

MULTI-STAKEHOLDER GROUP SECOND QUARTER MEETING (MEETING # 2/2017)

FRIDAY 2ND JUNE, 2017

9:30 AM – 12:00 NOON

LAMANA HOTEL CONFERENCE ROOM

MEETING MINUTES

IN ATTENDANCE

Industry:

- Philippe Blanchard (Total P&E PNG Limited)
- Robert Aisi (ExxonMobil PNG Limited)
- Jimmy Yareba (Chamber of Mines and Petroleum)
- Cornelius Soagai (Oil Search Limited)
- Peter Aitsi (Newcrest Mining Limited)

Civil Society:

- Wallis Yakam (Consultative Implementation Monitoring Committee)
- Marjorie Andrew (Institute of National Affairs)
- Patrick Lombaiya (PNG Mining Watch Group)

Government:

- *Manu Momo (Department of Treasury)*
- Langa Kopio (Department of National Planning)
- Ketty Masu (Internal Revenue Commission)
- Michael Awi Kunma (Department of Petroleum and Energy)
- Arnold Lakamanga (Mineral Resources Authority)
- Esther Yuyuge (Kumul Petroleum Holdings Limited)

National Secretariat:

- Lucas Alkan
- Christopher Tabel
- Liyasi Taligatus Numaralai
- Delka Kemba
- Gedion Timothy

Apologies:

- Paul Barker (Institute of National Affairs)

- Kepsy Puiye (Department of Petroleum and Energy)
- Lawrence Stephens (Transparency International PNG)

MINUTES OF MEETING

1. WELCOME & INTRODUCTION

Acting Chairman (Manu Momo) welcomed members to the meeting and indicated that he had not attended the recent past MSG meetings but expressed satisfaction at the progress made so far. He thanked and congratulated MSG for their commitment and support. He indicated that EITI had received much publicity in the media and through outreach activities.

He acknowledged the outgoing Executive Director for the Chamber of Mines and Petroleum, Mr Greg Anderson and appreciated his contributions to EITI implementation. National Secretariat (Christopher Tabel) indicated that a press release would be made by the Secretariat, acknowledging Mr Greg Anderson's contribution to PNGEITI.

Acting Chair then called the meeting to order. Members agreed to the proposed agenda items as presented for discussion and the meeting proceeded.

2. MATTERS ARISING FROM PREVIOUS MEETING (MEETING #1/2017)

Acting Chair informed that minutes of previous meeting were circulated well in advance before the meeting, he however allowed few minutes for members to review before being approved. There were no comments and members present were in agreement with the minutes.

Newcrest Mining Limited (Peter Aitsi) moved for the minutes of meeting to be accepted. ExxonMobil PNG Limited (Robert Aisi) and the Department of National Planning (Langa Kopio) seconded the motion and the minutes were accepted as true records of that meeting.

Resolution:

It was resolved that the minutes of previous meeting were true records from that meeting and was accepted.

3. UPDATE ON NEC POLICY SUBMISSION ON 2013 EITI REPORT RECOMMENDATIONS

National Secretariat (Lucas Alkan) informed that the National Executive Council (NEC) had approved the Policy Submission on implementation of the 2013 Report Recommendations. He added that NEC Decision 91/2017 gave directions to all government entities to implement the recommendations of the 2013 Report.

Mr Alkan expressed that it was a milestone achievement and recommended for a Policy Technical Working Group to be established to oversee the implementation of

the report recommendations and to report back to MSG on a regular basis. He said the National Secretariat will inform respective government entities of the NEC Policy Direction.

Newcrest Mining Limited (Peter Aitsi) responded and suggested for the National Secretariat to develop a matrix on implementing the NEC Direction. National Secretariat (Christopher Tabel) pointed out that there was a legislative technical working group already working on the PNGEITI Draft legislation and the same group could be utilized to oversee policy implementation as well.

PNG Chamber of Mines and Petroleum (Jimmy Yareba) moved that the National Secretariat develops a matrix to implement the NEC Direction. The motion was seconded by Department of National Planning (Langa Kopio) and CIMC (Wallis Yakam).

Resolution:

National Secretariat to take lead in developing a matrix and Terms of Reference and communicate to the responsible government entities directed in the NEC Decision derived from the 2013 Report Recommendation and present to MSG.

It was also resolved that a Policy TWG be established to follow through on the implementation. The composition of the Policy TWG as agreed included: Chamber of Mines and Petroleum, CIMC, IRC, Newcrest Mining, Oil Search and Treasury Department.

4. RELEASE OF 2014 REPORT AND STRATEGY FOR IMPLEMENTING RECOMMENDATIONS

National Secretariat (Lucas Alkan) explained that due to the political climate in 2017 the 2014 Report was not launched as was the case for the 2013 Report. He advised that the Secretariat released a full page statement in the local print media instead, announcing the publication of the report.

Mr Alkan added that the 2014 Report did not contain any new recommendations but a matrix containing an update from the 2013 Report Recommendations. He explained that the Policy TWG will take carriage of monitoring the progress of both the 2013 and 2014 Recommendations.

- Update from CSO/Secretariat Communications Sub-Committee

National Secretariat (Christopher Tabel) gave an update on the implementation of the communication strategy and Policy. He informed that the Secretariat was gaining traction through media coverage. He mentioned the engagement of a short term media content writer tasked with the responsibility of dissecting the outcome of the first two reports, prepare news articles from time to time and attend to other press releases where necessary.

Mr Tabel also mentioned that the MSG was going to go on air on the Nasfund FM100 Talkback Show on Tuesday 13 June 2017. Newcrest Mining Limited (Peter Aitsi) volunteered to represent the Industry on the Show. INA (Paul Barker) was

recommended by CSO representatives to represent CSO and Mr Philip Samar from MRA would represent the government, subject to confirmation.

Mr Tabel added that the topics of discussion at the Talk back would be centred on the objectives of EITI, its implementation in the country and the findings from the reports that have been published.

The Chair commended on the level of media coverage the National Secretariat was gaining. ExxonMobil PNG (Robert Aisi) also added similar sentiments and acknowledged the good work the Secretariat was doing and suggested that the findings of the report needed to be brought out to sub-national levels of government.

CIMC (Wallis Yakam) highlighted the need for (Civil Society Organisation) CSO funding to cater for communications outreach .She also informed that the EU had funded a series of regional workshops in August 2016.

National Secretariat (Lucas Alkan) informed MSG about World Bank's interest to support the roadshows and communications outreach activities. He said several meetings were held with World Bank officials that culminated in the National Secretariat submitting a proposed list of activities that the Bank could consider funding under the Extractive Governance Program Support (EGPS) facility. The World Bank PNG Country Office had advised that they are liaising with the head office in Washington and inform the Secretariat soon to progress with an official request.

National Secretariat (Christopher Tabel) informed on possible offer by Pacific Governance Facility (PGF) assistance and support by the Australian High Commission to carry out provincial and site based workshops. He said discussions with the National Secretariat was continuing.

Newcrest Mining Limited (Peter Aitsi) alerted the National Secretariat to take note of upcoming events that it could participate. He expressed that the PNG Mining and Petroleum Conference is an ideal avenue to showcase the work of the PNGEITI MSG. Mr Tabel informed that the National Secretariat had participated in the 2016 Conference and is looking forward to be included in future events.

Mr Tabel raised that all EITI implementing countries are required by EITI International Secretariat to publish their Annual Activity Reports by 1st July of every year and that the National Secretariat was working on this report to be published by that date.

5. PROGRESS ON PREPARATION OF 2015 & 2016 EITI REPORTS

- Update from Technical Working Group (TWG)

National Secretariat (Lucas Alkan) briefed MSG on behalf of the TWG. He reported that the successful bidder (Moore Stephens) had engaged two specialists to travel to PNG to undertake the above reports. However, the specialists were based in Tunisia (Tunisian nationals) in Africa and they were having difficulty in securing PNG visa and work permits. Mr Alkan explained that the National Secretariat had made efforts to

facilitate visa and work permit with the Immigration and the Department of Labour, however the process of applying and securing these documents would take time – at least up to three months. As time was of the essence these reports will have to be published by end of this year in preparation for validation set for early April, 2018.

In light of the above problem, the National Secretariat sent out an email circular before MSG meeting seeking the MSG to withdraw the offer to Moore Stephens and award the contract to Ernst and Young which was the second best bidder. However, the matter was still outstanding and Mr Alkan strongly recommended that MSG discussed and resolved the matter at that meeting for reports preparation to commence.

Industry (Total E&P PNG Limited and EMPNG Limited) informed that it had already responded to this matter by supporting the Secretariat's recommendation. Government (Treasury and MRA) indicated that it had also supported Secretariat's recommendation to withdraw the offer and appoint the next best bidder. Civil Society (CIMC and INA) noted the difficulties faced by Moore Stephens and the delays anticipated in getting its specialists to arrive in PNG to undertake the reports. CSO therefore agreed with the other stakeholders that the offer be withdrawn and the next best bidder be appointed.

Newcrest Mining Limited (Peter Aitsi) moved for the MSG to withdraw its offer to Moore Stephens and appoint Ernst & Young as the next best applicant. MRA (Arnold Lakamanga) seconded the motion and it was resolved by consensus that the offer to Moore Stephens be withdrawn and Ernst & Young appointed as the next best bidder to perform the Independent Administrator (IA) role.

Resolution:

MSG resolved to withdraw offer from Moore Stephens on grounds of non-compliance of the terms of offer clause in the letter; and reiterated that any legal liabilities for withdrawal of offer were contained within the non-compliance clause enclosed in the offer letter to Moore Stephens. MSG unanimously agreed to offer the letter to Ernst and Young as the next best candidate.

6. PROGRESS ON BENEFICIAL OWNERSHIP ROADMAP IMPLEMENTATION

National Secretariat (Lucas Alkan) gave an update on the progress on implementing the Beneficial Ownership Roadmap approved by MSG in December last year. He said the Secretariat had already called for expression of interest to engage a Roadmap Implementation Manager (RIM) to coordinate implementation of 33 activities listed in the Roadmap. The closing date for EOI would be on the 14 of June and the successful bidder would be engaged under a multi-year contract from July 2017 to December 2020.

Mr Alkan recommended to the MSG that a Technical Working Group (TWG) on Beneficial Ownership Roadmap Implementation be established to oversee the implementation process and to report to the MSG on a regular basis.

Resolution:

It was resolved that the existing TWG on EITI Reporting be engaged to oversee implementation of the BO Roadmap. The TWG comprises; Robert Aisi of EMPNG, Cornelius Soagai of Oil Search, Arnold Lakamanga of MRA, Ketty Masu of IRC, Paul Barker of INA and the National Secretariat.

7. PROGRESS ON EITI LEGISLATIVE DEVELOPMENT

Update from Legislative TWG/Sub-Committee

National Secretariat (Christopher Tabel) provided an update on the TWG-subcommittee's work on drafting the EITI legislation. Mr Tabel informed that there had been three working group meetings held so far this year and indicated that this is anticipated to continue for some time.

Department of National Planning (Langa Kopi) suggested that the technical working group concentrated on drafting the policy that would drive the legislation for EITI.

Newcrest Mining Limited (Peter Aitsi) highlighted that there were different expectations surrounding the EITI Policy/ Legislation and at this stage this can be used to strengthen and create a model for other sectors as well when it is completed in the mining and oil and gas sector. He added that the MSG focuses on what it had started (oil, gas and mining) to ensure it is working well before expanding into other areas of the extractive sector (eg, forestry and fisheries).

Institute of National Affairs (Marjorie Andrew) still reaffirmed to considering other sectors as such as Fisheries, Agriculture and Forestry.

Newcrest Mining Limited (Peter Aitsi) suggested that the legislation could make provision for expansion into other areas of the extractive sector. However, he expressed that it took 4 years to come this far and other sectors may not be at the same stage as the PNGEITI in terms of its structure and political support, thus there may be a risk to including them at this stage. The drafting instructions should also consider NEC decision 90/2013 and 91/2017.

Resolution:

It was resolved that the National Secretariat be tasked with the responsibility for determining the best approach for the technical working group to proceed with the policy aspect of EITI.

8. FINAL MSG MOU FOR ENDORSEMENT

National Secretariat (Lucas Alkan) made reference to the final copy of MoU included in the agenda for approval. He pointed out that the contents of the updated MoU (MSG MoU 2017) was the same as the first MoU (MSG MoU 2013) except couple of key amendments. These amendments included reconfiguration of government composition in the MSG to reflect inclusion of State Owned Entities (SOEs) as recommended by the first EITI Report. The updated MoU also built flexibility in chairing of meetings. Mr Alkan explained that the updated MoU makes provision for any government representative present at the meeting to chair the meeting in the event

that the Chairman (Treasurer) or his Alternate (Treasury Secretary) or his delegate (Deputy Secretary for Economic Policy) not available. There was no provision in the previous MoU that sometimes led to deferral of meetings when Treasury was not available to chair. Mr Alkan added that the updated MoU ensures that the Chairmanship is always retained by government since EITI is a government led initiative.

A MSG Code of Conduct was also attached to the updated MoU that was intended to address governance issues at MS level. National Secretariat will organise for the MoU to be signed by MSG representatives at a later date. No resolution was required on this item as it was for MSG's noting and endorsement.

9. REPORT DISSEMINATION STRATEGY, OUTREACH AND ROADSHOWS

MSG did not deliberate on this agenda item, noting that it was already discussed as part of agenda item #4.

10. NATIONAL SECRETARIAT MATTERS AND UPDATES

National Secretariat (Lucas Alkan) provided updates on sub-items 10.1 – 10.3 as recorded below:

10.1 Update from MSG on Remuneration Committee's Review on salary and benefits for Head of Secretariat and staff.

The Review Committee was not able to provide an update on this item as the Committee did not meet after the first MSG meeting. MRA (Arnold Lakamanga) expressed that the matter has been outstanding for a while and the Committee needed to meet to address this matter. The current Remuneration Committee comprised of MRA (Arnold Lakamanga), Richard Kassman (TOTAL P&E PNG Limited) and Mayambo Peipul (BACA).

Resolution:

It was resolved that the Remuneration Committee would convene soon to review the outstanding matter and to make its recommendation to the MSG.

10.2 EITI Capacity building Project Framework signing with JICA

National Secretariat (Lucas Alkan) informed MSG that the PNGEITI National Secretariat had signed the minutes of the project framework meeting with JICA in April this year for capacity building at the National Secretariat, the MSG level and the reporting entities through a JICA Technical Cooperation Program.

No resolution was made on this as it was for MSG's noting and not an action item.

10.3 National Secretariat Trust Account Statement of Financial Performance

National Secretariat (Lucas Alkan) presented a financial statement for the first quarter of 2017 for MSG's information. He informed that a full year report for 2016 was already presented during the first quarter MSG meeting this year. The statement showed an opening balance (as of 1st January) of K1,468,929.71 and a closing balance (as of 30th

March) of K2,539,386.43. This was for MSG's noting only and there was no resolution made.

11. ANY OTHER BUSINESS

National Secretariat (Lucas Alkan) provided updates on sub-items 11.1 – 11.2 as recorded below:

11.1 Secretariat's participation at all CIMC National Development Forums

MSG was informed of National Secretariat's participation at the CIMC run regional development forums early this year. The expenses for the attendances was fully met by the National Secretariat.

11.2 EITI proposed participation in induction program for incoming Government MPs.

MSG was informed of the National Secretariat is preparing to join the Department of Prime Minister and NEC to participate in the induction program for incoming members of Parliament. This will also include inducting the new Minister for Treasury and Chair of PNGETI MSG (through the Department of Treasury) on EITI activities.

12. END OF MEETING

There being no further business for discussion, the meeting concluded at 12:00 noon.

13. DATE FOR NEXT MEETING

To be advised by the National Secretariat



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MANU MOMO

Acting Chairman of PNGETI MSG &
Deputy Secretary for Economic Policy
Department of Treasury