not be confused with core fiscal revenue. Its macroeconomic importance is secondary to tax, royalty and dividend flows, while its social importance in resource provinces is much more direct.

Bottom line: Social expenditure remained large in all three years, but 2024 stands out because spending became more heavily driven by discretionary, development-style outlays rather than mandatory compensation alone. That is constructive for local economies and community relations, but the public value depends on transparency, delivery quality and whether these reported expenditures produce visible results on the ground.