



PNG EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE
NATIONAL SECRETARIAT



Papua New Guinea EITI Annual Progress Report 2017

Compiled by PNGEITI National Secretariat



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1. EXECUTIVE SUMMARY



MR LUCAS ALKAN, Head of PNG Extractive Industries Transparency Initiative

The implementation of EITI in Papua New Guinea continues to gain momentum with the publication of the third and fourth PNGEITI Reports covering fiscal years 2015 and 2016. Leading to such publication, the PNGEITI Multi-Stakeholder Group's activities focused on achieving maximum participation from all material reporting companies and relevant government reporting entities to determine what information should be included in the report.

This Annual Progress Report covers PNGEITI activities undertaken from July 2017 to June 2018 and is consistent with requirement 8.4 of the EITI International Standard. Subsequently the Financial Report remains consistent with PNG Government budget cycle reported from January 01st 2017- December 31st 2017.

Work is being undertaken to draft the PNGEITI National Policy and Legislation. The MSG appointed Adam Smith International to undertake this assignment. A desktop review by the consultant will commence early July for this work.

Implementation of the Beneficial Ownership Roadmap is also progressing well. From a total of 33 milestones listed in the BO Roadmap, 18 milestones have been implemented by KPMG, the Roadmap Implementation Manager (RIM). The MSG will review the performance after the RIM has delivered 23 milestones before moving onto the next phase. The project is set to end in December 2019 and reporting of beneficial ownership details will follow in 2020.

The Subnational Payments and Transfers Scoping Study is also progressing well with the Australian Government support through the Pacific Governance Facility (PGF). The scoping team covered three out of four case studies at the time of writing this report and will deliver a report that will guide future reporting at the sub-provincial level. The National Secretariat is glad to work alongside the PGF engaged consultant for a comprehensive study report that is expected before the year ends.

PNGEITI communications programs have yielded significant results in 2017, indicative of its use to frame discussions and debate at various levels. Outreach activities conducted have succeeded in stimulating dialogue and collaboration between various local civil societies and the Government on how to address pertinent issues relating to various stages of project value-chain. The EITI National Secretariat maintains a neutral position on various sensitive issues at the public domain. This is despite indiscriminate use of the report findings by various audiences, both domestically and internationally. Although EITI Reports can be credited as catalysing debate and highlighting issues affecting extractive sector in the country, a lot of these are largely owed to the widespread civil debate regarding PNG's political and administrative issues on the PNG Economy. PNG has a highly engaging social media environment that provides a platform for informed debates amongst citizens, opinion leaders and legislators. It is interesting to note that the PNGEITI Reports are increasingly used as preferred source of research and debates.

The EITI process continues to be a platform for dialogue related to the extractive industries. It has also continued to be a valuable mechanism by which gaps in existing government systems are identified, and recommendations of stakeholders are elevated by policy makers to improve the governance of the sector in the country.

The PNGEITI objectives remain consistent with National Government priorities:

- i. Increased transparency of revenue flows from the companies to government, various landowners' trust funds, associations, and the provincial governments.

- ii. Use EITI as a diagnostic tool to assess government's management of resource revenue and its policy settings with recommendations to be used as a platform for broader reforms.
- iii. Provide reliable data for citizens to stimulate debate and hold government and companies accountable.
- iv. Increase investors' confidence to invest in PNG.
- v. Provide a forum for enhancing dialogue between the government, industry, landowners and citizens.
- vi. 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).

These forms the basis of the PNGEITI Work Plan that outlines activities to achieve the agreed objectives.



LUCAS ALKAN

Head of PNGEITI National Secretariat

2. GENERAL ASSESSMENT OF YEAR'S PERFORMANCE

The general assessment of the PNGEITI calendar covers four areas of operations in the Work Plan in; Procurement, Communications, Policy, Finance and Administration.

2.1 PNGEITI Multi-Stakeholder Group

Table 1: Summary of PNGEITI Chairs' to the Multi-Stakeholder Group

| Year | Treasurer as Chair of PNG EIT MSG |
|---------------|-----------------------------------|
| 2012 -2014 | Hon. Don Pomb Polye |
| 2014- 2016 | Hon Patrick Pruaitch |
| 2017- Present | Hon Charles Abel |

2.2 PNGEITI Milestones

The PNGEITI has achieved a number of key milestones since its inception. It now has increased focus on policy implementation of key recommendations in the EITI Country Reports.

Table 2: Summary of PNGEITI Milestones since inception

| Year | Milestone achieved |
|------|---|
| 2012 | Informal PNGEITI Multi-Stakeholder Group formed |
| 2013 | Government announces commitment to join EITI |
| | NEC Decision 90/2013 endorsed the implementation of the EITI Standard |
| | MSG formalised |
| | PNG candidature application submitted to EITI International Secretariat |
| 2014 | PNG becomes an EITI candidate country |
| 2015 | PNGEITI National Secretariat Office established |
| 2016 | First PNG EITI Report for FY 2013 published |
| 2017 | Second PNG EITI Report for FY 2014 published |
| 2017 | Third and Fourth PNG EITI Reports for FY 2015 and FY 2016 published |
| 2017 | NEC Policy Decision 91/2017 directed implementation of 2013 Report recommendation by the responsible entities of Government |
| 2018 | PNGEITI compliance assessment and Validation by EITI International Secretariat |

2.3 PNGEITI Funding

The PNGEITI receives its funding from the National Government Budget. Table 1: PNGEITI National Budget progressive allocation.

| Year | Actual budget | | Amount Spent | | Amount carried over | |
|-------|---------------|--------------|--------------|--------------|---------------------|--------------|
| 2015 | PGK | 1,741,100.00 | PGK | 141,322.09 | PGK | 1,599,777.90 |
| 2016 | PGK | 1,700,000.00 | PGK | 2,027,238.50 | PGK | 327,238.50 |
| 2017 | PGK | 4,600,000.00 | PGK | 2,688,228.84 | PGK | 1,911,771.16 |
| Total | PGK | 8,041,100.00 | PGK | 4,856,789.43 | PGK | 3,184,310.56 |

2.4 PNGEITI Procurement

2.4.1 Launching of the 2015 and 2016 EITI Reports

The PNGEITI MSG has produced four (4) EITI Country Reports for financial years 2013- 2016. The Reports progressively cover eight (8) mining companies, four (4) oil & gas companies, four (4) State owned entities and eight (8) government departments. The fiscal year reports cover over nineteen (19) Revenue streams; nine (9) of which are reconciled; nine (9) unilaterally declared, and only one (1) partially declared in the 2016 Report.



Figure 1: After launching from left: Mr Lawrence Stephens (Chairman TIPNG), Mr Hohore Suve (CEO National Economic and Fiscal Commission), Ms Betty Palaso (Commissioner General, Internal Revenue Commission), Mr Andrew Barry (Managing Director, ExxonMobil PNG) Hon Charles Abel (Deputy Prime Minister and Government Treasurer), Mr Lucas Alkan (PNGEITI Head of National Secretariat), Hon Wera Mori (Minister for Commerce and Trade), Mr Richard Kassman (Vice President of PNG Chamber of Mines and Petroleum) Ms. Patricia Veevers-Carter, (PNG Country Manager World Bank) Mr Takashi Toyama (JICA Chief Representative in PNG) and Mr Paul Barker (Executive Director of the Institute of National Affairs).

The PNG EITI Reports covering fiscal years 2015 and 2016 were launched on Friday 16 March by Deputy Prime Minister, Treasurer and Chairman of the PNGEITI MSG Charles Abel. During the launch, the Treasurer reiterated the Government's commitment to ensure that revenues generated from the country's mineral and petroleum resources reflect Government's development plans and visions aimed at translating resource wealth into broad-based economic growth in non-resource sectors. The two EITI reports list nine reporting entities from the mining sector and seven entities from the oil and gas sector. It also lists seven SOEs and eight relevant government departments that received these payments in the same financial year. The revenue streams covered in the reports include; equity distributions; production levy; dividends; and development levy; mining and petroleum tax; group tax and royalties. Mr Abel acknowledged current and previous governments for their commitment to the EITI. He reiterated the various applications of the EITI reports that allow the GoPNG to address various issues related to overall governance of the sector.

Table 4: Summary of PNGEITI Report Launching

| EITI Report | Launched Date | Venue | Launch Delegate |
|-------------|---------------|---------------------|---|
| 2013 | 30/05/2016 | State Function Room | Prime Minister Hon. Peter O'Neil |
| 2014 | 17/05/2017 | Press Statement | Lucas Alkan, Head of PNGEITI National Secretariat |
| 2015 & 2016 | 16/03/2018 | State Function Room | Hon Charles Abel DPM, MP |

2.4.2 Production of the 2015 and 2016 EITI Reports

Table 5: Summary of Financial Years 2015 & 2016 PNGEITI Reports contract payments

| EITI Reports | Year produced | Project Cost | Cost overshoot | Independent Administrator |
|--------------|---------------|--------------|----------------|---------------------------|
| 2016 | 2017 | K498, 000.00 | K0.00 | Ernst and Young |
| 2015 | 2017 | K498, 000.00 | K0.00 | Ernst and Young |
| 2014 | 2016 | K498, 000.00 | K49, 800.00 | Ernst and Young |
| 2013 | 2015 | K498, 000.00 | K49, 800.00 | Ernst and Young |

The PNGEITI MSG engaged Ernst & Young as the Independent Administrator (IA) to prepare the PNGEITI 2015 & 2016 reports in 2017. Two separate service contracts were signed between the National Secretariat and Ernst & Young on the 9 June 2017 agreeing on the terms and conditions of the contracts. The contracts pricing were agreed at K498, 000.00 for each report. The total payment was not to exceed the contract price set forth in the special conditions of the contracts and was made in installments against deliverable phases specified in the contract milestone.

The first payment(s) equivalent to 20% (PGK99, 600.00) of the contracts price was paid after submission of the scoping study report. The second payments equivalent to 20% (PGK99, 600.00) of the contract price was paid to the Consultant after the submission of the inception reports. The third payments equivalent to 40% (PGK199, 200.00) of the contracts price was paid to the Consultant after delivery of the draft reports; the fourth payments equivalent to 20% (PGK99, 600.00) of the contract price was paid to the Consultant after the MSG's approval and publication of the PNGEITI Reports. The project was undertaken within seven months (June – December, 2017). The total of all instalments paid did not exceed the contracts prices agreed in the special conditions of the contracts. In the event of any overruns in fees due to extended delays arising from unforeseen circumstances, such overruns did not exceed 10% of the total contracts prices, exclusive of GST. The overruns were capped under 10% of the total contracts prices.



Figure 2: PNGEITI Reports for FY 2015 and FY 2016

PNGEITI 2015 & 2016 Reports Procurement Milestones in 2017

Table 2: Timeline schedule outlining the production of the 2015 and 2016 reports.

| Time | Contract Milestone |
|---------------|---|
| April 2017 | PNG-EITI MSG called for EOI |
| May 2017 | MSG assessment; selection and endorsement of successful IA |
| June 2017 | Contract executed |
| July 2017 | Scoping and Inception report finalized and endorsed by PNG-EITI MSG |
| October 2017 | Initial reconciliation report delivered to PNG-EITI MSG |
| November 2017 | 1 st draft EITI reports delivered to PNG-EITI MSG |
| November 2017 | Revised draft EITI reports delivered to PNG-EITI MSG |
| December 2017 | Final EITI reports delivered to PNG-EITI MSG |
| December 2017 | Reports approved and endorsed by PNG-EITI MSG for publication |

2.4.3 Implementation of Beneficial Ownership Disclosure Plans

Implementation of the Beneficial Ownership Roadmap is progressing and KPMG, the Roadmap Implementation Manager (RIM) has delivered 15 milestones out of the 33 milestones listed in the Roadmap. The MSG will review the RIM's performance after it has delivered 23 milestones before moving onto the next phase of

implementation. The project is set to end in December 2019 and reporting of beneficial ownership details in the EITI reports is set to begin in 2020.

The project objectives are to:

- (i) Develop National Priorities which contain a clear link with EITI principles and beneficial ownership disclosure;
- (ii) Mitigate the risk of financial misconduct (e.g. transfer pricing and tax evasion); and
- (iii) Improve PNG's investment climate.

Beneficial Ownership project work plan showing Project Milestone 1- 33

Figure 3: PNGEITI Beneficial Ownership project work plan showing milestone 1- 33 and progress made to date

| Quarter | Roadmap Associated Action/Tasks | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | Total | | | | | | | |
|-----------------------|---------------------------------|---|---|---|---|---|---|---|---|----|--|----|----|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--------|-------|--|--|--|--|--|--------|--------|
| Q2 2017 | 1 | 3 | 5 | 6 | | | | | | | | 12 | | | | | | | | | | | | | | | | | | | | | | | | | | 88577 | |
| Q3 2017 | 1 | 2 | 3 | 5 | 6 | | | | | | | 12 | 13 | | | | | | | | | | | | | | | | | | | | | | | | | | 173144 |
| Q4 2017 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 231811 |
| 2017 Costing Estimate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 493532 | | | | | | | | |
| Q1 2018 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | 240411 | |
| Q2 2018 | 1 | 2 | 3 | 4 | 5 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 233561 | |
| Q3 2018 | 1 | 2 | 3 | 4 | 5 | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 237411 | |
| Q4 2018 | 2 | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 163849 | |
| 2018 Costing Estimate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 875231 | | | | | | | | |
| Q1 2019 | | | 3 | 4 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 112147 | |
| Q2 2019 | | | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 40147 | |
| Q3 2019 | | | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 40147 | |
| Q4 2019 | | | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 40147 | |
| 2019 Costing Estimate | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 232587 | | | | | | | | |

Table 7: BO Procurement Milestones and Contract Payments in 2017

| KPMG 2016 - First Report | | |
|---|-------------------|-------------------|
| Phase/Milestones | Instalments (K) | Percentage to pay |
| Inception report, payment 1 of contract price | 62,898.00 | 20% |
| Scoping study Report, payment 2 | 94,347.00 | 30% |
| Draft EITI BO Roadmap Report, payment 3 | 94,347.00 | 30% |
| Final EITI BO Roadmap Report, payment 4 | 62,898.00 | 20% |
| TOTAL CONTRACT PRICE (EXCL GST) | 314,490.00 | 100% |
| AS PER THE CONTRACT | | |
| Phase/Milestones | Instalments (K) | Activities |
| Milestone # 1 | 26,842.11 | 17 |
| Milestone # 2 | 39,473.68 | 25 |
| Milestone # 3 | 22,105.26 | 14 |
| Milestone # 4 | 25,263.16 | 9 |
| Milestones # 5 & 6 | 47,368.42 | 10 & 6 |
| Milestones # 7 & 8 | 30,000.00 | 16 & 24 |
| Milestones # 9, 10 & 11 | 55,263.16 | 21, 8 & 2 |
| Milestones # 12 & 13 | 15,789.47 | 6 & 4 |
| Milestones # 14 & 15 | 45,789.48 | 9 & 20 |
| TOTAL CONTRACT PRICE (EXCL GST) | 113,684.21 | |

Papua New Guinea EITI Beneficial Ownership Roadmap's consideration of the links between Beneficial Ownership and National Reform priorities are that Beneficial Ownership (BO) is not specifically contained in

PNG's national priorities; however, there are development goals in the resource extractive industry that indirectly relate to BO. These development goals are integrated through the development strategies. Ownership of legal entities is enshrined in law through the Companies Act 2014 as regulated and governed by the Investment Promotion Authority (IPA)

Ownership of mining and petroleum licenses is enshrined in law through the Mining Act 1992 and Oil and Gas Act 1998 as regulated by Mineral Resources Authority (MRA) and Department of Petroleum & Energy (DPE) respectively.

2.4.2 Subnational Payments Scoping Study

The Subnational Payments and Transfers Scoping Study is progressing well with the Australian Government support through the Pacific Governance Facility (PGF). The scoping team has covered two out of their four case studies at the time of writing this report and are scheduled to deliver the final scoping report to the MSG in October 2018. The first case study looked at Ok Tedi Mining Limited and its stakeholders and included extensive discussions with direct beneficiaries of mine derived payments through the Fly River Provincial Government and landowner companies and groups. The second case study was based on Newcrest Mining Limited Lihir operations and its various shareholders. Newcrest Lihir operations was selected as a case study due to its complex financial and contract regimes.



Figure 4: Participants at the New Ireland PNGEITI/ PILG Workshop Governance, Transparency and Reporting in the Mining Sector' in May.

The report will guide future EITI reporting at the sub-provincial level. The key objectives of the study are to:

- i. Understand and document stakeholder views on enhanced subnational reporting through PNGEITI.
- ii. Identify and map the subnational payments and transfers in PNG's extractives sector.
- iii. Develop a reporting framework that could be used for PNGEITI subnational reporting.
- iv. Populate the reporting framework with case study examples.
- v. Identify strengths in the subnational reporting system, challenges for improving subnational reporting, and a high-level roadmap for implementing subnational reporting through the PNGEITI.

Figure 5: Progressive summary of Subnational Scoping Study consultations conducted in early 2018

| Stream | Activity | Start Date | End Date | Status |
|-----------|----------------------------|------------|------------|-------------|
| Studies | Ok Tedi Western Province | 18/02/2018 | 25/02/2018 | Complete |
| | New Ireland Study | 14/05/2018 | 20/05/2018 | Complete |
| | Exxon Mobil POM and SHP | 3/06/2018 | 10/06/2018 | Progressing |
| | Woodlark Island | 2/07/2018 | 9/07/2018 | Progressing |
| Workshops | New Ireland Workshop | 16/05/2018 | 18/05/2018 | Complete |
| | West Sepik Workshop | 12/07/2018 | 19/07/2018 | Progressing |
| Outputs | PNG Update | 14/06/2018 | 16/06/2018 | Progressing |
| | Chamber Conference | TBA | TBA | Progressing |
| | First Draft Report to MSG | 19/08/2018 | 2/09/2018 | Progressing |
| | Second Draft Report to MSG | 15/09/2018 | 29/09/2018 | Progressing |
| | Final Report to MSG | 14/10/2018 | - | Progressing |

The 2016 EITI Standard requires that EITI implementing countries report material subnational payments and transfers. This includes reporting of material payments from extractive companies to subnational government entities (EITI Requirement 4.6), as well as the reporting of material transfers of extractive revenues between national and subnational levels of governments (Requirement 5.2). In the same way that the EITI is implemented at the national level, subnational reporting will also have the same objective of ensuring 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 material subnational payments and transfers through the PNGEITI is an important step to further improve transparency and accountability for the 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 the extractive projects and each of these 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.

2.5 PNGEITI Communications Program

PNGEITI communications programs have yielded significant results in 2017, indicative of the PNGEITI Reports use in framing discussions and debates at various levels across multiple information platforms. The EITI National Secretariat maintains a neutral position on sensitive issues raised at the public domain despite indiscriminate use of the report findings by a number of audiences. Although EITI Reports can be credited as catalysing debate related to fiscal policy and economic management issues in the country, a lot of these largely owed to the current civil debate regarding PNG's political activities and economic management. PNG has a highly engaging social media environment that provides a platform that stimulates debate amongst various demographics and specific target groups such as opinion leaders, policy makers and legislators. The PNGEITI Reports are increasingly becoming the preferred reference source of information.

The PNGEITI Communications program is guided by the MSG approved Communications Strategy that was endorsed at the PNGEITI MSG Meeting 02/2016 dated Friday 08th July 2016. The Strategy guides communication activities in the overall PNGEITI National Work plan. There are three phased goals that provide strategic guidance for EITI mainstreaming in the sector.

The ultimate vision of the PNGEITI Communications Program is to institutionalise EITI Standards to all PNG National and subnational entities through legislation, policy, communication, information technology and mainstream education.

The goals of integrating and institutionalising the PNGEITI will be carried out in three phases as indicative of the table below.

Figure 6: The Communications Strategic goals aimed at institutionalising the PNGEITI

| Goal | Objective |
|-------------|---|
| Short Term | <ul style="list-style-type: none"> • Sensitisation through awareness Roadshows and workshops to targeted groups. |
| Medium Term | Consultation on <ul style="list-style-type: none"> • Legislation, Policy, • Online services • Media & Education |
| Long Term | <ul style="list-style-type: none"> • Implementation of Policy and Legislation and integration into government systems. • Implementation of education curriculum in schools and higher learning institutions. • Online web portal for streamlining EITI reporting and dissemination of reports findings |

Assessment of Communications Strategic goals aimed at institutionalising the PNGEITI

| Goal | Objective | Progress in outputs |
|-------------|---|--|
| Short Term | Sensitisation through awareness Roadshows and workshops to targeted groups. | Conducted over 25 roadshows and regional and provincial outreaches and presentations since 2015 to promote the PNGEITI Reports |
| | | Affiliated members and active partners of the PNG Chamber of Mines and Petroleum (PNGCMP), Transparency International (TIPNG), Chartered Practising Accountants of PNG (CPA PNG) as well as active participants in various political, academia, development forums and workshops. |
| Medium Term | Consultation on Legislation, Policy | There is increased participation in the PNGEITI Multi-Stakeholder Group with a total of 31 meetings since signing of the PNGEITI MSG MoU in 2013. The current PNGEITI MSG representative (since 2013) is at 28 members and includes voting members from government, industry, CSOs, SoEs and non-voting and observers such as development partners and other interest groups. |
| | Online services through website and social media platform. | Progressive work is being carried out with an EITI website consultant engaged through contractual arrangements and is redesigning the website to include a data portal for presentation of EITI data. |
| | Media & Education | The National Secretariat has a positive relationship with media stakeholders since 2014 and engages with the mainstream media on a regular basis. The PNGEITI MSG is conducting media and outreach campaigns to promote the studies into beneficial ownership disclosure and subnational payments reporting in future EITI reports. Developing PNGEITI National Policy and Legislation in 2018 will be undertaken in 2018. |
| Long Term | Implementation of Policy and Legislation and integration into government systems. Implementation of education curriculum in schools and higher learning institutions. Online web portal for streamlining EITI reporting and dissemination of reports findings | Progressive |

Table 3: Qualitative assessment of perception trends against the PNGEITI Communications Strategy

2.5.1 Outreach Activities



Figure 5: Head of PNGEITI National Secretariat Mr Lucas Alkan officiating the closing of the Wewak Workshop

The PNGEITI National Secretariat in partnership with the World Bank engaged the Institute of National Affairs (INA) and the Consultative Implementation and Monitoring Council (CIMC) as the lead implementing agencies of a series of subnational capacity building workshops. The workshops were held between October and November 2017 in Lae, Kavieng and Wewak and were facilitated by the PNG Resource Governance Coalition (PNGRGC). The objectives of the workshops were to; firstly sensitize provincial government officials about EITI reporting requirements; secondly, sensitize civil society leaders about the EITI process and how civil society could leverage EITI data to improve governance and service delivery at the subnational level; and lastly establish provincial focal points for EITI CSO representation.

Presentations were made by the Mineral Resources Authority, the PNGEITI National Secretariat and Consultative Implementation and Monitoring Council facilitated by the PNG Resource Governance Coalition. All sessions were facilitated by the PNG Resource Governance Coalition, except for Lae, the workshops were run for three days. Day one of the workshop was exclusively for government officials whilst Days two and three were exclusively for civil society leaders. The workshops were well attended by both government and civil society leaders.



Figure 6 New Ireland Governor and former PNG Prime Minister, Sir Julius Chan opening the workshop in Kavieng.

Government participation involved senior administration officials. In Kavieng, the workshop was opened by New Ireland Governor and former PNG Prime Minister, Sir Julius Chan. In Wewak, the Deputy Administrator of East Sepik Province opened the workshop witnessed by a delegate from the Office of the Governor. Civil society participation involved prominent provincial activists and community leaders. In Kavieng, (where women own the land), landowners from Lihir Gold Mine attended the workshop. In Lae, the President of the Union of Watut River Communities attended the Workshop. In Wewak leading community figures including heads of civil society organizations were in attendance.

PNGEITI and Civil Society outreach phases

| Outreach Strategy | Objective | Trends |
|-------------------------|--|---|
| Phase 1 - Sensitisation | Information and Sensitisation of Provincial and Regional target groups through awareness roadshows and workshops to targeted groups. | The PNGRGC in collaboration with EITI conducted over 25 roadshows and workshops around the country since 2015. The targeted audiences included activists, lobbyists, provincial and local level governments and industries. General awareness has proven effective and feedback from participants indicate a strong focus on transparency and accountability in individual projects in respective localities. Participants have indicated comprehension of the EITI model however they queried how they could participate in the EITI process in the long term. |
| Phase 2 - Consultation | Participatory workshops on strengthening and building civil society capacity to participate in the EITI process. | PNGRGC has been taking the lead since 2015 to network with CSO at provincial level. Interest remains high, however funding constraints limit the scope of networking. So far the coalition has succeeded in garnering support from interest groups in the four regions with particular emphasis on local land owner groups. This phase of outreach is more collaborative in focus. |
| Phase 3- Mainstreaming | Mainstreaming and Institutionalising of EITI at various stakeholder operations at the provincial and regional levels. | Progressing |

Table 4 PNGEITI Outreach Strategy and trends

PNGEITI Outreach activities for FY 2017

| Dates | Year | Outreach Activity | Location | Type | Sponsor |
|-----------|------|--|-----------------------------------|--------------|---------|
| March | 2017 | PGF Workshop | Port Moresby | Workshop | PGF |
| March | 2017 | CIMC Regional Forum- Jiwaka | Jiwaka | Presentation | CIMC |
| April | 2017 | CIMC Regional Forum- Wewak | Wewak | Presentation | CIMC |
| May | 2017 | CIMC Regional Forum- Kimbe | Kimbe | Presentation | CIMC |
| May | 2017 | CIMC Regional Forum- Alotau | Alotau | Presentation | CIMC |
| May | 2017 | CEPA Presentation | Port Moresby | Presentation | PNGEITI |
| June | 2017 | CIMC National Development Forum - Port Moresby | Port Moresby | Presentation | CIMC |
| July | 2017 | PNG CPA Presentation | Port Moresby | Presentation | CPA |
| August | 2017 | MADANG Extractive Industries Transparency Initiative Workshop - engaging civil society in the EITI process | Madang | Workshop | CIMC |
| September | 2017 | UNDP Data Workshop | Port Moresby | Participant | UNDP |
| October | 2017 | EITI Validation Workshop | Port Moresby | Workshop | PNGEITI |
| | 2017 | World Bank EITI Sponsored Workshop - Morobe | Lae, Morobe | Workshop | UNDP |
| November | 2017 | World Bank EITI Sponsored Workshop- New Ireland | Kavieng- NIP | Workshop | UNDP |
| | | Chartered Practising Accountants PNG Conference | Port Moresby | Exhibition | PNGEITI |
| | | PNG Chamber of Mines and Petroleum Conference | Port Moresby | Exhibition | PNGCMP |
| December | 2017 | World Bank EITI Sponsored Workshop Review | Port Moresby | Workshop | WB |
| | | PNGEITI Media Workshop | Port Moresby | Workshop | PNGEITI |
| February | 2018 | PGF- PNGEITI | Tabubil / Kiunga Western Province | Consultation | PGF |
| April | 2018 | TIPNG National Exhibition | Goroka | Outreach | PNGEITI |
| | 2018 | DNPM- ITCS Stakeholders Review Workshop | Port Moresby | Presentation | DNPM |
| May | 2018 | PGF- EITI Capacity Building Workshop | Kavieng, NIP | Workshop | PGF |
| June | 2018 | CPA New Guinea Islands Forum | Kokopo, ENB | Conference | PNGEITI |
| | | TIPNG Walk against Corruption | Port Moresby, NCD | Exhibition | PNGEITI |

Table 5 Summary of 2017 PNGEITI outreach activities

PNGEITI 2017 generic outreach curriculum and lesson plan for PNGEITI outreach workshops

| Chapter | Theme | Lesson | Objectives |
|---------|---|---|---|
| 1 | Introduction | About the EITI | Audience must understand the origins and value of the Global and the EITI Standard and how it is implemented in PNG |
| | | Implementation in PNG | |
| 2 | Revenue Streams and Reporting Entities | Revenue Streams | Participants must define Materiality, understand mandatory revenue streams and explain on entities that report on this revenue through legislation. |
| | | Materiality | |
| | | Reporting Entities | |
| 3 | Contributions of the Extractive Industries to the Economy | About PNG | Audience must understand how the mining and petroleum sector contributes to the PNG economy and relevant contextual information on the extractive sector. |
| | | PNG economic overview for 2014 | |
| | | Post-2014 developments and projections | |
| | | Impact of the extractive industries | |
| | | Contribution to government revenue | |
| | | Exports | |
| | | Employment | |
| 4 | Legal Framework and Fiscal Regimes | National governance structures | Audience must understand the legal framework and fiscal regime governing the PNG mining and petroleum sector |
| | | Ownership of subsoil assets | |
| | | Taxation | |
| | | Regulation of the mining industry | |
| | | Regulation of the petroleum industry | |
| | | Resource development agreements | |
| | | State's equity participation right | |
| | | Other stakeholder equity participation rights | |
| | | Changes to the taxation system | |
| | | Government policy on disclosure of contracts | |
| | | Disclosure of beneficial ownership | |
| | | Relevant legislation and agreements | |
| 5 | | Budget process | |

| | | | |
|---|---|---|---|
| | Management and distribution of revenues | How extractive industry revenues are recorded Sub-national payments and transfers Auditing of the public accounts | Audience must understand the management and distribution of revenues from the mining and petroleum sector |
| 6 | Social Expenditure | Mandatory social expenditure Discretionary social expenditure Use of tax infrastructure credits Quasi-fiscal expenditure Mandatory and discretionary social expenditure reported for the 2014 reporting period | Audience must understand how social expenditure takes place in the PNG mining and petroleum sector |
| 7 | Mining | Overview of mining operations in 2014 Mines operating in 2014 New mining projects Mining production data Regulation of the mining sector Register of tenements Allocation of tenements Community benefits Royalties Public Investment Program | Audience must understand how the mining industry operates in PNG |
| 8 | Oil and Gas | Overview of producing operations in 2014 Beneficial owners of oil and gas projects New oil and gas projects Oil and gas production data Regulation of the oil and gas sector Register of licences Allocation of licences Royalties Development levy | Audience must understand how the petroleum industry operates in PNG |
| 9 | State Owned Enterprises | The Independent Public Business Corporation National Petroleum Company of Papua New Guinea Petromin | Audience must know and understand SoEs in PNG and their role in the reporting process |

| | | | |
|----|-----------------------------------|---|---|
| | | Ok Tedi Mining Limited | |
| | | Mineral Resources Development Company | |
| 10 | Reconciliation of Revenue Streams | The reporting process | Audience must interpret, understand and communicate financial data contained in the report |
| 11 | Findings and Recommendations | Progress against key 2013 report findings | Audience must understand the challenges of regulating the industry and participate in reform projects contained in the report |

Table 6: 2017 Generic Outreach Curriculum and Lesson Plan & Outcomes for PNGEITI target audiences

2.5.2 2017 National & Regional Development Forum Recommendations for the Extractive Sector Governance

The PNGEITI campaigned through presentations at the CIMC Development Forums in 2017 and have been successful in getting the recommendations through the CIMC National Development Forums to the Department of National Planning and Monitoring. The Development Forums are a key platform that brings together Government, Industry and the Civil Society organisations to discuss and improve on certain areas of governance through policy and legislative reforms. For example, one of the key recommendations (Recommendation 5.6) from the 2017 National Development Forum was for the Government to review the Infrastructure Tax Credit Scheme (ITCS). The Department of National Planning and Monitoring conducted a workshop on the ITCS on Wednesday 25th of April in Port Moresby. The objective of the workshop was to review the process of awarding ITCS projects and to inform developers the EITI Standard and reporting protocols. The Head of PNGEITI National Secretariat Lucas Alkan presented the findings of the PNGEITI Report and its recommendations. He reiterated that although the ITCS is a vital Public Private Partnership (PPP) development model, the opaque nature of the scheme had to be addressed by reviewing the processes involved in awarding infrastructure tax credits to companies.

Table 12: Progressive Forum Recommendations from CIMC to Department of Planning and Monitoring in Relation to the Extractive Industries Transparency Initiative

| Year | No. | Progressive Forum Recommendations from CIMC to the Department of National Planning and Monitoring (DNPM) | Progressive Implementation |
|------|-----|---|----------------------------|
| 2015 | 1.3 | That Government Develops a policy to ensure resources are owned by the people. Policy to ensure protection of this arrangement with careful management by the government and for government to report back to the people regularly on this. This covers investments on land, forest, environment, water, minerals and others on behalf of the State | |
| 2015 | 2.3 | That Government channel LNG proceeds towards agricultural programs; especially to support properly defined subsidies; | |
| 2017 | 5.1 | That the EITI be secured by policy and legislation and that the Department of Petroleum and Energy be capacitated to effectively manage the affairs of the sector including landowner benefits; | |
| 2017 | 5.2 | That the Mining Act be reviewed to include provisions for Sea Bed Mining; | |
| 2017 | 5.3 | That EITI produces a set of criteria on transparency and accountability for Nautilus Minerals and other mining companies to take culture, communities and the environment into consideration before underwater mining; | |
| 2017 | 5.4 | That Government develops a National Content Plan Framework and creates standard template that can be used by landowners for effective negotiation for resource extraction and use of land; | |

| | | | |
|------|-----|---|--|
| 2017 | 5.5 | That Government provides an independent oversight mechanism for the Sovereign Wealth Fund so that funds in the account are spent on infrastructure development and socioeconomic services through the National Budget as outlined in the Organic Law on the Sovereign Wealth Fund 2012; | |
| 2017 | 5.6 | That processes used by the Government to fund projects through the Infrastructure Tax Credit Scheme (ITCS) be reviewed and to ensure that primary beneficiaries affected by resource extraction gain meaningful benefit before other provinces. | |

2.5.3 Media Reports

PNGEITI values the role of the PNG mass media in disseminating the findings of the PNGEITI Reports. The National Secretariat and MSG have had positive relationships with media group participating in the recent PNGEITI Pre-Validation Consultations. The PNGEITI MSG has a close working, and mutually beneficially relationship with media partners and regards the group as an important stakeholder in the implementation of the EITI Standard in the country since 2013.



Figure 7: Alex Gordy (EITI International) and Lucas Alkan (PNGEITI) with members of the PNG Media.

The PNGEITI National Secretariat engages with 4 local newspapers, 3 National television stations, 4 major radio stations and 5 online news agencies as well as international journalists and interested groups. Apart from supplying information to the media groups, the PNGEITI National Secretariat also conducted media capacity building workshops and made presentations to the media groups to update them on the findings of the EITI Reports.

Short Term PNGEITI Media Content Producer

| Contract duration | Milestone | Articles produced |
|----------------------|------------------------------------|-------------------|
| April- July 2017 | Media Consultant contracted | 20 |
| July- December 2017 | Media Consultant contract extended | 30 |
| January to June 2018 | Media Consultant contract extended | 21 |
| July-December | Media Consultant contract extended | progressing |

Table 13: Summary of PNGEITI Media Releases (not exhaustive)

| News Item | Date of Publication | Website link to News |
|--|---------------------------------|--|
| PNGEITI welcomes decision on Tax Credit Scheme | February, 1 st 2018 | https://ramumine.wordpress.com/2018/02/02/pngeiti-welcomes-decision-on-tax-credit-scheme/ Post Courier |
| Blog on the NEC Decision to improve EITI reporting in Papua New Guinea | 18 th February, 2018 | https://www.thenational.com.pg/extractive-industry-boosted/ The National |
| Blog on Validation | March 1 st , 2018 | https://www.thenational.com.pg/initiative-ushering-png-forward/ The National |
| PNGEITI backs Government to review Tax Credit Scheme | 1 st May, 2018 | https://postcourier.com.pg/pngeiti-backs-govt-review-tax-credit-scheme/ Post Courier |
| News item on Validation | 1 st May, 2018 | https://postcourier.com.pg/png-sweats-meeting-eiti-global-reporting-standards/ Post Courier |
| Extractive welcomes PM's decision to halt Tax Credit Scheme | 6 th February, 2018 | https://www.thenational.com.pg/extractive-sector-welcomes-pms-decision-stop-credit-scheme/ The National |
| Peter Aitsi thanked for his contribution to EITI In PNG | 7 th February, 2018 | https://www.thenational.com.pg/aitsi-commended-work-extractive-industries-sector/ The National |
| Subnational payments scoping study update | 9 th March, 2018 | https://postcourier.com.pg/png-eiti-completes-first-study/ Post Courier |
| PNGEITI to formulate National Policy Framework | 20 th February, 2018 | https://postcourier.com.pg/pngeiti-formulate-policy-framework-legislation/ Post Courier |
| PNGEITI to formulate National Policy Framework | 20 th February | https://www.thenational.com.pg/framework-extractive-industries-policy-adopted/ The National |
| Timing ripe for change | 21 st February, 2018 | https://postcourier.com.pg/timing-ripe-change/ Post Courier |
| Secretariat Head happy following amendment of MRA Act | 21 st February, 2018 | https://www.thenational.com.pg/secretariat-head-happy-following-amendment-mra-act/ The National |
| Abel to launch EITI Reports | 25 th February, 2018 | https://postcourier.com.pg/abel-launch-pngeiti-report/ Post Courier |
| Extractive documents to be launched | 26 th February, 2018 | https://www.thenational.com.pg/extractive-documents-launched/ The National |
| DPM to launch EITI Reports | 28 th February | http://www.looppng.com/business/deputy-pm-launch-png-eiti-reports-73867 PNGLOOP |
| Better data reporting sought to boost transparency | 27 th April, 2018 | https://www.thenational.com.pg/better-data-reporting-sought-boost-transparency/ The National |
| PNGEITI calls for transparency in industry revenue | 30 th April, 2018 | https://postcourier.com.pg/pngeiti-calls-transparency-industry-revenue/ Post Courier |

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|---|-------------------------------|---|
| PNGEITI thanks Samar for contribution | 19 th April, 2018 | https://postcourier.com.pg/pngeiti-thanks-samar-contribution/ Post Courier |
| PNGEITI releases findings of 2014 Report | 19 th June, 2017 | https://postcourier.com.pg/pngeiti-releases-findings-for-2014-report/ Post Courier |
| 80% revenue from mining | 17 th June, 2017 | oppng.com/business/80-revenue-mines-2014-61054 PNG Loop |
| PNG to position itself as a leading producer of gold and copper | 21 st June, 2017 | Link to this story on available Post Courier |
| PNG a top mineral producer | 22 nd June, 2017 | Link not available The National |
| Weak capacity a challenge in the mining sector | 28 th June, 2017 | https://postcourier.com.pg/weak-capacity-lack-accountability-challenge-mining-sector/ Post Courier |
| implementing industrial policies hindered by lack of capacity | June, 26 th , 2017 | Link not available The National |
| Policy implementation in sector a challenge: Report | 24 th July, 2017 | Policy implementation in sector a challenge: Report PNG Loop |
| PNG crude oil reserve at 2.53 billion barrels | 5 th July, 2017 | https://postcourier.com.pg/png-crude-oil-reserve-2-53-billion-barrels/ Post Courier |
| Fund to feature in PNGEITI Report | July 13 th , 2017 | https://postcourier.com.pg/fund-feature-pngeiti-report/ Post Courier |
| Resource payment methods unclear | 17 th July, 2017 | Link not available (https://postcourier.com.pg) Post Courier |
| Call for transparent reporting | 17 th July, 2017 | Link not available (www.thenational.com.pg), The National |
| K60 billion in tax from PNG LNG | 18 th July, 2017 | http://www.looppng.com/business/k60b-taxes-png-lng-project-63059 PNG Loop |
| Government to get K60 billion from LNG | 18 th July, 2017 | https://www.thenational.com.pg/govt-get-k60bil-lng-project/ The National |
| LNG to bring K60 billion for Government | 18 th July, 2018 | https://postcourier.com.pg/lng-bring-k60bn-govt/ Post Courier |
| Revised act contains good proposals: Report | 24 th July, 2017 | http://pngloop.com.pg Revised act contains good proposals: Report PNG Loop |
| Unregulated alluvial mining in PNG | 2 nd August, 2017 | Loop LNG (cannot access link) |
| Alluvial mining 'lacks control' | 2 nd August, 2017 | https://www.thenational.com.pg/alluvial-mining-lacks-control/ The National |
| Alluvial mining remains unregulated | 2 nd August, 2017 | https://postcourier.com.pg/alluvial-mining-remains-unregulated-png/ Post Courier |
| Revised Mining Act covers environmental issues | July, 2017 | https://www.thenational.com.pg/revised-mining-act-covers-environmental-issues/ The National |
| PNGEITI: Reveal, contracts, licences for transparency | August, 30, 2017 | http://www.looppng.com/business/pngeiti-reveal-contracts-licences-transparency-65640 LOOPNG |
| DPE commended for discussing gas reserves | 14 th August, 2017 | www.loopnaru.com/business/dpe-commended-discussing-gas-reserves-64808 LOOPNARU |
| Extractive industry generates more income, Alkan says | 7 th June, 2018 | https://www.thenational.com.pg/extractive-sector-generates-income-says-alkan/ The National |
| MRDC joins PNGEITI MSG | 1 st June, 2017 | https://postcourier.com.pg/mrdc-joins-pngeiti-multi-stakeholder-group/ Post Courier |
| Secretariat thanked Anderson for support | 5 th June, 2017 | https://www.thenational.com.pg/secretariat-thanks-anderson-support/ The National |
| PNGEITI pleased with oil and gas leaders | 25 th May, 2017 | https://www.thenational.com.pg/eiti-pleased-oil-gas-leaders/ The National |

| | | |
|---|---------------------------------|--|
| Publish production data: EITI | 18 th May, 2017 | www.thenational.com.pg (specific link not available) The National |
| Effective policies and legislation way forward | 22 nd May, 2017 | https://postcourier.com.pg/effective-policies-legislation-way-forward/ , Post Courier |
| PNG has made reasonable progress, Alkan says | 14 th July, 2017 | https://postcourier.com.pg/png-made-reasonable-progress-says-alkan/ , Post Courier |
| Multi stakeholder participation encouraged | 16 th June, 2017 | https://postcourier.com.pg/multi-stakeholder-participation-encouraged/ , Post Courier |
| PNG Reaching for industry standard | 10 th November, 2017 | https://www.thenational.com.pg/png-reaching-industry-standard/ , The National |
| Extractive companies to disclose owners | 4 th July, 2017 | http://www.looppng.com/business/extractive-companies-disclose-owners-62131 Loop PNG |
| Firms told to disclose data on beneficiaries | 4 th July, 2017 | https://www.thenational.com.pg/firms-told-disclose-data-beneficiaries/ , The National |
| Enough resources to increase property | 10 th July, 2017 | Post Courier, page 41 (link unaccusable) |
| Alkan praises Anderson for transparent overview | 11 th July, 2017 | https://www.thenational.com.pg/alkan-praises-anderson-transparent-overview/ , The National |
| Outgoing Chamber Director commended | 18 th July, 2017 | www.looppng.com/business/outgoing-chamber-director-commended-63057 Loop PNG |
| Oil and Gas success report pleasing: Alkan | 11 th August, 2017 | https://www.thenational.com.pg/oil-gas-success-report-pleasing-alkan/ , The National |
| EITI releases 2016 Report | 23 rd December, 2017 | http://www.looppng.com/business/eiti-releases-2016-report-71497 |
| PNGEITI National Secretariat: More Can be done to improve the extractive sector | 27 th December, 2017 | https://www.youtube.com/watch?v=Vg6wE5OoEhw |

2.5.4: PNGEITI Communication materials

Table 14: Summary list of PNGEITI Communications materials to date

| Communications materials | Objective | Date(s) Produced |
|--------------------------|--|--------------------------------|
| Annual Progress Reports | The objective of the APR is to communicate to the stakeholders on the operations of the PNGEITI administration | FY 2014, FY 2015 FY 2016 |
| Summary EITI Report | The EITI report summary is intended for conferences and exhibitions where information is condensed for easier and quick referencing. | 2017 |
| Reconciliation Summary | The reconciliation summary sheets are intended to be distributed to interested parties for quick summary reference to PNGEITI reconciliations based on EITI reports. | 2018 |
| Brochure | The PNGEITI Brochures are intended to be distributed in exhibition booths for quick summary reference to PNGEITI background facts. | 2018 |
| Newsletter | The PNGEITI Impact Quarterly Newsletters is intended to be distributed to stakeholders to inform them of PNGEITI activities. | 2017 |
| Facebook | The PNGEITI Facebook page was created in 2016 and so far has garnered over 600 followers. The content consists of snippets of information highlighting PNGEITI activities. | 2016-2018 |
| Website | The PNGEITI Website has been updated since 2015 and to date a refurbished website is under development. The website contains a list of documents as well data summaries and is consistent with the PNGEITI Open data Policy. | 2015- 2018 |



Figure 8 A collection of PNGEITI communication and outreach materials

1.1. Summary of website upgrade contract February to July 2018

| Milestone | Payment | Status |
|--|---------------|-------------|
| Start-up and mobilization | PGK 10,000.00 | Completed |
| Website Redesign, Email Hosting Setup/Upgrade + GMail mailbox creation | PGK 25,000.00 | Completed |
| Custom Application Development | PGK 13,500.00 | Progressing |
| Training and User Manual, Migration + Go-Live | PGK 11,000.00 | Progressing |
| Total | PGK 59,500.00 | |

2.5.5: Professional Affiliations

The PNGEITI National Secretariat became an affiliated member of Transparency International PNG, PNG Chamber of Mines and Petroleum and the PNG Chartered Practising Accountants. The purpose of these affiliations is to engage with key demographics identified inside the Communications Strategy. Since becoming affiliated to the three groups the PNGEITI has taken part and conducted outreach campaigns, most notably, The TIPNG Sir Anthony Siaguru Walk Against Corruption in June 2018 and the Chamber of Mines and Petroleum Workshops on Media, and Community Relations as well as participating in the three PNG Mining and Petroleum conferences.



Figure 9: Mr Gedion Timothy (PNGEITI National Secretariat) at the TIPNG exhibition in Goroka



Figure 10: The PNGEITI team alongside the Department of Treasury Staff after the 2018 Sir Anthony Siaguru Walk Against Corruption.

Table 15: Summary list of PNGEITI Professional Affiliations

| Membership | Membership Type | Year participated | Year Joined |
|------------------------------------|------------------|-------------------|-------------|
| Transparency International PNG | Corporate Member | 2016 | 2017 |
| PNG Chamber of Mines and Petroleum | Corporate Member | 2016 | 2017 |

| | | | |
|--------------------------------------|-------------------|------|------|
| PNG Chartered Practising Accountants | Corporate Sponsor | 2016 | 2017 |
|--------------------------------------|-------------------|------|------|

2.6 PNGEITI Policy and Technical

Table 16: Summary of NEC Decisions relating to EITI implementation

| Decision No. | NEC Directive |
|--------------------------|---|
| NEC Decision No. 47/2011 | Endorsed for the establishment of a State Working Group (SWG) to assess the advantages and disadvantages of signing up to the EITI Global Standard. |
| NEC Decision No. 90/2013 | Approved for PNG to sign up to the EITI and endorsed the minister responsible for Treasury matters to lead its implementation. |
| NEC Decision No. 91/2017 | Directed relevant government entities responsible for regulating the Mining and Petroleum Sector to fully participate in the EITI Reports recommendation. |
| NEC Decision 15/2014 | Circular 10 th April 2018 directed EITI to implement the alignment of Open Government Partnership (OGP cluster commitments to similar existing Government Projects and programs. |

2.6.1 Income Tax Act (1959) Amendment of Secrecy provision for EITI Reporting purposes

The PNGEITI welcomed a technical amendment in the 2018 Budget on secrecy provisions of the Income Tax Act. The amended Act allows the Internal Revenue Commission (IRC) to disclose company tax information when required by the PNGEITI for reporting purposes. Prior to this change, the EITI relied on extractive companies to agree with the IRC to release tax information through a tax waiver letter. This practice was sometimes difficult to obtain and caused unnecessary delays to timely release of tax information in the absence of any legal provisions. The PNGEITI effectively became an authorized recipient of relevant tax data on 1st January, 2018. The minor technical amendment to the tax law will enable the EITI reporting process to be more efficient.

2.6.2 Policy and Legislation Technical Working Group

Work is progressing well for the PNGEITI National Policy and Legislation project. A Technical Working Group was formed recently to drive the work on the National EITI Policy Framework. The MSG approved Adam Smith International through a competitive bidding process to undertake this assignment

Table 17: Summary Activities of the PNGEITI National Policy and Legislation TWG

| Year | Summary of Activities |
|------|---|
| 2016 | Former Treasurer Hon Patrick Pruaitch directed the PNGEITI National Secretariat to develop the PNGEITI National Policy and Legislation during Meeting 05/2016 in Kokopo, ENB. |
| 2017 | PNGEITI Policy and Legislative Group formalised in Meeting 2/2017. The TWG held meetings and various online forums to develop a preliminary scope through which an options paper was developed and subsequently led to a draft policy framework to inform MSG. TWG was compelled to proceed, as per the options paper, to recommend to the MSG to engage a policy and legal expert to undertake the next phase of the project. MSG agreed and work started on the Terms of Reference. |
| 2018 | In 2018, the TWG formalised the ToR for the Policy and Legal Consultant. The bid was announced and the TWG received expressions of interests from various international and domestic firms and individuals of which a successful nominee was selected. Contractual arrangements between both parties were being drawn up at the time of writing this report. |

2.6.3 Open Government Partnership (OGP)

NEC Decision 15/2014 – Circular dated 10th April 2018 directed PNGEITI to align the Open Government Partnership (OGP) cluster commitments to existing government projects and programs. PNG became a member of the Global EITI Initiative in 2014, coincidentally the year PNG’s entry into the OGP was announced, and subsequently accepted as a member of OGP in October of 2015.

In implementing its OGP National Action Plan, PNG identified four Cluster Commitments of which Extractive Industries Transparency was one of these commitments. Under the Extractives Industries Transparency commitment, the key cluster activities involved;

- Development of the PNG EITI Policy Framework; and
- Development of PNGEITI Legislation.

The government department tasked to implement the EITI commitment was the Department of Treasury, and the PNGEITI Multi Stakeholder Group (MSG) took custodianship to coordinate and action this commitment. In aligning the EITI implementation with the OGP cluster commitment activity, the PNGEITI MSG announced the formulation of a Technical Working Group in October 2016 to develop the PNGEITI National Policy and a Legislation. Since then, progress has been made in the execution of this activity. With the exception of some delays due to the 2017 National General Elections and the inability to effectively mobilize resources to progress this work, the TWG under the guidance of the PNGEITI MSG still managed to progress work in this area.

In October of 2017, a Term 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 existing MSG realm. Expressions of Interest were sought in January of 2018 for this project. A wide array of EOs were received both from local and international firms. The procurement process concluded in late May, with the selection and engagement of a renowned and reputable international institution (Adam Smith International) that will undertake the development of the PNGEITI Policy and Legislation.

The initial desk review is set to commence in July 2018 for the policy framework. Concurrently the legislative review and drafting will commence, initially on the 1st phase of the project to establish PNGEITI as a statutory entity. The Policy and Legislation development project is scheduled to be undertaken within a period of 8 to 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 1st Quarter of 2019.

Table 18: Report Recommendations Summary

| PNG EITI Report | Progress summary on report recommendations |
|---------------------|--|
| 2013 Report | NEC Submission was formulated. A Cabinet Decision received contained 11 NEC Directives on implementation of the recommendations. So far, 8 out of the 11 Recommendations have been acted upon and in some way implemented. The Secretariat is following up with agencies on the implementation of these directives and working through to assist agencies to implement their respective directives. |
| 2014 Report | No new recommendations, but reiterated the need to act on implementing 2013 Report recommendations. An NEC Information Paper was prepared based on this Report and was registered with the NEC on 21 st November 2017. The advice received from the NEC Secretariat was that the Information Paper will first need to be reviewed by CACC before being conveyed to NEC for its noting. Based on follow up (latest March 2018), CACC is yet to convene nor provide feedback on the status of this Information Paper. The National Secretariat will continue to follow up to ensure the Information Paper is progressed through to NEC. |
| 2015 & 2016 Reports | A total of 8 new recommendations were outlined in these Reports. Of the 8, the Infrastructure Tax Credit (ITC) Scheme recommendation was acted upon, with the announcement by Prime Minister on the indefinite suspension of this scheme until a |

| | |
|--|--|
| | review is conducted. The remaining 7 recommendations have been reviewed and a summary prepared and translated into a NEC Information and/or Policy Submission for Cabinet to note and advise further on. |
|--|--|

2.6.4 Development Partner Coordination

The PNGEITI has had increased partnerships with various development partners in implementing the EITI Standard in the country in the year 2017.

Table 19: Summary of 2017 Development Assistance

| Development Partner | Development Assistance | Year |
|--|--|------|
| Pacific Leadership Governance Facility (Australian Government Department of Foreign Affairs) | Subnational Payments Scoping Study EITI Capacity Building Workshops | 2017 |
| Japanese International Cooperation Agency (JICA) | Revenue data management and reporting and PNGEITI Capacity Training | 2017 |
| World Bank | Outreach and Roadshows and PNGEITI Capacity Building | 2017 |

2.6.4.1 Pacific Leadership Governance Facility (PLGF)

The PNGEITI National Secretariat and the Pacific Leadership Governance Facility have partnered to carry out the Subnational Payments Scoping Study in preparation for revenue and expenditure reporting in future EITI reports. The first two consultations were completed for Ok Tedi Mining Limited and Lihir Gold Limited in early 2018. It will guide the PNGEITI MSG to develop a framework for reporting on revenue that are received by entities at the provincial level. Currently the PNGEITI collects and reports at the national level on extractive revenues received by the Government and payments made by extractive companies.

Similar studies are planned for the Highlands and Southern region. Similarly, the Pacific Leadership Governance Facility has undertaken two out of three capacity building workshops with PNGEITI stakeholders in Port Moresby and Kavieng in the New Ireland Province.

2.6.4.2 Japanese International Cooperation Agency (JICA)

The Japanese International Cooperation Agency has come on board to assist the PNGEITI National Secretariat to promote revenue data management and reporting in accordance with the EITI Standard. The JICA Technical Cooperation Program project is expected to:

- improve the management of data registry and information at the Department of Petroleum and Energy (DPE);
- enhance the reporting mechanisms of the extractive companies and relevant government agencies for effective reporting through the EITI process; and
- enhance the awareness and implementation structure for the EITI.

Similarly, JICA provided preliminary funding, in March, to support the PNGEITI National Secretariat to attend a week long study tour with the Philippines EITI in preparation for the PNG Validation in April 2018.

The objectives of the Philippine training was to build the PNGEITI National Secretariat's capacity in preparing for country validation; learning better ways of communicating the PNGEITI reports and engaging meaningfully with

various stakeholders. The training and exposure was invaluable and enabled the PNGEITI teams to conduct a successful pre-validation consultation with the International Secretariat.

2.6.4.3 The World Bank Support

The PNGEITI National Secretariat in partnership with the World Bank appointed the Institute of National Affairs (INA) and the Consultative Implementation and Monitoring Council (CIMC) as the lead implementing agencies of a series of subnational capacity building workshops in three target provinces. The workshops were held between October and November of 2017 in Lae, Kavieng and Wewak and were facilitated by the PNG Resource Governance Coalition (PNGRGC). The objectives of the workshops were to;

- sensitize the provincial government officials about EITI reporting requirements;
- sensitize civil society leaders about the EITI process and how civil society could leverage EITI data to improve governance and services delivery at the subnational levels; and
- establish provincial focal points for EITI CSO representation.

Presentations were made by the Mineral Resources Authority, the PNGEITI National Secretariat and the Consultative Implementation and Monitoring Council facilitated by the PNG Resource Governance Coalition.

Table 20: Summary of 2017 World Bank funded roadshows

| Dates | Outreach Activity | Location |
|--|-------------------------------|-------------------------------|
| 17 th -18 th Oct 2017 | WB-EITI Workshop - Morobe | Lae, Morobe Province |
| 8 th -10 th Nov 2017 | WB-EITI Workshop- New Ireland | Kavieng, New Ireland Province |
| 21 st - 23 rd Nov 2017 | WB-EITI Workshop- Wewak | Wewak, East Sepik Province |
| 8th Dec 2017 | WB-EITI Workshop Review | NCD, Port Moresby |

2.6.5 Validation of PNGEITI

The EITI Board confirmed at its meeting in October 2016 that PNG would undergo Validation under the 2016 EITI Standard beginning 1 April 2018. This included a visit to PNG in April-May 2018 by the EITI International Secretariat.



Figure 11 EITI pre-validation with PNG Customs

Validation is an essential feature of the EITI process. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. The Validation report will, in addition, address the impact of the EITI in the country being validated, the

implementation of activities encouraged by the EITI Standard, lessons learned in the EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI. In February 2016 the EITI Board approved a revised Validation system, and a revised [Validation Guide](#) which provides detailed guidance on assessing EITI Requirements. The key steps in the validation procedures are as follows:

Table 21: Key steps in the Validation procedures

| Validation Steps | Validation Procedure | Status |
|------------------|---|-------------|
| 1. | Preparation for Validation | Completed |
| 2. | Initial data collection and stakeholder consultation undertaken by EITI International Secretariat staff | Completed |
| 3. | Independent Validation | Progressing |
| 4. | Board review | Progressing |

Table 22: PNGEITI Validation Stakeholder Consultation in 2018

| | |
|----------------------------------|--|
| Initial Program for Consultation | <ul style="list-style-type: none"> • 28 Stakeholders invited • 24 scheduled meetings • 6 days of consultation |
| Actual consultation outcome | <ul style="list-style-type: none"> • Of the 28 stakeholders initially invited and listed, only 3 stakeholders failed to turn up for their respective consultations without any prior notification or advice. <ul style="list-style-type: none"> ○ Treasurer – was away on official duty travel. Vice Treasurer also accompanied Treasurer, hence this consultation could not be re-delegated so did not eventuate. ○ Department of Finance – Relevant officials were conducting a workshop concurrently, so were unavailable for their consultation. ○ Barrick Niugini Limited – Didn't turn up for their consultation. ○ Harmony Gold Limited – Didn't turn up for their consultation. ○ KPMG – Scheduled time was adjusted at the request of the mission team however was not feasible for the KPMG team so consultation did not proceed. ○ Department of National Planning was initially scheduled for consultation, but at the request of the mission team we approached them for a possible meeting but declined our request due to the unavailability of the relevant officials. • From the 24 meetings initially scheduled, 3 meetings had to be cancelled due to unavailability of the stakeholders. • A meeting with the PGF consultant was arranged and convened even though not initially scheduled in the program. • An additional or follow up meeting with the Department of Petroleum was also convened. |
| Next Steps | <ul style="list-style-type: none"> • We anticipate that by July we should receive the Initial Assessment Report along with the Draft Validation Report. • PNGEITI MSG will then be given a period of 3 weeks to comment and provide feedback on both documents before they are conveyed to the International Secretariat. <ul style="list-style-type: none"> ○ It is recommended that a MSG meeting is convened to consolidate comments and feedback on the documents. ○ This MSG meeting will also be used as an avenue to push forward certain issues identified during the stakeholder consultations and those contained within the compiled documents |

| | |
|--|---|
| | <ul style="list-style-type: none"> • The Validation Report then gets conveyed to the EITI International Board for deliberation and decision making. This is anticipated in September or October. • Based on the outcome of the Board’s decision and recommendation, the MSG will plan on the next course of action. |
|--|---|

Table 23: Validation Mission - EITI International Secretariat, 2nd – 9th May 2018

| Wednesday 2 nd May, 2018 | | | |
|-------------------------------------|---|---|-----------------------------------|
| Time | Meeting | Participants | Venue |
| 10.00am- 11.50am | Opening Meeting with – PNGEITI National Secretariat Team | Mission Team & National Secretariat Staff | 8 th Floor Conference |
| 12:00pm | Lunch | | Treasury Building |
| 2:30pm – 3.20pm | Meeting with National Economic & Fiscal Commission (NEFC) | Relevant NEFC officials | NEFC Office |
| 3.30pm- 4.20pm | Meeting with Auditor General’s Office | Auditor General’s Office representatives | Auditor General’s Office |
| End of Meetings | | | |
| Thursday 3 rd May, 2018 | | | |
| Time | Activity | Participants | Venue |
| 9.00am – 10.00am | Meeting with Government Agency (Petroleum Sector) – Department of Petroleum | Department of Petroleum, MSG members & key representatives | Mining Haus Conference |
| 10.30am- 11.30am | Meeting with Government Agency (Mining Sector) – Mineral Resources Authority of PNG (MRA) | MRA MSG members & key representatives | Mining Haus Conference |
| 11.45am | Lunch | | Mining Haus |
| 1.00pm-2.00pm | Meeting with government agency – Internal Revenue Commission (IRC) | IRC MSG members & other IRC officials | IRC Office, Downtown |
| 2.15pm-3.15pm | Meeting with PNG IPA | Relevant IPA officials | IPA Haus |
| 3.30pm-4.20pm | Meeting with PNG Customs | Relevant Customs officials | PNG Customs Office |
| End of Meetings | | | |
| Friday 4 th May, 2018 | | | |
| Time | Activity | Participants | Venue |
| 9.00am – 10.00am | Meeting with PNG Chamber of Mines & Petroleum | Chamber MSG members & other representatives | Grand Papua Hotel |
| 10.30am- 11.30am | Meeting with Oil & Gas Companies | Exxon Mobil, Oil Search, Total | Grand Papua Hotel |
| Break | | | |
| 1.00pm- 2.00pm | Meeting with Mining Companies | Newcrest, OTML, Barrick Niugini, Harmony Gold | Grand Papua Hotel |
| 2.30pm-5.00pm | Meeting with Civil Society Organizations | All Civil Society representatives, both from MSG & Non-MSG, including academia reps. | Grand Papua Hotel |
| End of Meetings | | | |
| Monday 7 th May, 2018 | | | |
| Time | Activity | Participants | Venue |
| 9.00am – 10.00am | Courtesy Call and Meeting with Vice Minister for Treasury | EITI International Secretariat Mission Team, Hon. Minister & PNGEITI National Secretariat | 10 th Floor Conference |
| 10.30am- 11.30am | Kumul Consolidated Holdings (KCH) | KCH officials | KCH Office Downtown |
| 12.00pm | Lunch | | TBA |
| 1.00pm-2.00pm | Kumul Petroleum Holdings Limited (KPHL) | KPHL officials | KPHL Office Downtown |
| 2.30pm-3.30pm | Kumul Mineral Holdings Limited (KMHL) & Meeting with OK Tedi Mining Limited | KMHL & OK Tedi Mining Ltd officials | KMHL/OTML Office |
| 4.00pm-5.00pm | Meeting with Mineral Resources Development Company (MRDC) | Officials from MRDC | MRDC Office Downtown |
| End of Meetings | | | |
| Tuesday 8 th May, 2018 | | | |
| Time | Activity | Participants | Venue |
| 9.00am – 10.00am | | | |
| 10.00am- 11.30am | Meeting with development partners & donor agencies – World Bank | Key representatives from, World Bank Group, JICA, US Embassy & Australian High Commission | Treasury Building |
| 12.00pm | Lunch | | |
| 1.00pm-2.00pm | | | |
| 2.30pm-3.30pm | Conservation & Environment Protection Authority (CEPA) | Officials from CEPA | Treasury Building |

| End of Meetings | | | |
|-------------------------------------|---|-------------------------------|------------------------------------|
| Wednesday 9 th May, 2018 | | | |
| Time | Activity | Participants | Venue |
| 9.00am – 10.00am | Meeting with Treasury | Treasury officials | 8 th Floor, Treasury Bu |
| 10.30am-11.15am | Meeting with Finance Department | | |
| 11.30am- 12.15am | Meeting with media representatives – National, Post Courier, EMTV, TVWAN, NBC and others. | Various media representatives | 8 th Floor, Treasury Bu |
| 12.30pm | Lunch | | TBA |
| 1.00pm-2.00pm | Wrap up meeting with PNGEITI National Secretariat | | 8 th Floor, Treasury Bu |
| End of meetings | | | |

Table 24: 2018 PNGEITI Validation Schedule and Progressive Update

| Activity | Status |
|--|-------------|
| 1.) January to first week March 2018 - Collation and upload of all Relevant documentation (listed below) | Completed |
| Work Plan, Budget, Communication Plan, MSG TORs, MSG Meeting minutes, EITI Reports, Summary Data Sheet, Scoping Studies, Communication tools and products, Annual Progress report, Other documents | Completed |
| 2.) February - Compilation of Stakeholder Consultation list | Completed |
| • Identification of key and relevant stakeholders (MSG list) & others. | Completed |
| • Notification (letter from Treasurer) to stakeholders on upcoming validation. | Completed |
| • Invitation, preparation & availability for consultation. | Completed |
| • Consult closely with International Secretariat to ascertain preferred schedule of consultation for Validators. | Completed |
| • Preparation of consultation schedule | Completed |
| 3.) March 2 nd , 2018 (tentative) – Pre-Validation Assessment Workshop | Completed |
| • Assessment of 2016 PNGEITI Annual Report (Based on the 7 EITI Standard Requirements) – Gauge where we are at. | Completed |
| • Identification of Report gaps | Completed |
| • Compilation of brief assessment report | Completed |
| • Conveyance of this assessment report for implementation/correction by IA for the 2017 Report. | Completed |
| VALIDATION PERIOD (1 April, 2018 onwards) | Completed |
| Phase 1 (Commence April 1, for a period of 12 Weeks) – Data Collection & Stakeholder Consultation: | Completed |
| • International Secretariat reviews all relevant documents collated | Completed |
| • Stakeholder Consultations | Completed |
| • Initial assessment report on progress of EITI Requirements | Completed |
| • National Secretariat to work with International Secretariat to ensure all relevant data and/or documentation is available for their initial review. | Completed |
| • National Secretariat to coordinate arrangements for stakeholder consultations. | Completed |
| • Also prepare a public notification / media release announcing the commencement of the Validation Process for PNG EITI. | Completed |
| Phase 2 (Commence July 1, for a period of 8 weeks) – Independent Validation | Progressing |
| • Independent Validator to conduct a detailed review of the initial assessment. | Progressing |
| • Additional Stakeholder consultation | Progressing |
| • Draft Validation report | Progressing |
| • Review MSG Comments & Response | Progressing |
| • Final Validation Report | Progressing |
| • National Secretariat to ensure initial documentation and other relevant support documents are available for the detailed review. | Progressing |
| • National Secretariat to coordinate arrangements for additional stakeholder consultations & MSG review of draft report. | Progressing |
| Phase 3 (Commence September 1, onwards) – EITI Board Review | Progressing |
| • Validation Committee reviews Final Validation Report and supporting documentation | Progressing |
| • EITI Board takes final decision on the country's progress towards compliance | Progressing |
| • National Secretariat to coordinate and communicate with International Secretariat and Board to ascertain the timely outcome of the Validation decision. | Progressing |
| POST VALIDATION (1 October/November onwards) | Progressing |
| • National Secretariat reviews or carries out a post mortem on EITI Board Decision | Progressing |
| • Strategize on any action items handed down or as directed by the EITI Board. | Progressing |
| • Inform MSG & all relevant stakeholders as to next course of action for the EITI process post Validation. | Progressing |

2.6.6 Administration

The PNGEITI MSG, the PNG EITI National Secretariat is undertaking a remuneration benchmarking on the PNG EITI National Secretariat staff remuneration levels and organisational structure. It is also assessing these in the context of a wider view of the current employment market trends for various positions in which it competes. The objective of this assignment are to:

- Review the existing and current PNG EITI National Secretariat Remuneration levels and the structure, and;
- Produce a Report on the findings and recommendations of the assignment for the PNG EITI MSG's deliberations.

Table 25: Summary of PNGEITI Remuneration benchmarking contract milestones

| Milestones | Deliverables | Status |
|------------|---|-------------|
| 1. | Review of PNG EITI National Secretariat organizational structure, job description, individual resume, review of existing packages paid to individual officers | Progressing |
| 2. | Conduct a one-on-one interview with Secretariat officers | Progressing |
| 3. | Stakeholder consultation and data collection | Progressing |
| 4. | Desk review | Progressing |
| 5. | Draft Report | Progressing |
| 6. | Final Report | Progressing |

The benchmarking exercise will look at reviewing the PNGEITI organizational structure, reviewing job descriptions and individual PNG EITI officer's qualifications. It will also review the details of existing remuneration packages paid to individual officers and compare with National Secretariat Officers' level. Lastly, the benchmarking will undertake consultation with other similar organisations in the extractive industries, public and private sectors on similar models of remuneration and provide an action plan to the PNG EITI National Secretariat.

Table 26: PNGEITI Staff on strength in 2017 and Quarter 1 of 2018

| Title | Name | Date employed |
|-------------------------------------|----------------------|----------------|
| Head of National Secretariat | Mr Lucas Alkan | 2015- Present |
| Deputy Head of National Secretariat | Vacant | Vacant |
| Policy Technical | Mr Vaieke Vani | 2017 - Present |
| Procurement | Mr Francis Diakon | 2016 - Present |
| Finance | Mrs Delka Rinny | 2016 - Present |
| Communications' | Mr Christopher Tabel | 2016 - Present |
| Administration | Ms Liyasi Taligatus | 2016 - Present |
| Driver | Mr Steven Tai | 2018 |

3. **ASSESSMENT OF PERFORMANCE AGAINST TARGETS AND ACTIVITIES SET OUT IN THE PNGEITI WORK PLAN**

Table 27: Assessment of performance against targets and activities set out in the PNGEITI Work Plan

| Requirements | Progress Against 2018 Work plan |
|---|---|
| <p>Ensuring a well-established and fully functional national secretariat office and the multi-stakeholder group (MSG)</p> | <p>Progressive work has been ongoing to build staff capacity by engaging with development partners such as PGF, World Bank and JICA to provide training and skills development for National Secretariat staff and MSG members. The website maintenance, upgrade and modernisation is progressing with 2 out of 3 milestones completed. The contractor is working closely with the PNGEITI National Secretariat to design the data portal that will present data in visual form. Work is still progressing for the External Consultant for MSG and National Secretariat capacity building. The EITI National Policy and Legislation bid has been closed and a successful candidate has been selected at the time of writing this report. Implementation of the Beneficial Ownership Roadmap is progressing and has achieved 15 out of its 33 milestones covered by the Roadmap Implementation Manager (RIM), KPMG. PNGEITI National Secretariat and MSG to attend relevant International Meetings including the EITI International Meeting in Manila, Philippines and the Beneficial Ownership conference in Jakarta, Indonesia. PNGEITI National Secretariat conducted four MSG meetings, a joint workshop on data collection with reporting entities, a pre validation workshop as well as the media workshop. The PNGEITI is up to date with its payment of annual membership subscription fee to EITI International Secretariat. PNGEITI National Secretariat fully maintains its operational and administrative activities and office and administrative assets. With budgetary funding from the PNG Government through the Department of Treasury it administers staff salaries and wages, taxes, superannuation contributions, bank charges and fees, amongst others.</p> |

| | |
|--|--|
| <p>Show extractive industries contribution (both direct and indirect) to the PNG economy</p> | <p><u>2015 and 2016 PNGEITI Reports</u></p> <p>Publications of 2015 and 2016 PNGEITI Reports milestone are as follows;</p> <ul style="list-style-type: none"> • April 2017- PNG-EITI MSG call for EOI • May 2017- MSG assessment; selection and endorsement of successful IA • June 2017- Contract executed • July 2017- Scoping and Inception report finalized and endorsed by PNG-EITI MSG • October 2017- Initial reconciliation report delivered to PNG-EITI MSG • November 2017- 1st draft EITI reports delivered to PNG-EITI MSG • November 2017- Revised draft EITI reports delivered to PNG-EITI MSG • December 2017- Final EITI reports delivered to PNG-EITI MSG • December 2017- Reports approved and endorsed by PNG-EITI MSG for publication <p><u>Validation</u></p> <p>The PNGEITI National Secretariat collated and uploaded all relevant documentation required for validation in January to March 2018. Subsequently the PNGEITI compiled an action plan of the Stakeholder Consultation and conducted a Pre-Validation Assessment Workshop on March 2nd, 2018. It then commenced onto Phase one, Data Collection. Validation period began on 1st April, 2018 and stakeholder consultation by the international secretariat was completed in two weeks. Phase 2 Independent Validation and Phase 3 EITI Board Review are in progress and will be ongoing in the time of writing this report for the post validation decision.</p> |
| <p>Improve public understanding in the management of extractive industries</p> | <p>The PNGEITI and CSO conducted over 25 roadshows as well as various regional and provincial workshops since 2015 with our MSG members to promote the PNGEITI Reports. PNGEITI participated at numerous domestic and 5 international conferences. The PNGEITI is affiliated with the PNG Chamber of Mines and Petroleum, Transparency International PNG, as well as active participants with the PNG Chartered Practising Accountants. It also participates in various political, academic and development forums. The Secretariat had produced the PNGEITI Impact Quarterly Newsletter since 2017 and reconciliation summary factsheets, brochures and EITI Summary reports for 2015 and 2016 EITI reports that are being used for outreach and stakeholder engagements. The PNGEITI Website has been in operation since 2015 and the PNGEITI has a Facebook page with over 600 followers as of 2018. There is increased participation in the PNGEITI Multi-Stakeholder Group with a total of 31 meetings since signing of the PNGEITI MSG MoU in 2013. Our current MSG membership stands at over 28 MSG representatives since 2013 and includes voting</p> |

| | |
|--|--|
| | members from Government, Industry, CSOs, SoEs and non-voting observers such as development partners and other interest groups. |
| Strengthen revenue generation and collection that is consistent with policy setting | <p>The PNG Government has taken action on recommendation from the third & fourth PNGEITI Reports with the NEC Decision (NEC Decision No. 91/2017) directing all relevant government entities responsible for regulating the Mining and Petroleum Sector to fully participate in the EITI Reports.</p> <p>The PNGEITI National Secretariat and the Pacific Governance Facility have partnered to carry out the Subnational Payments Scoping in preparation for revenue and expenditure reporting in future EITI reports</p> <p>PNGEITI National Policy and Legislative subgroup have developed a Policy and Legislative Framework and have engaged a consultant to undertake the drafting of a bill for Parliament at the time of writing this report.</p> <p>Progressive work is being undertaken to strengthen the capacity of CSOs, Industries and Government to participate and contribute effectively in the Multi-Stakeholder Group (MSG) through donor partners. The PGF supported sub-national payments study is progressing and will determine the monitoring mechanisms for transfer of revenues from the industry and government to sub-national levels of governments and landowner groups.</p> |
| Engagement of stakeholders to effectively address issues affecting PNG's extractive industries | <p>The PNGEITI is conducting quarterly and monthly meetings with the MSG, Technical Working Group (TWG), constituency members consistently with the requirements of PNGEITI MSG MoU. The Secretariat have had a Quarterly talk back shows with local radio stations with more planned at the time of writing this report.</p> <p>The Secretariat had attended in-country conferences, seminars and workshops and conducted regular contact with the PNG media.</p> |
| Endeavour to fully implement PNGEITI report recommendations as directed by Cabinet | The Policy and Legislative TWG of the National Secretariat conducts regular follow up meetings with government entities to ensure these recommendations are being implemented. If there any implementation issues or any agencies not making efforts to implement respective recommendations, the Secretariat will need to understand the reasons and challenges preventing them from doing so and will report to MSG accordingly. |

4. **ASSESSMENT OF PERFORMANCE AGAINST EITI REQUIREMENT**

Table 28: Assessment of performance against EITI requirements

| Requirements | Progress |
|---|---|
| Effective oversight by the Multi-Stakeholder Group. | <p>The PNGEITI MSG held four meetings in the year 2017. Among the key decisions made by the MSG for the period covered by this report are the following:</p> <ul style="list-style-type: none"> • Approval of the 3rd and 4th PNGEITI reports for FY 2015 & FY 2016 • Implementation and follow-up on the NEC Policy Directives on the 2013 EITI Report recommendation with responsible entities. • Implementation of the Beneficial ownership scoping report and roadmap • The Revised MSG MoU and Code of Conduct for Endorsement by • Provided oversight, guidance and endorsed the PNGEITI Legislative and Policy TWG Recommendations. • Provided oversight, guidance and direction for Report Dissemination Strategy, Outreach and Roadshows. • Provided guidance on PNGEITI National Secretariat administrative concerns on staff remuneration and PNGEITI Trust Accounts and discussed isolated issues on the issue PNG LNG Royalty matters. • Provided guidance over the 2017 Post –Election strategic planning for EITI activities |
| Timely publication of EITI Reports. | <p>The PNG EITI was able to meet the deadlines for submission of its Annual Activity Report (July 1, 2017) and its EITI country reports (December 31, 2017) for Fiscal Years 2015 and 2016.</p> |
| EITI Reports that include contextual information about the extractive industries. | <p>The PNG EITI report contains a wealth of contextual information about the extractive industries in the country including the following:</p> <ul style="list-style-type: none"> • Revenue Streams and Reporting Entities • Contributions of the Extractive Industries to the Economy • Legal Framework and Fiscal Regimes • Management and distribution of revenues • Social Expenditure • Mining • Oil and Gas • State Owned Enterprises |
| The production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues, and disclosure of all material payments to government by oil, gas and mining companies. | <p>The PNG EITI report includes data on material payments from 8 Mining Companies, 4 Oil and Gas companies, 4 State Owned Entities and 8 Government Departments. The Reports covered over 19 Revenue streams- 9 of which are reconciled, 9 unilaterally declared, and 1 partially declared in the 2016 Report.</p> |
| A credible assurance process applying international standards. | <p>PNG entities participating were asked to submit data templates signed by an authorised company representative, confirming that reporting amounts are materially consistent with their audited financial statement. Only 58% of</p> |

| | |
|---|---|
| | <p>reporting entities provided these signatures. All the producing companies have accounts audited to international standards. Government entities and State Owned Enterprises (other than Ok Tedi) are audited by the PNG Auditor General. Most, however, do not yet have audit statements for the reporting period, and previous audit statements indicated significant shortcomings in the reliability of the accounts.</p> |
| <p>EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate.</p> | <p>Since the publication of the PNG EITI reports, the key findings were widely disseminated to stakeholders through presentations conducted by the sectors such as Oil Search Ltd who have produced Transparency Reports and online data presentations. Other notable disseminations included the international research firms' use of EITI data, and parliamentary debates on a wide range of issues concerning the two sectors. Target audiences were the PNG mainstream media, landowner groups, academics, accountants, policy makers, local CSO lobbyists, social media opinion leaders, legislators, government agencies, and provincial and local level governments officials. Other notable publications included summary sheets, reconciliation sheets, the quarterly PNGEITI Newsletter direct engagement with social media, particularly Facebook and PNGEITI Website.</p> |
| <p>That the Multi-Stakeholder Group takes steps to act on lessons learned and review the outcomes and impact of EITI implementation</p> | <p>Acting on the findings of the IA, the MSG formulated recommendations for government agencies, legislators, and companies to strengthen EITI implementation. The National Executive Council endorsed and directed entities concerned to act on these recommendations. A summary of progressive EITI Report recommendations is provided in this report.</p> |

5. **OVERVIEW OF THE MULTI-STAKEHOLDER GROUP'S RESPONSES TO THE RECOMMENDATIONS FROM RECONCILIATION AND VALIDATION**

| Recommendation (NEC Directive) | Status/ Progress |
|--|---|
| Minister for Petroleum and Energy to immediately implement a reliable electronic registry system to supersede the current paper ledger system | <p>DPE has undertaken to transition from its current paper ledger registry to an electronic registry system. This project will be done with technical assistance from JICA under its support program to the PNGEITI National Secretariat. The technical assistance program will commence in 2018.</p> <p>The Secretariat will liaise with DPE on the implementation process of this project.</p> |
| Minister responsible for MRDC to ensure that MRDC engages fully with the PNGEITI MSG and reports through the EITI process on the equity distribution and all other funds it holds in trust and invests for the landowners and for future generation | <p>The formal letter to MRDC was sent in relation to this directive. MRDC is now engaged within the EITI reporting process.</p> <p>There are still some areas that both the MRDC and the Secretariat will work through to sustain MRDC's engagement in this EITI process.</p> <p>The Secretariat will work with MRDC to iron out any issues, to ensure MRDC continues its engagement in the EITI process.</p> |
| Minister responsible for Kumul Consolidated Holdings Limited to ensure KCHL participates in the EITI process and regularly reports through the EITI process on the State's share/interest in the mining and petroleum sectors that it manages under the General Business Trust (GBT) | <p>KCHL does not necessarily engage directly in the PNGEITI reporting process due to its organizational structure and mandate. There are subsidiary entities under KCHL that deal directly with its interest in the mining and petroleum sector.</p> |
| Minister responsible for Kumul Mineral Holdings Limited and Kumul Petroleum Holdings Limited to ensure these enterprises are fully engaged in the EITI process and to report as required under the EITI Standard | <p>These two entities, now coordinate the government's interest in the mining, oil and gas sectors. Preliminary engagement has been sought by the Secretariat with these entities to ensure that they too are aligned to the reporting processes and requirements of PNGEITI.</p> <p>At this stage, it still needs to be ascertained as to what type of reporting, information collection and areas of engagement of KMHL & KPHL in the EITI process may be required.</p> <p>The Secretariat will continue its consultation with both KMHL & KPHL to identify areas which both entities can be able to engage effectively in the reporting process.</p> |

| Recommendation (NEC Directive) | Status/ Progress |
|--|---|
| <p>Minister for Treasury to ensure the National Economic and Fiscal Commission (NEFC) amend its Budget and Fiscal Reports to collect information on subnational payments and transfers consistent with the EITI Requirements</p> | <p>The National Secretariat has consulted with NEFC on this issue. This consultation outlined NEFC's current information collection and reporting procedures, and also discussed avenues in which this process can also incorporate and/align to the EITI process, particularly in the area of sub-national payments information.</p> <p>It was ascertained that the NEFC's current reporting on sub-national payments and transfers is provisioned under the Inter Government Relations (Functions & Funding) Act, which governs the mandate of NEFC's operations. Hence, it was discussed that NEFC along with the Secretariat work together to identify mechanisms that can align both NEFC reporting to that of the PNGEITI Requirements.</p> <p>The NEFC and the Secretariat will engage in more frequent consultation to ensure that reporting mechanisms are aligned in regard to not only sub-national payments but all other payments for the various levels of governments.</p> |
| <p>Minister responsible for Mineral Resources Authority (MRA) and the Minister responsible for the State Solicitor to ensure these entities make publicly available Memorandum of Agreements (MOAs) for EITI purposes and for the benefit of the general public.</p> | <p>The National Secretariat has conveyed the official letter to the two concerned agencies outlining this directive. A follow up via official email correspondence has been sent to the relevant contacts within MRA to gauge the progress of this directive but are yet to receive any further feedback. It is the Secretariat's understanding that MRA will to consult and clarify from State Solicitor the legality of making public the MOAs, however feedback on this consultation is yet to be received and cannot be reported on at this stage.</p> <p>The National Secretariat to work with the relevant agencies to ensure that the directive is implemented.</p> |
| <p>The Minister for Treasury to implement the recommendation of the EITI report in relation to:</p> <ul style="list-style-type: none"> • Publication of budget preparation process on its website; • Clearly and comprehensively listing relevant assumptions and basis for calculation for budget document tables; and • Ensure units of measurement are standardized between government departments, particularly with respect to production data in budget documents | <p>The Secretariat has sent the official letter outlining the said directives to Treasury, for its noting and implementation. The directives were also conveyed in the This has been reviewed by the relevant team within Treasury and the outcome of its analysis yet to be received.</p> <p>The Secretariat will communicate with Treasury in ensuring the directives are included as part of Treasury's budget review/process and considered for implementation in coming budgets.</p> |
| <p>Minister for Treasury to legislate the EITI reporting requirements into government reporting process (in lieu of current practice of using waiver letter) and report back with draft legislation for NEC's consideration before the FY 2015 EITI Report</p> | <p>The Secretariat has been in consultation with the legal team from the IRC to get clarification on this issue. The advice from the IRC indicated that there needs to be a legislative amendment to cater the proposed changes. The specific and relevant provision within the Income Tax Act was identified, and it was ascertained that this would require a minor technical amendment.</p> <p>The relevant Secrecy provisions were amended and incorporated as part of the 2018 Budget Amendments.</p> |

| Recommendation (NEC Directive) | Status/ Progress |
|--|--|
| | The National Secretariat will follow up to obtain the certified copy of the amendment. |
| Minister for Finance to undertake assessment of all monies received from mining and petroleum projects that are held in trust accounts, which include future generation trust and set up data base to effectively monitor the trust accounts in accordance with Section 15 of the Public Finance (Management) Act 1995 | <p>This directive has been incorporated as part of the Department’s work with the Financial Framework Review (FFR) which triggered current amendments to the PFMA 1995 to review Trust Accounts. Part of the reforms to the new PFMA 2016 included financial instructions to review all Trust Accounts and incorporate onto the IFMS for effective monitoring and compliance purposes.</p> <p>There are still areas which need to be clarified especially with regard to monies held in mining and petroleum trust accounts and others, but the relevant team within Finance Department is continuing work to ensure this is achieved.</p> <p>The National Secretariat will continue its consultation with the Department of Finance to ensure any issues relating to these directives are ironed out, hence the full implementation of the said directives.</p> |
| Minister for Finance to take action to ensure payments currently being done manually via cash or cheque by some government agencies are modernized to electronic systems such as the use of EFTPOS because the absence of a robust system for managing resource payments leaves the system vulnerable to fraud, corruption and human error | <p>The Department of Finance provided feedback that, part of the amendments to the PFMA also directed to the transition from cash based payments into electronic transactions. There were specific financial instructions from the Finance Minister for government agencies to heed this change and transition into electronic payments system. Currently, all previous cash based transactions have now been converted in electronic transactions as per the financial instructions.</p> <p>The National Secretariat will continue its consultation with the Department of Finance to ensure any issues relating to these directives are ironed out, hence the full implementation of the said directives.</p> |
| That government agencies ensure to submit their books to the Auditor General’s Office in a timely manner for audit purposes; that the capacity at the Auditor General’s Office be improved to undertake audits as highlighted under the heading of “Way Forward” of the submission; and that this would be one of the Government’s key agendas to improve transparency and accountability in the public service. | <p>The formal letter of notification on this directive had been conveyed to the AG’s office. To date no formal response has been received on their implementation progress and/or strategy.</p> <p>The Auditor General has undertaken active audit program on relevant government agencies. Recently the AG has come out in the media identifying and outlining issues surrounding the non-reporting of agencies or the deficiencies and the reports submitted to the AG.</p> <p>The National Secretariat to continue its following up with the Attorney General’s office to ensure progress is made to implement this directive.</p> |

6. **SPECIFIC STRENGTHS AND WEAKNESSES IDENTIFIED IN THE EITI PROCESS**

Table 29: Specific Strengths and Weaknesses identified in the EITI process

| Multi-Stakeholder Group oversight | | | |
|--|-----------------------|---|---|
| 2016 EITI Standard | EITI Provision | Strengths | Weaknesses |
| Government oversight of the EITI process | 1.1 | Government oversight in the EITI process has been satisfactory with the Department of Treasury along with core government entities and SoEs taking the lead in facilitating the EITI program. | Certain Government entity participation has been challenging due to staffing capacity and political or administrative constraints. |
| Company engagement | 1.2 | Industry participation in the EITI process has been satisfactory with all material companies supportive of the EITI program. | Industry is reluctant to report on certain aspects of the EITI value chain such as contracts transparency and disclosure of project agreements since these are bound by confidentiality clauses. Companies have also made their position explicit in terms of providing commercially sensitive information in the EITI process through full or partial disclosure |
| Civil society engagement | 1.3 | CSO participation is very high in the EITI process has seen key National CSO activities integrated into the PNGEITI National Work plan. | CSO capacity audit, resourcing and capacity building activities are required to ensure CSOs remain independent of government influence. CSOs ability to source funding from international donors is required in the long term sustainability of their participation in the EITI process. |
| MSG governance and functioning | 1.4 | MSG Governance and function is operational. | Attendance by key reporting entities is required as well as the scrutiny of contractor performances and data assurance in the PNGEITI reports were lacking. It may be due to MSG capacity in comprehending the EITI provisions |
| Work plan | 1.5 | The PNGEITI Secretariat has successfully accomplished three National Work plans | More Coordination must be considered for donor partner funding to avoid duplication of activities. |
| Award of contracts and licenses | | | |
| 2016 EITI Standard | EITI Provision | Strengths | Weaknesses |
| Legal framework | 2.1 | Overall positive support towards the PNGEITI Policy and Legislative framework | Consequential amendments will have to be considered to allow EITI legislation to be fully realised. |
| Exploration and production | | | |
| 2016 EITI Standard | EITI Provision | Strengths | Weaknesses |
| Production data | 3.2 | The IA succeeded in gathering production data | Lack of oversight by the Independent Administrator (IA) resulted in the production data for oil and gas not included in the 2016 Reports. |

| | | | |
|---|-----------------------|---|--|
| Export Data | 3.3 | The IA succeeded in gathering export data | Lack of oversight by the IA resulted in the export data for oil and gas not included in the 2016 Reports. |
| Revenue Collection | | | |
| 2016 EITI Standard | EITI Provision | Strengths | Weaknesses |
| Comprehensive disclosure of taxes and revenues | 4.1. | Reporting Entities submitted data templates for reporting | <p>There has been questions on unilateral disclosures for group tax, mandatory and voluntary social expenditures, direct subnational payments, quasi fiscal expenditures, transfers between SOEs and government agencies, and license fees. There is no explanation as to why there are no disclosures but the text seems to imply it is because companies did not disclose (p. 119).</p> <p>There is no assessment of the impact of omissions by company and government</p> <ul style="list-style-type: none"> • It also appears that there is no full government disclosure (e.g. some data from government are missing) and there is no comprehensive disclosure by companies. |
| Infrastructure provisions and barter arrangements | 4.3 | Treasury explains that infrastructure provisions exist in the form of infrastructure tax credits (p. 21) and reconciled figures are disclosed on p. 122 | The report does not disclose the terms of the ITC projects for each company (the report provides a general description of the % deduction given, but clearly the actual % depends on the type of project) which is central to understanding the resources pledged by the State, nor does it disclose the nature of the balancing benefit stream, i.e. the type of infrastructure provided. |
| Transactions between SOEs and government entities | 4.5 | The report states that KCH receives a monthly budget allocation, which is disclosed in the KCH operating budget (p.103). This amount is not available in the EITI Report, and the external reference needs to be checked. | The revenues collected by SOEs on behalf of government are not reconciled, e.g. sales proceeds derived from joint marketing of LNG project. Disclosure and reconciliation of SOE payments are incomplete. It is not clear which revenue streams apply to which SOEs and why not all SOEs disclose figures for all revenue streams. |
| Level of disaggregation | 4.7 | | The following are not presented per company: MRA fees (p. 130), license fees (122). Other taxes are reported by company but not by |

| | | | |
|--|-----------------------|---|--|
| | | | revenue stream (p.127). Subnational payments are not disaggregated by local government. |
| Data quality | 4.9 and the IA TOR | There is a discussion on comprehensiveness and reliability. However, there was not a categorical assessment of whether the disclosures are comprehensive and reliable or not. Instead, it explains that only 58% of reporting entities provided signatures to comply with the agreed data quality assurance mechanism (p. 9). | The EITI Report does not clearly state which reporting entities provided the required quality assurances, and which did not. The Report does not provide an overall assessment of impact of the missing data. It is not clear to us whether figure 54 on p. 121 is meant to be an assessment of impact of omissions. |
| Revenue management and distribution | | | |
| 2016 EITI Standard | EITI Provision | Strengths | Weaknesses |
| Sub-national transfers | 5.2. | For petroleum, royalties are also paid to the state (DPE and DoF) and then apportioned to landowners, affected provincial and local level governments through MDRC. The report states that the formula is either determined by individual agreements or at the discretion of the Minister (p.58). However, it also states on p.115 that 30% of the royalty and equity dividend payments is allocated to a Future Generation Trust Fund (for landowners), 30% to the Community Investment Trust Fund (for landowners) and 40 % in cash directly to landowners. | The report does not contain data on actual transfers and information on discrepancies between actual transfer and calculated transfers. The information on the formula is incomplete. |
| Social and economic spending | | | |
| 2016 EITI Standard | EITI Provision | Strengths | Weaknesses |
| SOE quasi fiscal expenditures | 6.2 | | <p>The report states that no SOE reported QFEs for 2016 (p. 62). However, it also states that for MRDC, there are QFEs such as classrooms, health centres, and establishment of banks. Beneficiary areas are mentioned but no actual figures are provided (p. 94).</p> <p>The EITI Report does not seem to draw a clear distinction between QFEs and social expenditures undertaken by MRDC (citing classrooms, health centers, establishment of banks, etc). Ok Tedi's 2016 annual report refers to social programs and infrastructure projects for communities affected by its operations (pp.30, 69).</p> |
| Outcomes and impact | | | |
| 2016 EITI Standard | EITI Provision | Strengths | Weaknesses |

| | | | |
|--------------------|-----|---|--|
| Public debate | 7.1 | The PNGEITI Reports data and contents continue to be used selectively and indiscriminately by various audiences both domestically and internationally. | The use of the EITI report although stimulating debate and discussion would require fairness to prevail in the public domain in order to sustain good relations in the MSG as well keep consistent with Government priorities in the extractive sector. One such example is the Jubilee Report www.jubileeaustralia.org/LiteratureRetrieve.aspx?ID=162634 |
| Data accessibility | 7.2 | Data accessibility is a key strength of the PNGEITI and is consistent with the Secretariats Open Data Policy. The PNGEITI website is resourced with summary data sheets and updated records to ensure audiences can download information as and when required. Companies such as Oil Search Limited have also taken the lead to present open data of financial spending in their company website, as well as government entities such as the Mineral Resources Authority who own and operate their online tenements and mining cadastre. | The PNG website would require improvements to its data presentation to ensure user- friendly interaction to obtain and or interpret financial data. Most summary data are in downloadable PDF format, however, visual representation is also required. Other reporting entities most notably in the government sector are yet to have fully functional websites that can allow data accessibility to the general public. Other industry partners are yet to update their website to align with the EITI Open Data Policy, although most of their representation are represented by the PNG Chamber of Mining and Petroleum |

7. TOTAL COST OF EITI IMPLEMENTATION ACTIVITIES

Table 30: PNGEITI National Secretariat 2017 Financial Report

| PNGEITI NATIONAL SECRETARIAT | | | | |
|---|---------------------|---------------------|---------------------|--|
| Statement of Financial Performance | | | | |
| as at 31st DECEMBER 2017 | | | | |
| Revenue | Quarter 4 | Quarter 3 | Quarter 2 | Quarter 1 |
| Balance Brought Forward | 4,201,627.82 | 3,261,042.61 | 2,539,386.43 | 1,468,929.71 |
| GoPNG (DoT) - Budget allocation | - | 1,700,000.00 | 1,000,000.00 | 1,900,000.00 |
| ExxonMobil PNG Funding Support | | | | |
| Rounded off toeas | 0.07 | 0.02 | | 0.07 |
| Deposits - Cash/Cheques | 20,235.55 | 14,699.87 | 7,049.24 | 12,143.67 |
| Dishonoured Cheques | 10,318.00 | | | 7,569.82 |
| Total Income | 4,221,863.44 | 4,975,742.50 | 3,546,435.67 | 3,388,643.27 |
| Cost of Goods Sold | | | | |
| Beginning inventory | | | | |
| Goods purchased or manufactured | | - | | |
| Total Goods Available | - | - | - | - |
| (Less ending inventory) | | | | |
| Cost of Goods Sold | - | - | - | - |
| Gross Profit (Loss) | 4,221,863.44 | 4,975,742.50 | 3,546,435.67 | 3,388,643.27 |
| [42] | | Expenses | | |
| Wages/Salary | 75,004.03 | 99,627.78 | 69,378.33 | 88,661.57 |
| Sundry Expenses | 3,111.85 | 1,418.19 | - | - |
| Administrative Costs | 13,199.57 | 21,734.90 | 51,615.79 | 17,576.55 |
| ITC Equipment's | 850.00 | - | 16,830.00 | 1,499.00 |
| Conference Hire | 26,472.72 | 29,190.00 | 13,068.46 | 4,968.30 |
| Printing & Stationery | 41,857.40 | 14,788.38 | 6,884.23 | 67,584.77 |
| Advertisement | 6,279.94 | 29,150.70 | 38,064.81 | 51,462.89 |
| Fuel | 2,000.00 | 2,200.00 | 2,120.00 | 5,737.90 |
| Consultancy Services | 501,031.58 | 486,821.05 | 49,800.00 | 522,172.50 |
| Office Furniture's | - | - | 5,709.40 | - |
| Travel | 68,808.98 | 37,153.46 | 4,746.40 | 27,367.01 |
| Group Tax (Payroll taxes) | 27,819.81 | 36,454.54 | 21,524.34 | 51,944.59 |
| Employee superannuation | 12,593.88 | 15,454.58 | 5,471.40 | 10,079.26 |
| Bank charges | 434.50 | 121.10 | 179.90 | 202.50 |
| Total Operating Expenses | 779,464.26 | 774,114.68 | 285,393.06 | 849,256.84 |
| 3,442,399.18 | 4,201,627.82 | 3,261,042.61 | 2,539,386.43 | Operating Income (Loss) |
| Non-operating revenues, expenses, gains, losses | | | | |
| (Less interest expense) | | - | | |
| Income Before Taxes | 3,442,399.18 | 4,201,627.82 | 3,261,042.61 | 2,539,386.43 |
| (Less income tax expense) | | | | |
| 3,442,399.18 | 4,201,627.82 | 3,261,042.61 | 2,539,386.43 | Income From Continuing Operations |
| {42} | [42] | [42] | | [42] |
| Below-the-Line Items | | | | |
| Income from discontinued operations | | | | |
| Extraordinary items | | | | |
| Cumulative effect of accounting changes | | | | |
| 3,442,399.18 | 4,201,627.82 | 3,261,042.61 | 2,539,386.43 | Net Income |
| NOTE: | | | | |

8. ANY ADDITIONAL COMMENTS

The level of commitment and expanded funding underscores the increased embedding of PNG EITI in key government agencies and its profile in the broader good governance dialogue within PNG. The National Secretariat has approached external assistance in the subsequent reporting periods to support targeted outreach and awareness campaigns, capacity building for MSG members and the National Secretariat office, and most importantly to implement a number of priority recommendations from the first report.

9. DISCUSSIONS BEYOND MSG LEVEL

This report was circulated among the MSG members and the members had shared and discussed the report with their constituents before it was finalized. The report was posted on the PNGEITI website. It is also intended that the progress report will be released in the local newspapers by the Chairman of the PNGEITI MSG (Minister for Treasury).

10. MULTI-STAKEHOLDER GROUP 2017 MEETING RECORDS

Table 31: PNGEITI MSG Meetings attendance summary

| Meeting | Meeting 01/2016 | Meeting 02/2016 | Meeting 03/2016 | Meeting 04/2016 (Special Meeting on Draft 2015 and 2016 EITI Reports) |
|------------------|---|--|--|---|
| Date | Monday 06 th March 2017 | Friday 02 nd June 2017 | Friday 29 September 2017 | Friday 24 th November 2017 |
| Meeting Duration | 10:00 AM-12:30 PM | 9:00 AM- 12:00 PM | 9:30 AM- 12:00 PM | 9:00 AM- 12:00 PM |
| Location | MRA Conference Room, Mining Haus, Konedobu | Lamana Conference Room | 08 th Floor Conference Room Treasury Building Waigani | Laguna Hotel Conference Room |
| Chair | Donald Hehona Acting Chair of the PNGEITI MSG and First Assistant Secretary for Sectoral Policy Division Department of Treasury | Manu Momo Acting Chairman of PNGEITI MSG and Deputy Secretary for Economic Policy Department of Treasury | Philip Samar Acting Chairman of PNGEITI MSG and Managing Director Mineral Resources Authority | Mr Arnold Lakamanga Acting Chairman of PNGEITI MSG and Manager GIS Mineral Resources Authority |
| Government | Mr Langa Kopio-Department of National Planning Mr Timothy Mais & Mr Ismael Sunga - Department of Treasury Mr Arnold Lakamanga & Dianne Aikung- Mineral Resources Authority Ms Ketty Masu & Ms Maggy Buf- Internal Revenue Commission | Mr Langa Kopio-Department of National Planning Mr Manu Momo- Department of Treasury Mr Arnold Lakamanga- Mineral Resources Authority Ms Ketty Masu- Internal Revenue Commission | Mr Langa Kopio-Department of National Planning Mr Maku Kiap – Auditor General Mr Philip Samar, Mr Arnold Lakamanga & Dianne Aikung- Mineral Resources Authority Ms Ketty Masu & Ms Maggy Buf- Internal Revenue Commission | Ms Ketty Masu, Mr Albert Kenny & Ms Maggy Buf- Internal Revenue Commission Mr Maku Kiap – Auditor General Mr Arnold Lakamanga- Mineral Resources Authority Mr Asavi Kendua-Department of National Planning Ms Carolyn Miana – State Solicitors Office |
| Industry | Mr Peter Aitsi- Newcrest Mining Limited Mr Stanley Yarka- Exxon Mobil PNG Mr Emmanuel Powuh David & Ms Leah Morlin-PNG Chamber of Mines and Petroleum | Mr Philip Blanchard- Total E&P Limited, Mr Robert Aisi- Exxon Mobil PNG, Mr Jimmy Yareba- PNG Chamber of Mines and Petroleum, Mr Cornelius Soagai- Oil Search Limited, Mr Peter Aitsi- Newcrest Mining Limited | Mr Robert Aisi- Exxon Mobil PNG, Ms Leah Morlin-PNG Chamber of Mines and Petroleum , Mr Cornelius Soagai- Oil Search Limited | Mr Philip Blanchard- Total E&P Limited, Mr Stanley Yarka- Exxon Mobil PNG, Mr Kepas Wali- Harmony Gold, Mr Cornelius Soagai- Oil Search Limited, Gerthruide Elai- Barrick Niugini Limited |

| | | | | |
|----------------------|--|--|---|--|
| CSO | Mr Paul Barker- Institute of National Affairs Ms Elizabeth Avaisa- Consultative Implementation and Monitoring Council Mr Martyn Namorong - PNG Resource Governance Coalition Ms Mayambo Peipul- Business Coalition Against Corruption | Ms Marjorie Andrew- Institute of National Affairs Ms Wallis Yakam- Consultative Implementation and Monitoring Council Mr Patrick Lombaiya- PNG Mine Watch Group | Ms Wallis Yakam- Consultative Implementation and Monitoring Council Mr Patrick Lombaiya- PNG Mine Watch Group Mr Paul Barker- Institute of National Affairs Mr Yuambari Haihuie Transparency International PNG | Mr Paul Barker- Institute of National Affairs Mr Patrick Lombaiya- PNG Mine Watch Group |
| SOE | Nil | Ms Esther Yuyuge- Kumul Petroleum Holdings Limited | Ms Esther Yuyuge- Kumul Petroleum Holdings Limited | KPHL, MRDC |
| National Secretariat | Mr Lucas Alkan- Head of PNGEITI National Secretariat Mr Christopher Tabel- Communications Specialist Ms Liyasi Numaralai – Administration officer | Mr Lucas Alkan- Head of PNGEITI National Secretariat Mr Christopher Tabel- Communications Specialist Ms Liyasi Numaralai – Administration officer Ms Delka Kemba – Finance officer Gedion Timothy- Contract Writer | Mr Lucas Alkan- Head of PNGEITI National Secretariat Mr Christopher Tabel- Communications Specialist Mr Vaieke Vani – Policy and Technical officer Ms Liyasi Numaralai – Administration officer Gedion Timothy- Contract Writer | Mr Lucas Alkan- Head of PNGEITI National Secretariat Mr Christopher Tabel- Communications Specialist Mr Francis Diakon – Procurement Officer Mr Gedion Timothy- Contract Writer |
| Observer | Nil | PNGRGC, DNPM | Steven Obrien and Clifford Zazeng (O'Briens Lawyers) Shimar Saxena (KPMG) | James Gore (IA), Leonard Catalon (IA), Margaret George (JICA), Ryusuke Watanabe (JICA) |
| Apologies | Mr Manu Momo- Department of Treasury Mr Philip Samar- Mineral Resources Authority | Mr Paul Barker- Institute of National Affairs Mr Kepsy Puiye- Department of Petroleum and Energy Mr Lawrence Stephens- Transparency International PNG | Nil | Nil |

Approved by PNGEITI MSG dated Friday 29th June 2018 during MSG Meeting No. 02/2018 in Port Moresby, Papua New Guinea