

**UK Extractive Industries Transparency Initiative Multi-Stakeholder Group
(MSG)
Minutes of the 23rd Meeting – 17th May 2017 – BIS Conference Centre,
SW1H 0ET (10-2pm)**

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>Howard Forti – Exxon Mobil</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>Martin Brown – Extractive Industries Civil Society</p> <p>Eddie Holmes – Extractive Industries Civil Society (by phone)</p> <p>Joe Williams – Natural Resource Governance Institute</p>	<p><u>Government</u></p> <p>Joe Perman – Scottish Government (by phone)</p> <p>Mike Earp - Oil & Gas Authority</p> <p>James Marshall – HMRC</p> <p><u>Experts</u></p> <p>Tim Woodward – Moore Stephens</p> <p>Dora Chambers – Moore Stephens</p> <p><u>Others</u></p> <p>John Seabourn – Oil & Gas Authority</p> <p>Simon Taylor – Global Witness</p> <p><u>Apologies</u></p> <p>John Bowater – Aggregate Industries</p> <p>Dr Patrick Foster - Mining Association of the UK & Camborne School of Mines, University of Exeter</p> <p>Matt Landy – Statoil</p> <p>Jeff Asser – Department for Business, Energy and Industrial Strategy</p> <p>Martin Quinn – Department for Economy (DfE), Northern Ireland</p> <p>Eddie Rich – EITI International Secretariat</p> <p>Jonathan Atkinson – Department for International Development</p> <p>Chris Daboiko – HM Treasury</p>
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1 – Welcome and introductions:

1. The Chair welcomed everyone to the 23rd meeting of the UK MSG. Howard Forti of Exxon Mobil was introduced and welcomed to the meeting – Howard Forti is replacing Roger Salomone as alternate member of the MSG, as Roger has moved role internally at Exxon Mobil.

2 – Agreement of minutes for 14th March 2017 meeting:

2. The minutes of the 14th March meeting were agreed. HMRC recognised the updated point 12 in the minutes whereby the different interest streams in the tax regime need a full explanation in the contextual narrative of the 2016 report.

3 – Review of civil society representation on the MSG

3. Extractive Industries Civil Society (EICS) said that they had rejected the proposals that had been put forward as part of the mediation process. EICS then put forward their own proposal for the MSG to consider.
4. The proposal was that civil society as a constituency should be divided into two separate sub-groups. EICS has a more national outlook, whilst the other civil society representatives look more at the global picture, so there were currently two distinct constituencies within civil society.
5. Currently there were only three civil society full members on the MSG, with two from EICS. The EICS proposal allows each constituency to select their own members in the future. EICS would choose from across trade unions, communities' organisations and from Scotland, ensuring racial diversity and a gender balance. The other civil society constituency would be free to select their own representatives.
6. The EICS proposal was rejected by the other civil society representative, who supported the independent mediator's proposal that all current civil society MSG members and alternates resign. Then a new set of civil society members could be appointed and in post in time for the September 2017 meeting.
7. EICS proposed a vote on their proposal, but the non-CS MSG members were against a vote. Industry representatives asked for CS to provide transparency on what they are asking the non-CS members of the MSG to vote on.
8. The secretariat offered to draft a paper to define succession arrangements for civil society members and define terms and roles for alternates and observers/experts. Consideration and plans would be put in place to ensure that all members have the same length of tenure and that their membership would run in parallel and expire at the same time. This was agreed by MSG members.

4 – International Secretariat comments on 2nd UK EITI Report

9. The secretariat had received a number of comments from the International EITI Secretariat on the 2nd report. This was circulated to members as part of the papers for the meeting.
10. It was generally agreed that a lot of the comments although valid had largely been addressed through the work of the MSG.
11. The secretariat agreed to draft a response to the International Secretariat based on comments received from Oil and Gas UK, the Oil and Gas Authority and HMRC.

5 – Preparation work and timetable for the 3rd UK EITI Report

12. The MSG agreed to reconvene the sub-groups that had been involved in putting the 2015 report together. These groups covered the following: reconciliation, contextual, comms and mining and quarrying.
13. Although there was a huge amount of useful information included in the 2nd report the MSG will still look to improve on last year's report on terms of contextual information. A new chair for the contextual sub-group is needed as the previous chair had resigned his post from the MSG in March.
14. The secretariat agreed to circulate the lists of sub-group members for each area for the 2015 report to the MSG.
15. A list of in-scope companies needs to be drawn up once the Oil and Gas Authority (OGA) and HMRC have commissioned the 2016 figures. As soon as the figures are available a meeting of the reconciliation sub-group will need to be convened for them to look over the figures.
16. A list of in-scope companies needs to be agreed, along with this year's methodology. The methodology then needs to be approved by Moore Stephens.
17. It was agreed that the secretariat should prepare letters for the Minister to send to all companies that participated in last year's report, thanking them for their participation and input and warming them up to take part in this year's process if they fall within scope again this year.
18. The secretariat agreed to engage with the Coal Authority (CA) and The Crown Estate (TCE) to ensure they will be in a position to provide figures for this year's report.
19. Ideally the templates need to be ready in time for the July MSG meeting. This will enable the MSG to sign them off after the proposed methodology is put forward to Moore Stephens. The commissioning material will then be circulated to the appropriate in-scope companies in late August, early September.

20. There were discussions about circulating the templates earlier and aiming to get the report out later this year or early next year, meaning templates will need to be circulated in the early part of Summer. Industry representatives noted that this is the third year of performing the reconciliation, thus the processes and template are embedded enough to aspire to a more timely publication of the report. OGUK noted that companies are used to self-assessment style reporting, and if provided with templates and materiality thresholds they could submit data to the IA now instead of later in the year when it is either peak holiday time or peak reporting time. Moore Stephens said that they had a better response when the templates were circulated in late August/early September, as people were be back from their Summer holidays.
21. A member of civil society put forward the idea of including Companies House registration numbers for companies on the template and requesting companies to disclose information on Decommissioning Relief Deeds (DRDs).
22. It was stated that each company may have a number of different subsidiaries and that it was best to report figures at the highest level, which would be at the Group company registration number level.
23. A government official said that DRD information is not currently in the public domain and, as they are private contracts, are considered as sensitive material. Should the MSG also consider Advanced Petroleum Revenue Tax (APRT) payments which were not currently in-scope?
24. It was agreed that the inclusion of DRD and APRT information and the appropriate processes required to achieve this should be discussed at the next reconciliation sub-group meeting. It was noted that APRT was very likely already included in the PRT payment streams, and HMRC is to confirm this to the EITI secretariat and the reconciliation sub-group. HMRC, OGA and OGUK further agreed to have a call to establish what is possible and can be done within the current legal framework.
25. It was further agreed that decommissioning and the nature of the DRDs need to be appropriately explained and reflected in the contextual section of the 2016 report.

6 – Annual Progress Report

26. The Annual Progress report is due to be available and published on the UK EITI website by the end of June. The secretariat are currently working on the 2016 version which will be circulated to members for comment shortly.
27. The secretariat will ensure that the updates on the Moore Stephens recommendations from the first report are included in the progress report, as agreed at the 22nd MSG meeting in March.
28. Members were invited to contact the secretariat if they wanted the report to include anything they considered worth highlighting.

7 - Linking geospatial data to payment data

29. John Seabourn from the Oil and Gas Authority provided a demonstration on how payment data on the OGA website can be added to maps to present it in a more open format where it can be linked to geographical locations within the UK.
30. The UK EITI Open data policy highlights that that EITI data should be available in an open format, and this was a further step towards fulfilling this requirement.
31. This can be linked to the UK EITI website and can also be used to present this information for previous years figures. It can also be used for the mining and quarrying figures.
32. It was agreed that there would need to be detailed text to explain the data. OGA agreed to provide the text, with caveats, that can be agreed by the MSG. The industry member covering mining and quarrying agreed to share their information with the OGA for them to produce a geospatial map for their sector.

8 – Any Other Business

33. The Oil and Gas UK representative asked if there were any mechanisms for providing feedback on any MSG matters. The chair replied that any feedback would be welcome and should be sent directly to the secretariat.
34. The action from the last meeting regarding new proposals for dealing with complaints within the MSG had been put on hold due to purdah.
35. The next MSG meeting will take place on Tuesday 18th July.

Actions:

- The secretariat to draft a paper defining succession arrangements for CS MSG members, including re-setting of tenure dates and clarifying arrangements around alternate members.
- Secretariat to draft response to comments received on second report from the International EITI secretariat based on comments from Oil and Gas UK, HMRC and the Oil and Gas Authority and any MSG members.
- Secretariat to circulate list of sub-group members that took part in each group last year and ask for volunteers to take part in the each group this year.
- Call between HMRC, OGA and OGUK to establish what can/needs to be done to establish a proper process around DRD disclosures.
- Oil and Gas Authority and HMRC to provide a list of in-scope companies to be considered by the reconciliation sub-group at their next meeting.
- HMRC to confirm if APRT is already part of the PRT payment stream.

- Secretariat to prepare letters from Minister to companies thanking them for their participation in last years report and warming them up for this years exercise.
- Secretariat to contact the Coal Authority and The Crown Estate to prepare them in readiness for this years report.
- Secretariat to circulate templates to MSG for comment and work with Moore Stephens to have an agreed document in time for the July meeting.
- MSG members to provide any highlights from the year to be included in the Annual Progress Report.
- OGA to provide oil and gas and Jerry McLaughlin to provide mining and quarrying figures to John Seabourn to convert into geospatial data.