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BREIF UPDATE ON THE VALITAION CORRECTION ACTIONS AND ADDRESSING INFORMATION GAPS IN THE FORTHCOMING FY2019 REPORT

Date: 29th September 2020
Venue: Kumul Petroleum Holdings Limited [KPHL] Meeting Room
Start Time: 10:00am -11:00am

Attendees: KPHL [Fabian Kuias], Ernst & Young [Leonard Catalon & Guldana Mushyelbai] and the PNGEITI National Secretariat Team [Oliver Maingu, Christopher Tabel & Sarita Peai]

Scribe: Sarita Peai

Chairing: Oliver Maingu, Stakeholder Engagement Officer – PNGEITI NS

Minutes

Discussion items:

Mr. Oliver Maingu formally opened the meeting with the opening remarks and the main agenda for discussions then followed suit.

i. Kumul Petroleum Holdings Limited [KPHL] Updates

KPHL has addressed most of the corrective actions from the 2018 validation exercise. One of the highlights was greater participation, which KPHL has improved hence, addressed most of the corrective actions mostly providing information on the PNGEITI Reports.

For SOE definition for the purposes of EITI Report, a consultant was engaged and has to communicate and work with KPHL and other entities on the SOE scoping study.

KPHL's engagement is mainly on providing specific information required in the EITI Report and review/assess the draft report. EY has requested KPHL to review the FY2018 PNGEITI Report and identify areas that are lacking specifically in relation to KPHL responsibilities/requirements

as per the 2018 Validation Assessment Report and address or provide sufficient information for the forthcoming FY2019 Report that is scheduled to be completed on 31st December 2020.

KPHL has received the reporting templates. EY emphasized that the templates are for per project and each of them should have passwords. KPHL has also been already invited on the Canvas Portal created by EY to upload the required information for the purposes of EITI reporting. The information in the 2019 report is more similar to the 2018 report; the only new/additional information is the data on gender/gender information for KPHL employees.

EY mentioned that the information needed to be captured in the 2019 report are recurring information however the only information that is quite difficult to collect is the information on the PNG LNG project. Earlier discussions with Exxon in relation to accessing PNG LNG information was difficult due to confidentiality purposes on the disclosure of PNG LNG information.

KPHL responded that all the Joint Venture [JV] partners have a confidentiality clause that bounds them for public disclosure of information. Any information to be disclosed needs to go by the agreement [MOA/MOU] per project.

KPHL has stopped publishing its annual reports on their website. Previously KPHL publishes its Annual Reports online. The last report published online is the 2017 Annual Report-KPHL. The Annual Reports for 2018 & 2019 are not published on their website. KPHL stated that it is the call of the shareholder whether or not to publish the Annual Reports online for public disclosure. The Annual Reports are provided to the shareholders during their Annual Management Meetings and the endorsed consolidated financial statement is captured in the EITI Report. Auditor General also compiles this report/prepare parliamentary presentation and submits to Parliament, which is another avenue where the Annual Report can be accessed by the PNG EITI National Secretariat Team.

For the 2019 KPHL Annual Report, it is still a working progress. Due to Covid-19 disruptions, work has been affected hence delayed Auditor General to endorse the financial statements however the financial statements are soon to be endorsed, then KPHL will work on verifying the financial statements and complete their annual report before the end of October 2020.

EY stated that Office of the Auditor General is in the process of reviewing the receipts of SOE's and entities. The auditing should be taken out before the end of 2020.

Also information on GloCo such as revenue that GloCo makes, new & existing loans if any made by GloCo, and how is it being distributed to the Joint Ventures [JVs] are missing in the EITI Report which EY and the National Secretariat Team is trying its best to gather some information however no progress has been made so far to date. From our earlier meetings with Exxon, they mentioned that its confidential information hence not to be disclosed in the EITI Reports. KPHL responded that the work arrangement are confidential however as far as the revenue is concern, they can report on the Kroton's share in PNG LNG because that's pretty much comes from GloCo as well in terms of production sales which includes GloCo. GloCo is made up of JV partners, which KPHL is also part of it. GloCo is part of the PNG LNG. Exxon Mobil is managing the operations of PNG LNG and is responsible for production. GloCo is the entity responsible for all the sales of PNG LNG products and financing. Monies received from sales, 70% goes to debt financing and 30% equity financing.

Resolution:

- ***KPHL to fill in the reporting templates and forward to EY for the 2019 Report.***

With no other businesses for discussion, Mr. Maingu thanked the Customs team for their participation and the meeting was closed at 11:00am.



Stakeholder Engagement Officer
Mr. Oliver Maingu
Chairperson