



**UK Extractive Industries Transparency Initiative
Multi-Stakeholder Group (MSG)
Minutes of the 24th Meeting, 18 July 2017, 10.00-14.00
BEIS Conference Centre, SW1H 0ET**

Attendance

<p><u>Chair</u></p> <p>Chris Carr - Department for Business, Energy and Industrial Strategy</p> <p><u>Secretariat</u></p> <p>David Leitch - Department for Business, Energy and Industrial Strategy</p> <p>Mike Nash - Department for Business, Energy and Industrial Strategy</p> <p><u>Industry</u></p> <p>Stephen Blythe - Independent Consultant</p> <p>Jerry McLaughlin – Mineral Products Association</p> <p>Dr Patrick Foster - Mining Association of the UK & Camborne School of Mines, University of Exeter</p> <p>Romina Mele-Cornish – Oil & Gas UK</p> <p>David Hoy - Oil & Gas UK</p> <p><u>Civil Society</u></p> <p>Eric Joyce - Extractive Industries Civil Society</p> <p>Danielle Foe – Extractive Industries Civil Society (by phone)</p> <p>Martin Brown – Extractive Industries Civil Society (by phone)</p>	<p><u>Government</u></p> <p>Mike Earp - Oil & Gas Authority</p> <p>James Marshall – HMRC</p> <p>Jeff Asser – Department for Business, Energy and Industrial Strategy</p> <p>Rhona Birchall – Department for International Development</p> <p><u>Experts</u></p> <p>Eddie Rich – EITI International Secretariat</p> <p>Tim Woodward – Moore Stephens</p> <p>Dora Chambers – Moore Stephens</p> <p><u>Others</u></p> <p>Joe Williams – Natural Resource Governance Institute</p> <p>Colin Tinto – Civil Society Network (by phone)</p> <p>Miles Litvinoff – Publish What You Pay UK (by phone)</p> <p>Morgan Finlayson – HMRC</p> <p>Tanzana Uddin – HMRC</p> <p>Alice Shone – Transparency International</p> <p><u>Apologies</u></p> <p>John Bowater – Aggregate Industries</p> <p>Matt Landy – Statoil</p> <p>Howard Forti –Exxon Mobile</p> <p>Joe Perman – Scottish Government</p> <p>Chris Daboiko – HM Treasury</p>
--	---



1 – Welcome and introductions:

1. The Chair welcomed everyone to the 24th meeting of the UK MSG and explained this would be his penultimate meeting and that Matthew Ray would be taking over the reins as Chair after the meeting on 26th September.

2 – Terms of Reference: Voting

2. At the last meeting in May the call for a vote by Extractive Industries Civil Society (EICS) was rejected by both industry and government constituents as they were not prepared to vote on an issue they were unsighted on and upon which they not had time to consult the parties they represent. At the meeting it was decided that a set of rules on voting procedure needed to be agreed and the terms of reference updated to reflect this.
3. It was proposed and agreed that any future vote called for at any time by a full or alternate member should be voted on at the next MSG meeting. This would allow all constituents the time they required to consult the parties they represent before they vote.
4. It was agreed that the three constituencies make their own arrangements for designating alternate members. There was no common practice in MSG's around the world, so each constituency could have a different mechanism for choosing alternates.
5. It was proposed that a note should be added to the Terms of Reference clarifying that each constituency is responsible for it's own designation of members and alternates.

3 – Agreement of minutes of 17 May 2017 meeting

6. A late amendment to paragraph 7 had been received from EICS. After discussion it was agreed that the sentence on line 3 starting "Industry representatives" through to "MSG to vote on." should be reinstated.
7. Paragraph 15, line three, "need will be" to be changed to "will need to be".
8. Paragraph 19, line three, change "put forward by Moore Stephens" to "put forward to Moore Stephens".
9. All references to "Activity report" should be amended to "Progress report".
10. Add OGA to the action to provide John Seabourn with figures to convert into geospatial data.
11. It was agreed that the secretariat should continue to issue the minutes for comment soon after the meeting and then only re-circulate them, with all amendments, with the papers that go out the week before the MSG meeting.



4- Future Civil Society Membership

12. The secretariat tabled a late paper entitled “Civil Society Recognition and Representation at the UK EITI Multi-Stakeholder Group”. The paper set out the risk to the MSG, of the civil society constituency currently only having two members. The paper highlighted that this is the bare minimum for the MSG to remain in quorate and that there is currently no recognised mechanism in place for replacing members.
13. The Chair explained that the MSG would become inoperable if it is unable to form a tripartite quorum and there was a need to find a speedy solution to the present dispute between the two bodies. EICS members agreed to step down if the secretariat’s paper were implemented. Those present agreed that the secretariat paper was a good effort in difficult circumstances. EICS members present supported the paper, but observing CSN members did not.
14. The international secretariat representative confirmed that they assess countries on the EITI Standard and this requires all constituencies to be fully engaged. This is clearly not the case for this MSG as the proposal only has the support of one half of civil society.
15. The Chair spelt out three possible outcomes if there is no solution to the current stalemate. i) the Chair imposes the new mechanism so that civil society can replace members; ii) continue until the constituency is inquorate or iii) the UK EITI MSG finishes or the new Chair welcomes 4 new government-appointed civil society members onto the MSG. This would mean that the secretariat would have to advise Minister’s that the point has been reached where the MSG cannot function without their intervention.
16. The chair proposed, and the meeting agreed, that advice would be put to Ministers on the pros and cons of minimal Government intervention designed to avoid the MSG lapsing into abeyance.

5- Reconciliation subgroup feedback

17. The reconciliation subgroup met in June to look at in-scope payments and the criteria to determine which companies should be approached to participate this year.
18. It was agreed that all payment streams from last year should remain in-scope for reporting, including Advanced Petroleum Revenue Tax (APRT), which is a sub-section of Petroleum Revenue Tax (PRT).
19. The subgroup decided that Decommissioning Relief Deeds (DRD’S) should be referenced in the report. A few minor adjustments were required in the guidance note and the template would now ask for the company number.



20. Companies will continue to be asked for Beneficial Ownership data and section 106 payments will be requested from mining and quarrying companies only.
21. The subject of mainstreaming and earlier reporting were discussed, but there was no agreement on how to take this forward as yet.
22. The MSG agreed that the targeted approach of reporting should continue. This year the top 42 companies making payments to HMRC will continue to be included in the reconciliation. This provides 98% coverage of material companies – a good result.
23. The reconciliation subgroup will look further at the issue of in-scope companies at their meeting on 25th July.
24. The international secretariat representative highlighted the need to ensure that under Beneficial Ownership, companies that apply for licences, need to be considered.

6- Reconciliation subgroup – mining and quarrying feedback

25. There is no common tax stream across the mining and quarrying sector and trying to get a validation point is problematic.
26. The Crown Estate (TCE) payments have been identified and a few points need to be clarified with them.
27. Due to the decline of the coal industry the secretariat, on behalf of the subgroup, are to ask the Coal Authority (CA) which major open cast companies are still functioning. There is currently a question mark over whether coal companies will be included in future exercises.
28. It was agreed that any new projects need to be included, and industry members were asked to look out for any projects that may be within scope.

7 - Finalising 2016 progress report

29. The 2016 UK EITI progress report has yet to be forwarded to the International Secretariat. The report was completed within deadline, but is currently on hold. A dispute within the civil society constituency over the content on the chapter outlining their perspective of the year is holding up publication. This still needs to be resolved.
30. The secretariat agreed to liaise with the international secretariat on the consequences of missing the final deadline of 31 December 2017.



8- Updated Government Statistics

31. The non-MSG paper was tabled by industry highlighting the tax receipt figures had materially changed on the gov.co.uk website when compared with previous Government statistics. The paper highlighted figures that have been subsequently updated.
32. Industry were concerned that their members would be confused by the change in figures without any prior explanation.
33. Various ideas were put forward, including links to the website to including a footnote within the report.
34. The Chair suggested that industry and HMRC should discuss outside the meeting and come back to the MSG highlighting the implications and with possible solutions.

9- Any Other Business

35. No other business was raised.

Actions:

- Secretariat to report back at the next MSG meeting on the terms of procedure to be enacted to resolve the Civil Society membership impasse.
- Joe Williams to share link to the FCA's guidance on the treatment of Politically Exposed Person's (PEPs) for anti-money laundering purposes to the reconciliation subgroup.
- Secretariat to speak to EITI International Secretariat about the ramifications of missing the 31 December 2017 deadline to publish the UK EITI Progress report.
- James Marshall and Romina Mele-Cornish get together to discuss and highlight the implications of the changes in the Government tax receipt payment figures after the report has been published.