



**PNG EXTRACTIVE INDUSTRIES  
TRANSPARENCY INITIATIVE  
NATIONAL SECRETARIAT**



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**MINUTES OF FIRST QUARTER MSG (MEETING # 01/2020)**

**FRIDAY 26 JUNE, 2020**

**10:30 AM – 12:30 PM**

**5<sup>TH</sup> FLOOR CONFERENCE ROOM, THE TREASURY BUILDING**

**IN ATTENDANCE**

**Government**

1. Manu Momo – Department of Treasury (DoT)
2. Christy Tende – Department of Treasury (DoT)
3. Maggy Buf – Internal Revenue Commission (IRC)
4. Channan Kumalau – Department of Petroleum & Energy (DPE)
5. Samuel Tobung – Department of Petroleum & Energy (DPE)
6. Martin Moti – Department of Petroleum & Energy (DPE)
7. Israel Yapai – Department of Petroleum & Energy (DPE)
8. Mai Kuraya – Department of Finance (DoF)
9. Emmanuel Donigi – Department of Mineral Policy & Geohazards Management (DMPG)

**Industry**

1. Professor Albert Mellam – PNG Chamber of Mines & Petroleum
2. Leah Warupi-Morlin – PNG Chamber of Mines & Petroleum
3. Samuel Koyama – Exxon Mobil PNG Limited (EMPL)
4. Gertrude Tamade Elai – Barrick Niugini Limited (BNL)

**Civil Society Organisations (CSOs)**

1. Arianne Kassman – Transparency International PNG (TIPNG)
2. Yuambari Haihuie – Transparency International PNG (TIPNG)
3. Paul Barker – Institute of National Affairs (INA)
4. Wallis Yakam – Consultative Implementation & Monitoring Council (CIMC)
5. Henry Yamo – Consultative Implementation & Monitoring Council (CIMC)
6. Isu Aluvula – PNG Council of Churches (PNGCC)
7. Alois Sinen – Centre for Environmental Law & Community Rights (CELCOR)

**Development Partners / Consultants / Observers**

1. Dr. Wilfred Lus – World Bank (WB)
2. Ryosuke Watanabe – JICA
3. Fiona Silo – JICA
4. Alvin Mokavelaga – JICA
5. Shiro Otomo – JICA Expert Team (online zoom)
6. Toyohiko Yogo – JICA Expert Team (online zoom)
7. Leonard Catalan – Ernst & Young (EY)
8. Andalu Gurugu – Ernst & Young (EY)
9. Cherry Jim Senas – Deloitte Touche Tohmatsu (online zoom)

## **National Secretariat (PNGEITI)**

1. Lucas Alkan
2. Christopher Tabel
3. Francis Diakon
4. Oliver Maingu
5. Sonia Kenu-Becks
6. Samuel Wann
7. Delka Kemba-Rinny
8. Naomi Puipui

## **APOLOGIES**

1. Stanley Komunt – Newcrest Mining Limited (NML)
2. Ursula Pagiran – Ok Tedi Mining Limited (OTML)

## **NOT REPRESENTED**

1. Mineral Resources Authority (MRA)
2. Department of National Planning & Monitoring (DNPM)
3. Conservation & Environment Protection Authority (CEPA)
4. Auditor General's Office (AGO)
5. Department of Prime Minister & National Executive Council (PMNEC)
6. Harmony Gold (PNG) Exploration Limited
7. Kainantu Gold Mine
8. Oil Search (PNG) Limited
9. Total E&P Limited
10. Kumul Petroleum Holdings Limited (KPHL)
11. Kumul Minerals Holdings Limited (KMHL)
12. Kumul Consolidated Holdings (KCH)
13. Mineral Resources Development Company (MRDC)
14. Mineral Resources Development Company (MRDC)
15. PNG Resource Governance Coalition (PNGRGC)

## **1. WELCOME & INTRODUCTION**

The Acting Chair and Deputy Secretary for Economic Policy (Manu Momo), of the Department of Treasury opened the meeting and welcomed MSG members (including new members) to the First Quarter Meeting of 2020. He informed that the meeting was deferred until that time due to the Covid-19 Pandemic restrictions.

## **2. REVIEW OF MATTERS ARISING FROM MEETING #04/2019**

The Minutes of Meeting # 04/2019 were reviewed. TIPNG (Yuambari Haihuie) moved to accept the minutes as written and DPE (Channan Kumalau) seconded the motion as true records of that meeting. Also, INA (Paul Barker) pointed out that late Patrick Lombaia of PNG Mining Watch Group was not included in the minutes as he was in attendance at that meeting. Acting Chair advised the Secretariat to amend the minutes to include **late Patrick Lombaia** in the minutes.

## **3. UPDATE ON PNGEITI COMMISSION BILL**

National Secretariat (Lucas Alkan) provided an update on the PNGEITI Commission Bill.

He stated that after Adam Smith International (ASI) prepared the draft legislation, the Policy and Legislation Technical Working Group (TWG) conducted several workshops and refined further. The document was then submitted to the State Solicitor's office for a review of its legal correctness and sanctioning before it was finalised for Cabinet's consideration. However, in January 2020, the State Solicitor responded in its letter to the PNGEITI National Secretariat with a list of concerns that required further attention before advancing the draft legislation. Among other concerns, the State Solicitor expressed that the draft legislation was too vague and it posed a number of risks in its application, if passed. There was potential for abuse of power, duplication of roles and responsibilities that other government departments were already mandated to perform. Further clarification was required on the type of information that would be provided to the National Secretariat for purposes of EITI reporting.

The TWG met in March this year to deliberate on the concerns raised by the State Solicitor. During that meeting the TWG recommended that the MSG engaged a legal person to coordinate these concerns. The legal consultant would also assist the TWG to respond to questions raised by the State Solicitor for the draft Bill to be finalised. The TWG recommended Ms Nellie James to assist with this work because she was engaged earlier as one of the consultants by Adam Smith International (ASI).



The proposed consultant's fee was excessive for a month's work, however the Secretariat suggested that the MSG consider the recommendation as put forward by the TWG.

TIPNG (Yuambari Haihuie) added that during the TWG workshop in Alotau in November 2019, it was agreed that there has to be close consultation between the Secretariat, State Solicitor and the Consultant to finalize the draft Bill. He said legal officers from the State Solicitor's office were involved in the initial consultation process through the Technical Working Group (TWG). He was surprised at the sets of concerns raised by the State Solicitor as these were covered off well during these consultations, including the final workshop in Alotau where senior officers from the State Solicitor's office attended. He agreed to the recommendation by the TWG to engage the same consultant (Nellie James) to work closely with the State Solicitor to address the issues raised in order to expedite the process.

Barrick Niugini Limited (Tamade Elai) expressed that there were other pressing issues the industry was focusing on then the PNGEITI Commission Bill. The recent amendments to the Mining and Oil and Gas Acts would greatly impact on the industry's operations, potential investors and landowners likewise. The scope of the amendments to these resource laws may also impact on the outcome of the PNGEITI Commission Bill. Therefore, she suggested for the consultation time be extended to fully capture the industry's perspective in light of recent amendments to resource laws and other amendments that may be in the pipeline.

INA (Paul Barker) supported Barrick's suggestion to allow ample time for further consultation before the Bill was finalised.

**Resolution:**

***The TWG was directed to work in consultation with the State Solicitor to address the issues/concerns raised and advise the MSG of the outcome in the next Meeting. It was also agreed to allow for further consultations with stakeholders, especially the industry companies on the draft Commission Bill before it was finalised.***

**4. VALIDATION UPDATE**

National Secretariat (Christopher Tabel) provided an update on the country's second validation. The validation that was initially scheduled for April this year was deferred to October, a measure taken by the International Secretariat for all EITI implementing countries in response to the covid-19 pandemic disruptions. All EITI countries, including PNG that were scheduled to undergo validation this year were granted a blanket six (6) months extension. The National Secretariat pointed out that the timing of the revised validation date and the publication of the FY 2019 PNGEITI Report did not match. The 2019 PNGEITI Report would be published in December, well after the validation had been concluded. The National Secretariat pointed out that many of the corrective actions from the first validation had been included in the TOR to be addressed in the 2019 Report and there was a mismatch in timing. The concern related to the areas that would be assessed in this validation process as the PNGEITI 2019 Report will not be published by then for the validators to assess the actions that have been taken. Moreover, corrective actions matrix was updated in February this year which indicated that many of the areas to be actioned have not yet been addressed because of the Covid-19 pandemic disruptions.

National Secretariat (Christopher Tabel) informed that MSG could seek for possible options including; seeking approval from the EITI Board for PNG to extend its validation date to the First Quarter of 2021 to allow enough time to address the corrective actions. He added that if PNG agreed to seek extension of the validation date, this will have to be done before 01<sup>st</sup> November 2020. The extension request may also apply to both the FY2019 PNGEITI Report publication and the Validation date.

INA (Paul Barker) suggested for a possibility of a partial validation exercise to be undertaken in October and to request the EITI Board to defer full validation until the FY 2019 PNGEITI Report was published. ExxonMobil PNG Limited (Sam Koyama) wanted to know if PNG was the only country that would be seeking for an extension to the validation date or were there any other countries with similar economies also seeking extensions.

National Secretariat (Lucas Alkan) responded that the extent to which individual countries have been affected by Covid-19 pandemic are different. In light of this the EITI Board had provided a six (6) months blanket extension for those countries scheduled to undergo validation this year. He added that for any further extension in addition to what was already granted would require countries to demonstrate that they have been severely affected by the pandemic.

CIMC (Henry Yamo) also commented that there may be repetition of reports if we were rushed into publishing some information and data early to meet the October validation and then having to publish the same information again. These were the considerations that the National Secretariat needed to assess in light of the current situation and inform the MSG on possible options prior to advising the EITI Board on the validation time going forward.

**Resolution:**

***It was agreed that the National Secretariat should consult the EITI International Secretariat on the possibility of extending PNG's Validation from October 2020 to the first quarter of 2021.***

**5. PROJECTS UPDATE**

**a) Beneficial Ownership (BO) Report**

National Secretariat (Lucas Alkan) provided an update on Beneficial Ownership Report preparation. He reminded that all countries were required to disclose the beneficial owners as of January 2020 as per the EITI Standard. For PNG's case, there was no law for disclosure of BO information at this stage. He informed that the National Secretariat (through the MSG) had been working closely with the Investment Promotion Authority (IPA) to amend the existing legislations such as the Companies Act to fully capture BO information at the time of company registration. This was a lengthy process and would take time to review and amend legislations. Therefore, a law may not be in place anytime soon for BO disclosure. He informed that through the procurement process, the MSG awarded the contract to BDO and the consultant was going to commence work the following week. Moreover, he said BDO was well experienced in BO reporting in a number of EITI countries and was expected to deliver the report satisfactorily.

***The MSG took note of the project update.***

**b) Preparation of FY2019 PNGEITI Report**

National Secretariat (Lucas Alkan) also informed that Ernst & Young (EY) was again awarded the contract by the MSG through the procurement process. It would be the 7<sup>th</sup> time for EY to perform as an Independent Administrator (IA) to prepare the FY2019 PNGEITI Report. Ernst & Young (Leonard Catalon) briefly presented the report outline and deliverable time line. He also did a demonstration on the new reporting portal that they have developed to be used for data collection.

He said the timeline set for this year would be similar to last year but taking a different approach through an online reporting platform that they have developed. The approach was basically to promote efficiency and better quality of reporting. He further emphasized that the month of July would be focused on drafting and developing reporting templates, scoping and inception reports. He said by end of July an in-house training would be conducted using the zoom platform or virtual meeting involving participants from reporting entities based abroad and in country. After completion of training, the new reporting tool would be used for data collection. He summarised the activities to be undertaken as follows:

- July - Preliminary Analysis and Data Collection
- Sept to October – Initial Reconciliation
- November – Investigation of Discrepancies
- December – Final Report to be published

INA (Paul Barker) raised a query on how efficient and reliable the bandwidth would be in obtaining easy access to using zoom as a useful tool on a reliable basis. Ernst and Young (Leonard Catalon) said that the IA would run a test on zoom on Microsoft Teams for simple interface and demonstrate its ability to reach end-users, both abroad and within PNG through a training session at the EY Office. He then demonstrated this on a video presentation on EY's Portal.

On the video presentation, the IA explained that the:

- Canvas Client Portal (CCP) streamlines communication with clients and offers a secure platform to share files by accessing the EY Portal. This meant clients or other external users can work on and respond to the requests and external tasks sent by audit teams.
- CCP contains two (2) functionalities such as Client Request and External Tasks and making sure to memorize respective corporate email address for access into the EY Portal.
- Finally, EY CCP dashboards would show all engagements on the usage of two (2) functionalities (Client Request and External Task).

Mr. Catalon briefed members that the tool would be used for the FY2019 Reporting along with the reporting templates in which passwords would be issued and all reports to be digitalized.

Dr. Lus of the World Bank suggested to EY to liaise with Deloitte on a similar project it was undertaking to complete a scoping study on electronic reporting. The study was funded by the World Bank for Deloitte to come up with recommendations on the feasibility of PNGEITI migrating from current manual reporting to electronic/on-line reporting.



**Resolution:**

- ✓ *It was agreed that Secretariat circulates the presentation to all MSG members.*
- ✓ *MSG to note the key timeline and reporting tool to be used for preparation of the FY2019 PNGEITI Report*
- ✓ *EY to liaise with Deloitte on the scoping study it was conducting on electronic reporting so that better recommendations could be made from the study.*

**c) Subnational Payments and Transfers Phase 2**

National Secretariat (Christopher Tabel) provided an update on the Subnational Payments and Transfers Phase 2 of the project.

He informed that the second phase of the project was on hold as the Australian High Commission was yet to prioritize funding for its program activities in PNG. This included the Pacific Leadership and Governance Precinct (PLGP) in which the EITI programs have been funded. This has affected the second phase of the sub-national payments project. The National Secretariat has been liaising with the High Commission on the possibility of securing funding for the next phase of the project.

Mr. Tabel further indicated that Phase 1 was more focused on identifying the various payment streams in subnational reporting while Phase 2 of the project would be focused on the governance aspect in terms of establishing EITI desks in key resource impacted provinces like Enga (Porgera), Western (Papua LNG) and New Ireland (Lihir) to basically establish the reporting structure at the provincial and local levels.

DPE (Channan Kumalau) pointed out that funding maybe possible from Provincial and Local Level Services Monitoring Authority (PLLSMA) and suggested that the National Secretariat also explores the option of involving PLLSMA in Phase 2 of the project.

**Resolution:**

*It was resolved that the National Secretariat continued its dialogue with the Australian High Commission for possible funding to support Phase 2 of the Subnational Payments and Transfers Project*

**d) SOEs Scoping Study**

The National Secretariat (Lucas Alkan) provided an update on the State Owned Enterprises (SOEs) Scoping Study Project. He said the Technical Working Group (TWG) evaluated the submissions and recommended KTK and Partners (Michael Barron and Impact Consultants) from the United Kingdom to the MSG as the successful bidder to undertake the project. The MSG appointed KTK and Partners through this procurement process and the project commenced in July and is expected to take about five (5) months to complete.

INA (Paul Barker) suggested that the National Secretariat and the Department of Treasury should play a key role in facilitating the process of having a proper dialogue with the SOEs. He said these entities would be sharing information for reporting purpose and they should do this efficiently and in a timely manner. It was important for the Consultants to access information easily without any delays so that the study would be completed on time.

***The MSG took note of the project updates.***

**e) World Bank Electronic Reporting Platform**

World Bank (Dr. Wilfred Lus) informed that a presentation on the above project would be done by the consultant from Deloitte. Deloitte (Cherry Jim Senas) presented the update through zoom on the World Bank funded PNGEITI Scoping Study on Electronic Reporting Platform as follows:

He informed that the Scoping Study would be undertaken in phases of system selection process;

- Phase 1 – the Consultant had gathered all system requirements with the help of the National Secretariat and this was 100% completed.
- Phase 2 – Identify capable system developers by collecting data from other jurisdictions and identifying possible software vendors both overseas and in PNG. This phase was now 75% complete.
- Phase 3 – Benchmark and credential checks by performing benchmark based on EITI requirements in terms of software capability and also check for current systems using different platforms rating. This was now 75% complete.
- Phase 4 – The last phase would be the final report with the results of the work done and relevant information for tender and a list of recommendations.

He said some of the above phases were still progressing slowly due to the setbacks brought about by Covid-19 pandemic. Despite this, Deloitte has taken alternative approaches to implementing the remaining activities.

This study is intended to recommend to the MSG on the possibility of introducing an Online Data Reporting portal for future PNGEITI Reports. Dr. Lus requested if the MSG could provide feedback to Deloitte through the National Secretariat to finalize the Draft Scoping Study Report within the 14 days timeline extension.

**Resolution:**

***It was resolved that the MSG provided feedback within 14 days to Deloitte through the Secretariat to finalize the Draft Scoping Study Report.***

**f) World Bank CSO Capacity Development Scoping Study**

World Bank (Dr Wilfred Lus) informed that the study was funded by the Bank to build the technical capacity of Civil Society Organizations (CSOs) through the PNG Resource Governance Coalition (PNGRGC) as the coordinating/umbrella body to support EITI implementation. He said the Bank had engaged Dr Tim Grice as a consultant to undertake the project and is anticipated to be completed by end of this year, if there was no further Covid -19 related shutdowns.

He also said that the draft report has been circulated to the PNGRGC Interim Board. The Board was supposed to present the draft Report to the MSG during the meeting however, further inputs were still being provided. Therefore, the Bank had extended the time for PNGRGC to include these feedbacks to complete the draft Report.

INA (Paul Barker) TIPNG (Arriane Kassman) informed that the PNGRGC would be having its Annual General Meeting (AGM) on the 3<sup>rd</sup> of July. On the following week the PNGRGC would be reviewing the draft Report and provide feedback to the World Bank. Ms. Kassman further indicated that the finalized report would be presented in the second (2<sup>nd</sup>) Quarter MSG Meeting.

**Resolution:**

***It was resolved that PNGRGC presented the Draft Report on the CSO Capacity Development Scoping Study in the 02<sup>nd</sup> Quarter MSG Meeting.***

**g) World Bank Education Mainstreaming Scoping Study**

National Secretariat (Christopher Tabel) informed that the project was planned for this year to scope out the possibility of mainstreaming PNGEITI Standard to educational institutions (universities and colleges). The activity was included and approved for implementation in the 2020 PNGEITI Work Plan, however this would have to be deferred to next year due to the Covid -19 pandemic disruptions.

The MSG took note of this update.

**h) JICA Technical Cooperation Project**

JICA PNG office (Ryosuke Watanabe) briefed the MSG on behalf of the JICA project experts that the project was supposed to be completed by end of 2020. However, this was now not feasible due to the Covid-19 State of Emergency and lock downs. The travel restrictions since March had prevented project experts to be physically in country to continue with the project. JICA PNG has been discussing with PNG counterparts for a year's extension to allow JICA experts team to continue and complete capacity building activities at the Department of Petroleum (DPE). The ongoing work on establishment of a database on petroleum license, production volumes and values were outstanding and needed to be pursued to completion under the JICA Project. JICA Experts (Messrs. Otomo and Yogo) greeted MSG members through the zoom platform.

Mr. Otomo presented an update on the project, particularly its achievements and its planned activities in three (3) components outlining the DPE data management, awareness promotion and, MSG and reporting entities as follows:

**h.1) DPE Data Management (Achievements & Planned Activities)**

Data Management has improved to comply with EITI Requirements with regards to the establishment of a new EITI unit and nomination of staff members to work with JICA consultants on the EITI project , improved information disclosure and, improvement in the EITI reporting. The Planned Activities for DPE Data Management were basically the Information Infrastructure (hardware), Information Skills (training), Information Process (application) and, information disclosure (reporting & website).

**h.2) Awareness Promotion (Achievements & Planned Activities)**

Under the Awareness Promotion component, some achievement in awareness and implementation structure for EITI has been enhanced in the country and these included; awareness raising activities and, the revision of the communication strategy. Few planned activities for awareness promotion would include revision of the communication strategy, planning the outreach and, developing the materials for awareness raising.



### **h.3) MSG & Reporting Entities (Achievements & Planned Activities)**

Third component under the MSG and Reporting Entities is the enhancement of EITI reporting mechanism among extractive companies and government agencies. This consisted of two (2) major milestones such as the improvement in the modality of reporting process and, the Improvement in the technical aspects of the reporting process.

INA (Paul Barker) thanked JICA Experts Team for the valuable information as presented and said it would be helpful with the upcoming institutional changes.

***The MSG took note of the updates as presented by JICA Experts Team including the timeline extension as informed by JICA PNG office.***

## **6. NATIONAL SECRETARIAT MATTERS**

Agenda 6 on the National Secretariat Matters were left pending for next MSG meeting as time lapsed.

## **7. ANY OTHER BUSINESS (AOB)**

National Secretariat (Lucas Alkan) informed that workflow of PNGEITI was affected this year. He said some of the activities from the 2020 Work Plan could not be implemented or delayed to next year due to the Covid-19 pandemic disruptions. He also emphasized that constant changes in the appointments in the Treasury ministry had affected EITI implementation activities. The Treasurer as the chair of PNGEITI MSG needed to engage with EITI implementation activities going forward.

TIPNG (Arriane Kassman) added that a presentation on PNGEITI Reports be at MSG Level to the Treasurer so as to keep him well informed.

World Bank (Dr. Wilfred Lus) agreed to the idea that active participation and support from ministerial level would be very important and if the role of Department of Treasury could be enhanced further in the reporting purposes to fully implement the EITI work plans.

### **7.1 STAKEHOLDER CONSULTATIONS BY THE SECRETARIAT CONSTITUENCY LEVEL**

National Secretariat (Lucas Alkan) informed that the National Secretariat was planning to undertake individual constituency stakeholder consultations in the coming weeks. He said the purpose of these consultations was to talk to the stakeholders on key EITI implementation issues, the challenges and also to get feedback on matters that were of concern to them.

PNGCC (Isu Aluvula) raised an issue that there was hardly awareness conducted at the churches level. He therefore asked the Secretariat to consider adding the churches in the upcoming awareness and activities to strengthen state-church partnership in improving the public understanding of PNGEITI work.

#### **Resolution:**

***It was resolved to include churches at CSO level to improve public understanding in the management of extractive industries.***

### **7.2 PNG CHAMBER OF MINES & PETROLEUM CONFERENCE**

Professor Mellam (PNG Chamber of Mines and Petroleum) informed MSG members that there would not be any annual mining and petroleum conference held this year due to the covid-19 pandemic.

With no other businesses for discussion, the Acting Chair thanked everyone for their attendance and closed the meeting at 12:30pm. It was informed that details of the next MSG meeting would be advised by the National Secretariat later.



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**MANU MOMO (MR)**

**Acting Chair**

Deputy Secretary for Economic Policy  
Department of Treasury

