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PNGEITI ATTENDS GLOBAL CONFERENCE



The PNGEITI Delegation at the PNG Country Booth - (L-R) Mr. Arnold Lakamanga, Ms. Wallis Yakam, Mrs. Susil Nelson-Kongoi, Mr. Isu Aluvula, Ms. Ketty Masu, Mr. Cornelius Soagai, Mr. Paul Barker, and Mr. Lucas Alkan.

Papua New Guinea was applauded as a fully active member in implementing the Global EITI Standard from its recent participation and country presentation at the recent 8th EITI Global Conference in Paris, France in June.

The triennial event which saw over 1000 participants from 51 member EITI countries as well as supporting countries and other key stakeholders, showcased PNG as a model country for mainstreaming the EITI standards required for extractive projects revenue transparency and accountability.

The EITI Global Conference witnessed all EITI implementing and supporting countries converge to discuss on pressing issues, share experiences, network and provide useful updates and progress of implementation.

PNG was represented at the Global Conference by the Multi-Stakeholder Group delegation comprised of the Mineral Resources Authority, Internal Revenue Commission, Oil Search Limited, Exxon Mobil PNG Ltd,

the PNGEITI National Secretariat, the Consultative & Implementation Monitoring Council and the PNG Council of Churches.

"We commend them all for their active participation and contributions in the conference," said Lucas Alkan, Head of PNGEITI National Secretariat.

"We hope that they found the conference to be highly useful and a means to drive us to collaborate better and more effectively in our implementation of EITI in PNG as we make effort to promote transparency and address resource governance issues," said Alkan.

The 8th EITI Global Conference in Paris was considered a general success.

"The level of discussion and interaction on the various topics discussed was a testament to the event's value and in bringing our EITI community together," said Alkan.

The conference also saw the launch and incorporation of the 2019 EITI Standard.

This is the third and latest version of the Global EITI Standard, previous standards were 2013

and 2016.

"The conference also involved a high level dialogue and engagement to enable EITI to mobilise and sustain much needed political commitment essential for achieving many of EITI's goals," said Alkan.

Alkan thanked all MSG member agencies and entities who continue to support the EITI implementation in the country and also for ensuring that PNG is fully represented in such global events.

"The PNGEITI National Secretariat acknowledged the significant contributions and support of industry companies who funded various costs associated with the Global Conference.

"We appreciate your continued support and commitment to EITI in PNG and hopefully we can have a more diversified representation in future Global Conferences," said Alkan.

The delegation visit was partly sponsored by the PNG Government, Exxon Mobil PNG Limited, Oil Search PNG Limited and Newcrest Mining Limited.



**LUCAS ALKAN, Head of PNGEITI
National Secretariat**

On behalf of the PNGEITI National Secretariat and the Multi Stakeholder Group, I warmly welcome all our readers to this edition of the PNGEITI Impact Newsletter. The years 2018 and 2019 PNGEITI has seen some great impact from its programs and activities.

Generally, Papua New Guinea has made tremendous progress in EITI implementation in 2018 following the publication of the Fifth PNG EITI Annual Country Report covering fiscal year 2017.

The 2017 fiscal year Report symbolises our country's commitment to implementing the EITI International Standards and signifies our active participation as member nation of the Global EITI.

The year 2018 also observed a significant milestone as the country commenced its first country Validation since becoming a member in 2013.

I wish to announce that after the first country validation process in 2018, the EITI International Board awarded PNGEITI 'Meaningful Progress'. Validation is a quality assurance mechanism targeted at EITI candidate countries such as PNG, to ensure compliance with minimum requirements from the EITI Global Standard.

The EITI Validation process commenced from April and ended in October of 2018. PNG's second Validation will commence in 2020 to assess the recommendations from the first Validation in 2018.

The Board also commended PNG's efforts in implementing a number of reforms to address weaknesses in government systems and improving the level of transparency in the country's extractive sector.

It further commended the country's efforts in producing EITI data in a timely manner and effectively disseminating the findings of EITI reports to influence public debate.

Apart from the Validation, PNGEITI was also able to progress a number of its existing work programs along with the commencement of new projects with the support of development partners.

The following is a brief outline of these various programs undertaken by PNGEITI in the year 2018.

The Policy and Technical team progressed with drafting the PNGEITI National Policy which was presented before the Cabinet in the first quarter of 2019.

The subsequent endorsement of the National Policy on Transparency and Accountability in the Extractive Sector will be preceded by an establishment legislation enabling the creation of independent administrative body to sustain EITI implementation in the country.

The PNGEITI Multi-Stakeholder Group (MSG) approved the successful candidate Adam Smith International to undertake this assignment with the assistance of the PNGEITI National Secretariat.

Implementation of the Beneficial Ownership Roadmap also progressed well. About 12 milestones out of the 21 that was set out in the second contract, have been implemented by the Roadmap Implementation Manager (RIM) KPMG. The project is set to end in December 2019 followed by reports of beneficial ownership roadmap implementation captured in the 2020 reporting.

The Subnational Payments and Transfers Scoping Study undertaken through the Australian Government support via Pacific Leadership Governance Facility (PLGF) was completed in late 2018.

The scoping team covered four (4) case studies to deliver the final report that will serve as a guide to future reporting at the sub-provincial level.

In October 2018, the PNGEITI officially commenced a technical cooperation project with development partner Japan International Cooperation Agency (JICA), aimed primarily at upgrading and digitising the license registry system of the Department of Petroleum (PNGEITI MSG member) and also other capacity development activities for the MSG and the National Secretariat in particular.

The initial phase of the project saw the deployment of five (5) JICA consultants/experts who proceeded with the development of a baseline survey and consultation process.

The baseline survey report and the finalised work program for the project was delivered in February 2019.

This is a two-and-a-half-year project and is expected to be conducted by the end of 2020.

PNGEITI Communication programs have also generated significant results indicative of its use to frame discussions and debate at various levels.

Outreach activities that were conducted, stimulated dialogue and collaboration between various local civil society groups and government agencies on how to address pertinent issues relating to the country's various extractive project value-chains.

The EITI National Secretariat maintains a neutral position on various sensitive issues debated in the public domain despite indiscriminate usage of the report findings by various audiences both domestically and internationally.

Administratively, the National Secretariat has continued with the day-to-day operational support of EITI activities under the oversight of the MSG and in close collaboration with the Department of Treasury.

The MSG successfully hosted its mandatory quarterly meetings and various consultations for the year with satisfactory participation and engagement by all stakeholders.

The EITI process will continue to provide a platform for dialogue relating to the Extractive Industries.

It is considered a valuable mechanism by which gaps in existing government systems can be identified, recommendations of stakeholders may be elevated by policy makers to improve the governance of the sector in the country.

The PNGEITI objectives remain consistent with PNG National Government priorities:

- ◆ Increased transparency of revenue flows from the companies to government, various landowners' trust funds, associations, and the provincial governments.
- ◆ Use of the EITI model as a diagnostic tool to assess government's management of resource revenue and its policy settings recommendations to be used as a platform for broader reforms.
- ◆ Provide reliable data for citizens to stimulate debate and hold government and companies accountable
- ◆ Increase investors' confidence to invest in PNG.
- ◆ Provide a forum for enhancing dialogue between the government, industry, landowners and citizens.
- ◆ Support and complement PNG's Sovereign Wealth Fund (SWF) and Government reforms to fight corruption such as the establishment of the Independent Commission against Corruption (ICAC).

The PNGEITI National Secretariat through the Multi-Stakeholder Group looks forward to more progress and achievements in the years to come.

POLICY DEVELOPMENT PROGRESSES



The PNGEITI National Policy and Legislation Technical Working Group (TWG) during a recent review consultation meeting in Port Moresby.

The PNGEITI Multi-Stakeholder Group (MSG) have progressed with developing PNGEITI's National Policy and Legislative Bill to provide the avenue for PNGEITI's transition into becoming an independent entity.

Head of the National Secretariat Lucas Alkan said the draft of the National Policy was achieved through a comprehensive consultation process with key government stakeholders, industry and development partners.

"The draft national policy is currently going through a final round of consultations with other stakeholders and the general public to gather a wider feedback before it is finalised and presented to the National Executive Council (NEC) for endorsement.

"The process is predicted to compliment the currently endorsed NEC decision on the Open Government Partnership (OGP) National Action Plan that incorporates Extractive Transparency as one of the four (4) key clusters, with the main cluster activity being the development of the PNGEITI National Policy and Legislation," Alkan said.

The government department aligned to this commitment was the Department of Treasury, while the PNGEITI Multi Stakeholder Group (MSG) took custodianship to coordinate and action this commitment.

In alignment to this Cluster commitment activity and as part of the PNGEITI MSG's continued implementation of EITI in PNG, the MSG in October 2016, announced

the formulation of a Technical Working Group (TWG) to develop and establish the PNGEITI National Policy and Legislation. This activity has progressed, since October 2016, however, there were certain delays due to the 2017 National Election and the inability to effectively mobilise resources.

Despite the setbacks, the TWG under the guidance of the PNGEITI MSG still managed to carry out this activity.

After a year, October 2017, a Terms of Reference (ToR) was formulated under the direction of the MSG, to secure an external consultant to undertake the development of the policy and legislation, sighting capacity constraints within the existing MSG realm.

In late May 2018, a renowned group Adam Smith International was engaged to undertake the development of the PNGEITI Policy and Legislation.

The initial desk review commenced in July 2018 for the policy framework.

At the same time, the legislative review and drafting will commence on the first phase of the project which is the establishment of PNGEITI Statutory Entity.

The Policy and Legislation development project is scheduled to be undertaken within a period of eight (8) to ten (10) months depending on the scope of work and the level of consultations.

It is envisaged that the PNGEITI Policy framework and initial legislative phase would be completed and reported within the first quarter of 2019.

POST VALIDATION WORKSHOP HELD SUCCESSFULLY

The PNGEITI successfully hosted a Post-Validation Workshop with key Multi-Stakeholder Group participants in March this year.

The purpose of the workshop was to discuss the findings and recommendations from the 2018 PNGEITI Validation Report, and propose options to address gaps in the validation report and create an action plan or next steps to address the validation gaps.

Head of PNGEITI National Secretariat Mr Lucas Alkan said the workshop was intended to prepare the validation action plan to address the gaps identified in the Report.

The meeting was facilitated by Ms Gay Ordonez and Mr Guy Ritchie from the EITI International Secretariat and co-facilitated by the National Secretariat.

Over thirty members of the PNGEITI MSG attended the workshop from key Government, Industry and Civil Society members.

Ms Ordinez spoke about the results and findings of the 2018 PNG Validation and gave an overview of the expectations of the workshop and its intended outcomes.

The MSG will integrate the discussions of the workshop into the work plan.

Validation is a quality assurance mechanism targeted at EITI candidate countries such as PNG, to ensure compliance with minimum requirements from the EITI Global Standard.

Papua New Guinea went through its first country validation in 2018.

A desktop assessment kick started in April 2018, followed by a visit by the EITI International Secretariat staff, then the validation consultations which took place from May 2nd to 9th, 2018.

The EITI International Board awarded PNG Meaningful Progress in its EITI implementation, and commended PNG's efforts in implementing a number of reforms to address weaknesses in government systems and improving the level of transparency on the country's extractive sector.

The Board also commended the country's efforts to produce EITI data in a timely manner and effectively disseminate the findings of EITI reports to influence public debate.

SUMMARY ACTIVITY AND MILESTONES OF THE PNGEITI POLICY AND LEGISLATION

YEAR	ACTIVITY
2016	Former Treasurer Hon. Patrick Pruaitch directed the National Secretariat to develop the PNGEITI National Policy and Legislation during Meeting 05/2016 and announced the decision to ensure a TWG is established.
2017	PNGEITI Policy and Legislative TWG Formalised in meeting 2/2017. The TWG held meetings and various online forums to develop a preliminary scope which led to a draft policy framework. TWG was compelled to proceed – recommendations were made for MSG to engage legal expert to proceed with the next phase of the development. MSG developed terms of reference to engage legal expert.
2018	TWG formalised the Policy and Legal Consultant ToR. Bid announced. MSG approved the successful bidder Adam Smith International to take up the project.
2019	NEC endorsed the EITI establishment policy. The National Secretariat and the MSG are now progressing to the legislative process to formulate the draft Legislative Bill.

BO DISCLOSURE PROJECT TO END IN DECEMBER 2019



PNGEITI Multi-Stakeholder Group Beneficial Ownership TWG with BO Roadmap Implementation Manager KPMG and Madang Province Participants in 2018.

The Implementation of the Beneficial Ownership Roadmap has progressed well.

About 12 milestones out of the 21 that was set out in the second contract, have been implemented by the Roadmap Implementation Manager (RIM) KPMG.

The project is set to end in December 2019 followed by reports of beneficial ownership roadmap implementation captured in the 2020 reporting.

As required by the EITI 2016 Standards, all implementing countries are to report on Beneficial Ownership (BO) by 2020.

In other words, companies who bid for, operate, or invest in the country's extractive sector will have disclosed their Beneficial Owners by January 2020, in their country reports.

Papua New Guinea commenced implementing the Beneficial Ownership Roadmap in July 2017.

During the first twelve months, the Multi-Stakeholder Group (MSG) through the

consultant KPMG conducted planning sessions, consultations, workshops and meetings.

The meetings, workshops and roadshows conducted involved collecting information from relevant stakeholders.

The consultations were held also with relevant stakeholders to define terminologies such as Beneficial Owner (BO), Politically Exposed Persons (PEP) and BO threshold limit, to be understood in PNG context and to form the basis of this whole exercise.

KPMG in consultation with the Investment Promotion Authority (IPA) developed a draft BO disclosure template (a hybrid form) that highlights key shareholding information of a company.

Consultations are underway with IPA and relevant stakeholders to further review the form to ensure it is user-friendly before it could be used for collecting BO details by IPA through its company registration process.

BENEFICIAL OWNERSHIP WORKSHOP IN MANILA



The PNGEITI MSG delegation at the Beneficial Ownership workshop in Manila, March 2019.

The PNGEITI MSG continues to actively participate and upgrade its technical expertise in Beneficial Ownership (BO) disclosure.

A contingent from the PNGEITI MSG attended the BO Workshop in Manila, Philippines, from March 19th to 20th, 2019.

The workshop gathered government officials, and investigative journalists from EITI countries in the Asian region to share best practices on beneficial ownership disclosures, discuss challenges and possible solutions to address barriers that hinder transparency of full company ownership, and build the capacity of the participants to understand the technical aspects of the concept of beneficial ownership.

This was a follow-up event on the last peer learning session which was conducted in Jakarta in 2017.

- ◆ The 2016 EITI Standard (2.5c) requires that reports from 2020 onward include detailed information relating to beneficial ownership.
- ◆ The MSG has developed a roadmap and scoping study to address this requirement, and work has begun on implementing the roadmap.

I want to thank you and the PNGEITI Team for nominating me to attend the recent Beneficial Ownership in the Asia & Pacific Regional Workshop in Manila Philippines, from March 19th and 20th, 2019, facilitated by the International EITI and ADB Institute (ADBI).

It was an honour to listen to representatives from EITI member countries on progress being made within neighbouring countries on how the issue of beneficial ownership is being addressed, and reported through the EITI process.

The workshop also provided an opportunity to listen to the experiences from countries such as Philippines, Myanmar, and Kyrgyzstan, Kazakhstan, Mongolia, and others, on how

their reporting of Beneficial Owners and Politically-Exposed Persons has progressed in recent years. This is something I know the PNG EITI Secretariat is working towards, a progression which will be welcomed by all stakeholders (media included), in an effort to promote greater transparency within this important economic sector.

I will be sharing some of lessons learnt from the workshop, with my colleagues here at EMTV, which I believe will assist in improving our reporting on the extractive sector going forward. We look forward to working closely with PNGEITI in improving the level of reporting on the extractive industry, and more so on transparency initiatives taking place through the PNGEITI Secretariat.



Mr Meriba Tulo
Senior Reporter
Presenter- EMTV News and Sports



WORKSHOP ADDRESSES CHALLENGES AND OPPORTUNITIES IN SUBNATIONAL GOVERNANCE

A two-day workshop on subnational payments reporting in the mining and petroleum sector was held with national and provincial stakeholders to ensure transparency in reporting. The workshop was held from the 3rd to 4th of June, 2019, in Port Moresby.

The PNG Extractive Industries Transparency Initiative in partnership with the Pacific Leadership and Governance Precinct (PLGP) conducted the workshop themed Subnational Governance and Reporting in the extractive sector.

Head of PNGEITI National Secretariat Mr Lucas Alkan commended PLGP for assisting a scoping study into subnational payments and transfers.

"Subnational payments and transfers is a key requirement under the EITI international standard and we're gradually building up on reporting at this level.

Current reporting is only focused on National Government revenue," Alkan said.

He said the PNGEITI are embarking on creating reporting



Participants of the PNGEITI PLGP Workshop comprising of Provincial Mining Directors, Provincial Administrators and Provincial Treasury Managers in June 2019.

mechanisms for provincial governments to report for the project.

"The purpose of this project is to establish linkages to national and provincial reporting so as to ensure transparency and accountability with payments at the provincial and local level government," said Alkan.

The workshop was attended by stakeholders from extractive resource projects in East

Sepik, Madang, Western Fly, New Ireland, Enga, Milne Bay, Morobe and Central provinces.

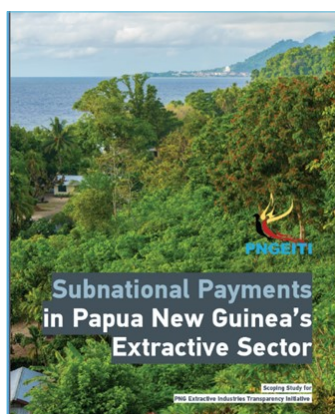
Presentations were given from the National Economic Fiscal Commission, Department of Petroleum and Energy, Department of National Planning and Monitoring, Mineral Resources Authority and the Department of Treasury.

The PNG Extractive Industries Transparency Initiative is a

government initiative that promotes transparency and accountability of revenue received from the PNG mining and Petroleum Sector.

The Pacific Leadership and Governance Precinct is a partnership between the Governments of PNG and Australia to support the development of ethical and capable public sector leaders in PNG.

SUBNATIONAL PAYMENTS SCOPING STUDY SUCCESSFULLY DELIVERED



The Pacific Leadership and Governance Precinct (PLGP) successfully delivered the PNGEITI Subnational Payments report in the first quarter of 2019 through consultant Dr. Tim Grice.

The purpose of the study was to: Identify and map the subnational payments and transfers in PNG's extractives sector;

document stakeholder views on enhanced subnational reporting through PNGEITI; develop a reporting framework and roadmap for PNGEITI subnational reporting.

In the same way that the implementation of EITI at the national level aims to promote revenue transparency, subnational reporting has the same objective to ensure that local stakeholders have access to relevant information on extractive payments.

The issue of subnational payments is particularly important in PNG, local landowners, affected communities and provincial and local governments receive a broad range of payments and transfers including royalties, land rentals, community development and investment funds Special Support Grants, to name a few.

Systematic reporting of mate-

rial subnational payments through PNGEITI is an important step to further improve transparency and accountability for the PNG extractive sector.

However, there are a few reasons why EITI implementation at the subnational level in PNG may prove challenging.

First, there are different agreements and obligations in place for PNG's extractive projects, each of which have different revenue streams and payment structures.

Second, there are differing levels of capacity in place for subnational reporting in provinces where extractive activities take place.

Accordingly, the framework for EITI subnational implementation in PNG must be adaptable enough to accommodate different projects and provincial contexts.

The agreed-upon framework for subnational reporting must also take into account key issues such as confidentiality and the practicalities of data collection and reporting.

The study was implemented as a partnership between the PNGEITI Secretariat and the Precinct (PLGP) with support from Newcrest Mining Limited.



Dr. Tim Grice presenting the findings of the PNG Subnational Payments Scoping Study.

- ◆ Information relating to transfers and payments to subnational (provincial and local level) governments in PNG is difficult to obtain.
- ◆ The Independent Administrator (IA) has attempted to include as much information as possible in this report.
- ◆ Subnational payments include royalties, dividends, compensation payments, development levies, Special Support Grants, and other benefits as agreed through memoranda of agreement.
- ◆ PNGEITI have commissioned a scoping study to investigate the possibility of implementing the EITI Standard to subnational governments and landowner associations, which is near completion.

OUTREACH ACTIVITY TARGET RESOURCE OWNERS



Members of the PNGEITI and MRA (Mineral Resources Authority) Team with Huon Gulf Open MP Ross Seymour in 2018.

The National Secretariat conducted a series of outreach information sessions with stakeholders of the Harmony Wafi-Golpu Gold Project in Morobe Province.

The purpose of the outreach activity was to sensitise targeted groups; the resource project owners, provincial and local level governments, the three (3) main landowner groups Yantu, Babuaf, Hegambu including the general public.

The content of the information shared during the outreach activity was focused on; the EITI 2016 Standards and the corresponding provisions the PNGEITI Reports and its content inclusive of contextual findings and reconciliation data; the value of the EITI in the MoA and to stakeholders.

The team framed discussions around EITI Standards and its implementation in the country, however, did not further elaborate on sensitive issues relating to functions of regulatory bodies that are party to the MoAs.

The team maintained its neutral position throughout the outreach program but reiterated its functions on reporting of revenue derived from the mining and petroleum sector.

So long as the PNGEITI Reports form the basis of public queries and discussions regarding government revenues collected from the extractive sector and how or where it spends it.

The PNGEITI communication program envisions a PNG where all national and subnational entities institutionalise the

EITI standards through their legislations, policies, communication, information technology and mainstream education.

Working in partnership with a multi-stakeholder group with different interests on a consistent basis has an on-going challenge.

This is reflected in the key implementation areas; maintaining political support, ownership and commitment to implement EITI and its report recommendations; securing participation of key MSG members or ensuring a required quorum to agree on or reach a resolution; lack of capacity (technical knowledge and experience) on extractive industry issues within the MSG; absence of a national policy framework and legislation for EITI to operate, lack of capacity within State institutions to support EITI implementation.

During PNGEITI's journey, Papua New Guineans have also become highly engaged with social media and other online platforms, which shows that they're more informed than ever.

Vast majority of Papua New Guineans are accessing information online most especially from the social media that provides platform for debate amongst various demographics and specific target groups such as opinion leaders policy makers and legislators.

The PNGEITI website also has generated significant interaction from online users especially for accessing EITI reports and data. Below is a graph showing the website performance.

PNG EITI REPORTS GAINING PUBLIC CONFIDENCE



PNGEITI and Exxon Mobil Government Relations Team after a tour of Plant Site.

PNGEITI Communication programs have gained favourable results in 2018, as indicative in the use of EITI reports in framing discussions and debates across multiple platforms.

The National Secretariat continues to maintain its neutral position on sensitive issues raised at the public domain despite indiscriminate use of the report findings by several audiences.

Although EITI reports can be credited as catalysing debate relating to fiscal and economic management issues in the country, much of these is owed to the current civil debate regarding PNG political decisions and economic management. Nonetheless, the PNGEITI Reports have become the preferred reference source of information.

Meanwhile, the PNGEITI MSG outreach engagements with project stakeholders has generated a significant interest in the need for data and information.

Information sessions conducted by the team, has made people understand the importance of keeping data records and producing regular reports.

As a result, the team are now working closely with MSG members PNG Minerals Resources Authority, Provincial Administrators, Mining Directors, and political members in the host project sites to ensure reporting of data and information is captured in the system or is reported efficiently and timely.

Moreover, there's been discussions on the need for more policy relevant engagements, however, this will come to effect if and when the EITI provisions are captured in the Draft Mining Act 2014 and the current and future Mining Project Agreements, as well as participation in the Government State Negotiating Team.

PNGEITI WEBSITE PERFORMANCE JULY 2018 TO JUNE 2019



Summary of Website Performance contract July 2018 to June 2019

Beginning of year 2019, between January and February the website recorded a high hit rate. Additionally the PNGEITI website has been the most efficient resource platform that has over the years generated significant interactions from online users, most especially those that have high interest in

knowing what we do and what is going on in the sector. For instance, beginning of year 2019, between January and February the website recorded a high hit rate. The reason for the high hit rate during this period is credited to the timely production of the PNGEITI Country Report 2017.

STUDY SHOWS PNG GOVERNMENT NOT GETTING SHARE OF RESOURCE BENEFITS

A recent study based on the PNG Extractive Industry Transparency Initiative (PNGEITI) Reports have found that the PNG Government is not receiving its share of resource benefits and recommended that the PNG Government broaden its economic base in order to increase its bargaining power in current and future extractive projects.

The research study titled: *Does the PNG government get its fair share from the resource sector?* - was presented at a public seminar at the Institute of National Affairs in July to an audience representing Government, Industry and Civil Society stakeholders.

It focused on the Government's ability to increase its bargaining power in its current and future planned resource projects.

The study was undertaken by Economists, Associate Prof Martin Davies at the University of Washington and Lee and Dr Marcel Schroder Economics lecturer at Lebanese American University. Both researchers are also guest lecturers at the University of Papua New Guinea and the Institute of National Affairs.

The researchers constructed a new database based on the PNG EITI annual reports that documents fiscal resource revenues for a large set of resource rich countries from 2006 to 2017.

"Using this dataset, we analysed the PNG

governments' take from the resource sector and study its determinants through a simple game-theoretic model as well as regression analysis. This allowed us to make comparisons between Papua New Guinea and other resource rich developing countries," said Prof Davies.

The study used regression analysis which allowed them to control factors of bargaining strength as implied by the game-theoretic model and found that PNG's government take has declined substantially in recent years and seems low compared to other resource rich countries.

"Salary and wage tax is largest payment received. PNG is the only country in our database of 50 countries where this is the case. Corporate income tax and royalties seem unusually low," said Dr Marcel Schroder.

The study provided potential Fiscal Regime recommendations.

"PNG is a developing country which means funds for crucial spending such as infrastructure, health and education are needed today rather than tomorrow. Therefore, avoid deals with MNCs that lead to extreme back-load of fiscal take,"

They also recommended avoiding giving too many incentives (loss carry forward arrangements, tax concessions, treating royalties as advance income tax, etc.) and recommended that the State reconsider

zero rating GST.

"Many resource rich countries derive significant revenue through GST. It is also relatively easy to administer. Consider relying more on royalties on sales. They have many advantages with Revenue flows today vs tomorrow, they are more stable than income tax and other payments and they are relatively easy to administer," said Prof Davies.

The study encouraged the audience to understand reasons behind low income tax payments. Is it only due to fall in commodity prices

"There seems no mechanism for government to benefit from exceptionally high commodity prices (e.g. additional royalty, excess profit tax). Therefore, in future, if deal offered by MNC isn't attractive, valid to leave resources in the ground for later," said Dr Marcel Schroder.

The researchers further provided economy-wide policy recommendations.

"We need to foster better macro policies and change the national mind-set where 'need the next resource projects to save us,'" said Dr Marcel Schroder.

The study recommended to focus less dependence on resources sector for growth, revenue and foreign exchange and focus better policies in non-resource sector such as agriculture and tourism.

PNGEITI PARTICIPATES IN THE PNG 2019 STATE OF ENVIRONMENT REPORT

Having accurate and systematic availability of data is essential for successful management of PNG National Policies and Programs in Papua New Guinea.

PNGEITI Head of the National Secretariat Mr Lucas Alkan highlighted this during the 2019 Papua New Guinea State of the Environment (PNG 2019 SoE) Report pre-workshop on Thursday 11th of July 2019. The PNG 2019 SoE is an international reporting obligation undertaken by lead agency Conservation and Environment Protection Authority (CEPA) to present the best available information about the current state of the Papua New Guinea Environment as the basis for effective environmental management, planning, and reporting.

The pre-workshop information session brought together stakeholders from the Government, Industry and Civil Society to inform on the finalisation of the PNG 2019 SoE Report.

"The PNGEITI National Secretariat is pleased to work in partnership to share data as part of CEPA's international reporting obligations.

"It is encouraging to see PNGEITI Reports playing a pivotal role in providing contextual, financial and economic data for the country's inaugural SoE Report.

The PNG 2019 SoE Report is a culmination of a multi-year commitment by the PNG Government through Environmental Regulator CEPA to satisfy its Multinational Environment Agreements (MEA) Secretari-



Papua New Guinea key stakeholders meet to validate SoE Report. Picture courtesy of SPREP.

at's International reporting obligations. CEPA is obliged to present reports, including the SoE on a timely basis to the MEA Secretariat where appropriate.

"We encourage interested people to access and utilise PNGEITI Country Reports as an open data resource for information regarding the PNG Mining and Petroleum Sector," said Alkan.

The PNG 2019 SoE is consistent with the PNG Government's Environment Act Part II Section 4 (c) and (j) on Environmental Sustainability and Compliance to signed International Environmental Treaties and Conventions.

"We'll work in close collaboration to provide feedback to CEPA to ensure all necessary information and data is made available to them," said Alkan.

PNG 2019 SoE National Coordinator and PNG Inform Project, CEPA Biatus Bito said over the years, several multilateral agreements have been signed by the Government of PNG ratifying various international conventions and protocols sanctioned by the United Nations General Assembly, which PNG is a member.

He said these conventions and protocols were adopted by the PNG government and enacted in parliament.

"The PNG SoE Reports are conducted every 5 years and although information are scattered, at least this Report provides a snapshot of where the country is, given the diverse pressures and threats the country is facing from both natural and manmade causes," said Bito.

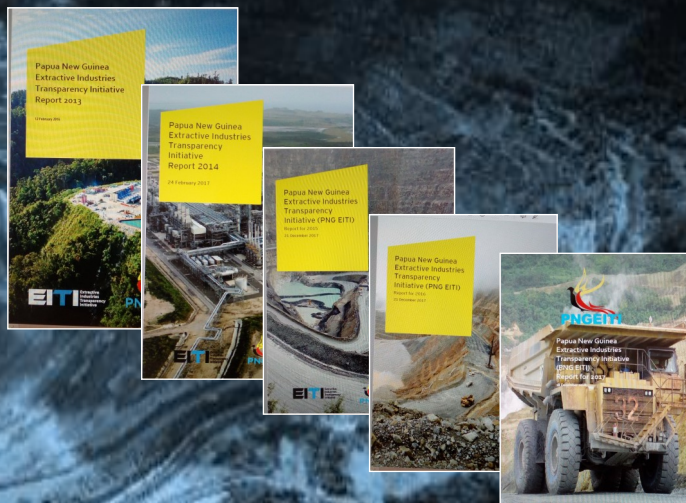
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KEY DATES

UPCOMING EVENTS

- ◆ September and November - 3rd and 4th quarter MSG Meetings to be held;
- ◆ Between November and December PNG EITI 2018 Report due for publishing;
- ◆ November - PNGEITI Legislative Bill due for submission to NEC.

PNGEITI TO PARTICIPATE IN:

- ◆ September 19–20, 2019 Regulators Summit;
- ◆ September 23 - TIPNG-YACA Mike Manning Camp;
- ◆ December 3 - 5 Mining and Petroleum Conference.

PNGEITI PROGRESS TO DATE

- ⇒ PNGEITI MSG has produced five (5) EITI Country Fiscal Year Reports from years 2013- 2017.
- ⇒ Covered 20 Mining Companies, 5 Oil and Gas companies, 5 state-owned entities and 9 Government Departments
- ⇒ The PNGEITI Reports cover over 24 Revenue streams. 9 of which were reconciled. 14 Unilaterally Declared, and One partially Reconciled in the 2017 Report.
- ⇒ Increased participation by key stakeholders in the PNGEITI Multi-Stakeholder Group with over 36 meetings since signing of the PNGEITI MSG MoU in 2013.
- ⇒ Current MSG members is at over 30 since 2013 and includes voting members from Government Industry, CSOs, SoEs and non voting observers such as Development Partners, Academics and other interest groups.
- ⇒ Conducted over 35 roadshows and regional/provincial presentations since 2015 to promote the PNGEITI Reports.
- ⇒ Became affiliated members of the PNG Chamber of Mines and Petroleum as well as Transparency International as well as active participants in various political, academic, development forums.
- ⇒ Consistent engagement with media stakeholders since 2016.
- ⇒ Conducting studies into Beneficial ownership and Sub-national payments reporting in future EITI reports. Developing PNGEITI National Policy and Legislation since 2018.
- ⇒ Currently undergoing Validation by the EITI International Secretariat to become a fully compliant EITI country.
- ⇒ We are currently producing the 2018 EITI Country Report.

PNGEITI MILESTONES

- 2013 - NEC Decision 90/2013 endorsed the implementation of the EITI Standard. MSG signs PNGEITI MoU.
- 2014 - PNG applied and was accepted as an EITI candidate country.
- 2015 - PNGEITI National Secretariat Office established under Treasury Department.
- 2015 - First PNG EITI Report for FY 2013 published.
- 2016 - Second PNG EITI Report for FY 2014 published.
- 2017 - Third and fourth PNG EITI Reports for FYs 2015 and 2016 published.
- 2017 - NEC Policy Decision 91/2017 called for implementation of 2013 Report Recommendation by the responsible entities.
- 2018 - Fifth PNG EITI Report for FY 2017 published.
- 2019 - PNGEITI validated by EITI International and awarded Meaningful Progress in EITI implementation.

PNG Extractive Industries Transparency Initiative
Treasury Building, Waigani,
PO Box 1907, Port Moresby,
National Capital District,
Papua New Guinea

2013

PNGEITI office established under Department of Treasury

2015

PNG produced its first EITI Report for Fiscal Year 2013

2016

PNG produced its EITI Report for Fiscal Year 2014

2017

PNG produced its EITI Reports for Fiscal Years 2015 and 2016

2018

PNG Validated PNG made 'Meaningful Progress' in Implementing the EITI Standard