

UK Extractive Industries Transparency Initiative Multi-Stakeholder Group (MSG)

**Minutes of the 30th Meeting – 25th September 2018 – BEIS
Conference Centre,
SW1H 0ET (10-2pm)**

Attendance

<p><u>Chair</u></p> <p>Matt Ray - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p><u>Secretariat</u></p> <p>David Leitch - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p>Mike Nash - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p><u>Industry</u></p> <p>Jerry McLaughlin – Mineral Products Association</p> <p>Dr Patrick Foster - Mining Association of the UK & Camborne School of Mines, University of Exeter (by phone)</p> <p>Jacqui Akinlosotu – ENI</p> <p>Romina Mele-Cornish – Oil & Gas UK</p> <p><u>Civil Society</u></p> <p>Lorraine Allanson</p> <p>Norbert Mbu Mputu</p> <p>Eddie Holmes (by phone)</p> <p><u>Government</u></p> <p>Mike Earp - Oil & Gas Authority</p> <p>Thomas Thornton-Kemsley, HMT</p>	<p><u>Experts</u></p> <p>Eddie Rich – EITI International Secretariat</p> <p>Sam Bartlett – EITI International Secretariat</p> <p>Alex Gordy – EITI International Secretariat</p> <p>Tim Woodward – Moore Stephens</p> <p>Hedi Zaghouani – Moore Stephens</p> <p><u>Observers</u></p> <p>Tom Evans – Oil & Gas UK</p> <p>Ben Toorabally – Moore Stephens</p> <p><u>Others</u></p> <p>Suresh Rao - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p>Joseph Price - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p><u>Apologies</u></p> <p>John Bowater – Aggregate Industries</p> <p>Matt Landy – Statoil</p> <p>Martin Quinn – Department for the Economy Northern Ireland</p> <p>James Marshall - HMRC</p> <p>Jeff Asser - Department for Business, Energy and Industrial Strategy (BEIS)</p> <p>Joe Perman – Scottish Government</p>
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1 – Welcome and introductions:

1. The Chair welcomed all to the 30th meeting of the UK EITI MSG and in particular Sam Bartlett and Alex Gordy from the EITI Validation Team who are currently on their UK visit and Joseph Price from BEIS who has carried out some initial research on independent overseas EITI websites and digital communications.

2 – Agreement of minutes from the meeting of 10th July 2018:

2. The Chair asked whether the idea of running workshops for companies new to the EITI process, discussed during the item looking at the Independent Administrator recommendations from the 2016 report in July, was to be followed-up. Moore Stephens said that, in their view, workshops were not required for the 2017 process.
3. The minutes of the meeting of 10th July were agreed by the MSG.

3 – Update on action points from last meeting:

4. At the reconciliation subgroup meeting in August it was agreed that the MSG should be asked to decide on the treatment of the outstanding material licence fee payment of £519k that was missed in the 2016 report.
5. A final total of 62 in-scope companies has now been confirmed by Moore Stephens. They now have contact details for all 41 of the oil and gas and all 21 of the mining and quarrying companies.
6. The Crown Estate submitted their figures for the 2017 process to Moore Stephens on 6th August 2018.
7. A further meeting of the Reconciliation subgroup took place on 2nd August 2018.
8. The Secretariat have written to the BEIS Digital and Comms team to look at options for creating a more engaging and independent website for EITI. The Secretariat are still awaiting a response, therefore the action point remains open.
9. Nine representatives from across industry, civil society and government agreed to participate in the mainstreaming feasibility study. Two returns have been received, the deadline has been extended to 5th October 2018.
10. A meeting of the Sectoral subgroup took place on 31st July 2018.
11. The Secretariat met representatives from the National Infrastructure Commission on 2nd August 2018 to discuss the possibilities and logistics for establishing an independent website.

12. A request to send the Validators any further relevant documents was circulated to the MSG on 17th July. The Secretariat also forwarded the Validation Team meeting notes from the various subgroups.
13. A notice to announce the Validation process was posted on the UK EITI website. A request was also circulated to MSG members asking them to highlight the Validation process to their colleagues and on their websites.
14. The Validation visit was organised to coincide with the September MSG meeting – 19th-26th September 2018.
15. A “lessons learned” list of experiences from countries that have gone through the Validation process was circulated to the MSG on 2nd August 2018.
16. The Secretariat are still awaiting confirmation that the Minister will agree to take on the role of “UK EITI Champion”. They hope to hear shortly and then negotiate a date with her office for a diary slot for the launch of the 2017 report. (The Autumn Budget will be 29 October).

4 – Data collection and Reconciliation update:

17. Data has now been received from all of the Government Agencies. Three oil and gas and three mining and quarrying in-scope companies have yet to provide returns.
18. Three of these companies have not provided waivers, therefore HMRC need to be consulted about tax confidentiality issues before an agreement on the process for following-up with the companies concerned.
19. The question as to whether pipeline payments should be regarded as in-scope was discussed and it was agreed that the Reconciliation subgroup should meet in early October to discuss further. A paper will be drafted and made available at the next MSG meeting for discussion and agreement on the appropriate treatment of these payments.
20. The Chair agreed to write to the known companies that had provided waivers and had yet to provide returns. The three companies that have not provided waivers will be chased if or when an agreement on confidentiality had been established with HMRC.
21. The issue of reporting payments made to the Coal Authority needed to be discussed further. There was virtually no significant underground extraction taking place in the UK in 2017. A meeting of the Mining and Quarrying subgroup would be organised to consider and provide appropriate guidance.
22. 46 of the 62 companies have now been fully reconciled. Moore Stephens expect to have all of 56 companies who have provided templates to be fully reconciled very shortly.

5 – Reconciliation subgroup feedback:

23. The Reconciliation subgroup asked the MSG to decide on how to treat a material licence fee payment of £519k that was not reported by the OGA in the 2016 report. This was the result of a company takeover that led to the licence fee being overlooked when the company reported their payments.
24. The MSG were given the choice of adding a supplementary note on the website or updating the third report to include the missing licence fee. The MSG agreed that an update of the report was the best option, with a note on the website to highlight the revision.
25. It was agreed that the reporting templates should be amended to reflect the need to ensure that all payments were reported and that any payments from companies taken over during the year being reported on were not overlooked.

6 – Sectoral subgroup feedback:

26. The subgroup proposed that the report should be revised and that just the reconciliation section of the report should be published for the 2017 data and the background elements of the report – the sectoral and tax information, which remains relatively static - should be housed on the UK EITI website.
27. The reconciliation text for the new report will need to be updated to reflect the 2017 figures. Any agreement for updated text may need to be carried out by correspondence as the next MSG meeting is not until the end of November.
28. The Secretariat is exploring options for an independent (from Gov.uk) web presence for UK EITI. This includes a meeting with the National Infrastructure Commission who have their own independent website (<https://www.nic.org.uk/>) established away from the Gov.uk portal. The NIC said that the costs of setting up and maintaining their site were relatively modest.
29. The Secretariat has written to the BEIS internal comms and digital team about the rules regarding establishing a standalone website to host UK EITI independent from the current gov.uk home. The Secretariat are currently awaiting a response to their query and will chase up urgently.
30. Caution was advised about the distancing UK EITI presence from the gov.uk website completely as the site carries an authority and kudos and is invariably a first port of call for both business and the public. A link from the gov.uk website to any new proposed, independent website and vice versa was agreed.

7 – Mainstreaming scoping study feedback:

31. Nine stakeholders had agreed to participate in the mainstreaming scoping project and complete a template to capture their views. Only two of the templates have so far been completed and returned. The deadline for completion has now been extended to Friday 5th October 2018 to allow

participants more time to complete the exercise. A reminder would be circulated nearer the time.

32. Stage three of the project has now been shifted by two weeks, however because an amount of flexibility had been factored into the timetable the initial report and its findings will still be available in time for the November MSG for comment.
33. The desk review is ongoing. The review is looking at the data that is already available and the different models and exemplars that are used by other countries.

8 – Validation Team visit to the UK and update:

34. Validation is an important part of the EITI process and is aimed at measuring a country's progress against the 2016 EITI Standard. Previously countries had appointed their own validator and later the International EITI Secretariat appointed their own independent validator, but both had drawbacks whereby they focused on achievements rather than challenges and the latter also proved to be very expensive.
35. The new process is now undertaken by the International EITI Secretariat and involves an initial assessment, desk research and consultation with the main stakeholders. The findings are sent to an independent validator, who will then prepare a validation report which is then sent to the MSG for final comment. The independent validator will consider any comments received and respond to the MSG. The report will then go to the EITI Board for final consideration.
36. As soon as the initial assessment has been completed by the Validators it will be made available to the MSG. This is expected to be in December 2018. The MSG will have three weeks to comment. Usually if there are no major issues the Validators expect the whole validation process to be completed in the first quarter of 2019.
37. There are strict guidelines for the validation, which started on 1st July 2018. Anything that has been implemented or agreed after 1st July 2018 cannot be taken into consideration by the Validators. However, the Board can take into consideration any technical issues that have been addressed since the 1st July 2018 cut-off date.
38. The Validators thanked the stakeholders they had met for their collaboration. The Validators still had a small number of stakeholders to consult and stressed that no comments received by them would be attributable. They welcomed any additional comments from across industry, civil society and government.

9 – Any other business:

39. The next MSG meeting will take place on Tuesday 27th November 2018.

Action Points

- The Secretariat to chase up the BEIS Digital and Comms team following-on from the email sent in August regarding establishing an independent UK EITI website. (Action carried over from 10th July MSG).
- A reconciliation subgroup meeting to be organised to discuss treatment of pipeline payments and to help inform a discussion paper for circulation for the next MSG in November.
- The Chair to write to known in-scope companies who have yet to provide templates for 2017 requesting and explaining the importance of their participation.
- Mining and quarrying subgroup to convene to discuss whether payments to the Coal Authority should still be considered.
- Update the 2016 report to include the material licence fee payment of £519k. This includes all of the relevant tables and CSV files.
- Ensure there is a note on the UK EITI website to highlight an update of the 2016 report has been made.
- A meeting of the Sectoral subgroup to be set up to agree the timetable and new composition of the 2017 report.
- Any additional comments or views on EITI should be sent to either Sam Bartlett (sbartlett@eiti.org) or Alex Gordy (agordy@eiti.org).