



PNG EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE
NATIONAL SECRETARIAT



LEVEL 8, TREASURY BUILDING
PO BOX 1907
PORT MORESBY, NCD
PAPUA NEW GUINEA

PHONE: (675) 3133772
(675) 3133518
EMAIL: info@pngeti.org.pg
WEBSITE: www.pngeti.org.pg

PROGRESSIVE UPDATES ON CORRECTIVE ACTIONS FOR THE FORTHCOMING VALIDATION

Workshop No: 03/2020
Date: 14th September 2020
Venue: Level 8 Conference Room, Treasury Haus
Start Time: 10:20am

Attendees: DPE [Mr. Channan Kumalau, Mrs. Vicky Coleman & Mr. Samuel Tobung] MRDC [Mr. Vele Rupa & Mr. Jason Mokola], and JICA [Shiro Otomo], EY [Leonard Catalon and the PNGEITI National Secretariat Team [Lucas Alkan, Christopher Tabel, Francis Diakon, Sarita Peai, Sonia K Becks, Oliver Maingu]

Absent: DoF, IRC, DNPM, KPHL, DoT, OTML

Scribe: Sonia. Kenu Becks & Sarita Peai

Chairing: Lucas Alkan, Head of National Secretariat

Minutes

Discussion items:

Mr. Lucas Alkan formally opened meeting with the opening remarks and then the main agenda for discussion followed suit.

Note: No quorum, not all stakeholders were able to make it. Only DPE, MRDC team and the JICA consultant participated in this workshop.

1. Progressive Updates on the corrective actions

i. DPE Updates

Not much has been done in terms of progress made under requirement #'s 2.2-License Allocation, 2.3-License Register, 3.2-Production data, & 3.3 Export data areas since the last TWG meeting [28/02/2020] held early in the year. Due to the Covid -19 pandemic disruptions to work flow (lockdowns and restrictions), we cannot do much but to allow for the validation to proceed in October as scheduled.

DPE has its website up and running however, uploading of information to the website needs to be authenticated and authorised by the Secretary of DPE before the information/data is disclosed to the public via DPE's website.

DPE also made mentioned that for a permanent solution to this corrective action, work is currently underway in terms of searching for an appropriate and usable software/program. Once a suitable software is in place, it will be utilized to upload data into their existing website. It will provide the avenue of streamlining into different sub- data streams due to data sensitivity of some information, which might be cautioned and may not be disclosed to the public by law.

EY requested DPE to provide a strategic plan to address this issue. However, for now and for the purposes of the forthcoming validation, DPE and the National Secretariat Team agreed to reach out to the DPE Secretary for the possibility of securing his consent to publish some basic data and information on the website to show course that this corrective action is progressing and that there is a long-term plan in place for a permanent solution to addressing the information/data gap at DPE.

DPE also asked how the reports should be formatted/designed in order to be readable and understandable by the public. DPE to communicate with EY to come to an agreement on how to design the reports/data so that it's understandable by the general public, precisely to clear any confusion that might be arising from the general public's perspective. DPE to review the reporting format to rectify areas of concern.

For the purposes of the FY2019 Report, JICA asked if DPE has begun collation of information on royalties and development levies. DPE responded that they had direct access to these set of information and that work had already progressed. However, for the case of production data, DPE is yet to hook-up to central database system. Some of the data has been collected but some existing administrative issues are hindering its progress. DPE to work closely with DoF & BPNG to address this issue.

Resolution:

- *PNGEITI National Secretariat to write a letter to the Secretary for DPE (copying Acting Director Petroleum) to seek for an appointment to bring the above outstanding matter to him and the importance of uploading the licence information and production and export data onto a website. The letter should be sent out by the end of the week. (by 18th September 2020).*
- *DPE to consult with EY on the design/layout of information that needs to be published*
- *DPE to draft a long-term plan/need a plan to achieve disclosure of data as a permanent solution.*

Note: DPE has had a change/ reshuffle of some of its staff in the technical team. Internet has not been stable - connectivity issues. Proposed changes in the Organic Law for the mining oil and gas resources from current royalty and taxation regime to production sharing arrangement. National Energy Policy launched on the 19 August. By November - there will be two authorities - National Petroleum Authority and National Energy Authority. There is a need to engage A/director Petroleum, as he is the custodian of exploration data. Important to have meetings minutes for filing purposes and for showing progress when validated.

ii. **MRDC Updates**

MRDC was directly responsible to implement and progress corrective actions under requirement #'s 4.6- Direct Sub-national payments, 5.2- Subnational transfers, and 5.1 Distribution of Extractive Industry Revenues. However, through this meeting, MRDC confirmed that it was not responsible or directly involved in the Sub National Payments and must be removed from being directly responsible to implement the corrective actions under the above-mentioned requirement. It informed that it was only

responsible for Royalty Payments as per the oil and gas and mining agreement/Act. MRDC indicated that DPE and DoF are to be included in this reporting process. MRDC will only play a role in the reporting process through reporting on royalty payments/landowner benefits.

DPE to be responsible for Sub-National payments, and not MRDC, however for the tax components, MRDC will report on the data and IRC to confirm this information. MRDC's core function is to manage the landowner funds and payments to landowners.

Mr. Maingu of the National Secretariat Team pointed out some information in the FY2018 PNGEITI Report, referring to table 73, where information provisioned in this section may pose confusion to the general public and needed clarification from MRDC. MRDC noted the concerns raised and reaffirmed that information in that section were quite confusing and was misleading to the public, thus needed some work to get the correct information published for public consumption.

Resolution:

- *IA to be in consultation with the National Secretariat and to re-design the FY Report specifically table 73 or insert a section on royalties where MRDC will have direct responsibility to report on.*
- *MRDC clearly stated that it was not directly responsible for the Sub-national payments in the requirements mentioned and that DPE should be the right entity to provide reports on this.*
- *MRDC can only provide reports on payments made to landowner companies*
- *MRDC legal team to meet with the IA/EY team to clarify the functions of MRDC. This is to provide an understanding on where MRDC should fit into the reporting templates.*

MRDC also stated that it does not report to the Government rather it reports directly to landowner companies as prescribed in the MRDC Act. It manages landowner companies and landowner payments.

With no other businesses for discussion, Mr. Oliver thank the MRDC team for their attendance and participation and the meeting was closed at 02:40pm.



Mr. Lucan Alkan
Head of Secretariat