

**UK Extractive Industries Transparency Initiative Multi-Stakeholder Group
(MSG)
Minutes of the 20th Meeting – 22 November 2016 – BIS Conference Centre,
SW1H 0ET (10-2pm)**

Attendance

<p>Chair</p> <p>Chris Carr - Department for Business, Energy and Industrial Strategy</p> <p>Secretariat</p> <p>Margaret Sutherland - Department for Business, Energy and Industrial Strategy</p> <p>Mike Nash - Department for Business, Energy and Industrial Strategy</p> <p>Joe Turtle - Department for Business, Energy and Industrial Strategy</p> <p>Industry</p> <p>Stephen Blythe - Independent Consultant</p> <p>Matt Landy - Statoil</p> <p>Jerry McLaughlin - Mineral Products Association</p> <p>Roger Salomone - Exxonmobil</p> <p>Claire Ralph - Oil & Gas UK</p> <p>Civil Society</p> <p>Miles Litvinoff - Publish What You Pay UK</p> <p>Eric Joyce - Extractive Industries Civil Society</p> <p>Joe Williams – Natural Resource Governance Institute, alternate for Brendan O'Donnell</p> <p>Martin Brown – Extractive Industries Civil Society</p> <p>Eddie Holmes – Extractive Industries Civil Society (by phone)</p> <p>Alice Shone - Transparency International</p>	<p>Government</p> <p>Joe Perman – Scottish Government (by phone)</p> <p>Jeff Asser – Department for Business, Energy and Industrial Strategy</p> <p>Paul Russell – Department for Education</p> <p>Mike Earp - Oil & Gas Authority</p> <p>James Marshall – HMRC</p> <p>Chris Daboiko – HM Treasury</p> <p>Experts</p> <p>Tim Woodward – Moore Stephens</p> <p>Dora Chambers – Moore Stephens</p> <p>Hedi Zaghouani – Moore Stephens</p> <p>Eddie Rich - International Secretariat</p> <p>Apologies</p> <p>Danielle Foe - Extractives Industries Civil Society</p> <p>Brendan O'Donnell – Global Witness</p> <p>Martyn Rounding – HMRC</p> <p>Pat Foster - Mining Association of the UK & Camborne School of Mines, University of Exeter</p>
---	--

1 – Welcome and introductions:

1. The Chair, Chris Carr, welcomed everyone to the 20th meeting of the UK MSG.

2 – Agreement of minutes:

2. The Chair highlighted that two sets of minutes had been produced for the September MSG meeting. A long, more narrative set and a shorter, pithier version that just contained the main action points from the meeting. The chair asked members for their views on the type of minutes they would prefer in future.
3. The general consensus amongst members was to continue with the fuller, narrative minutes as these are more useful and provide a much better overall picture of the groups' activities and discussions. This was important, as the longer minutes recorded when constituents had raised an issue specific to their interests.
4. An industry representative explained that it was useful for succession planning as new members are able to look over old sets of minutes to get a flavour of previous MSG discussions. This was supported by a government representative that had recently joined the MSG, he had relied on previous minutes help him to understand the dynamics of the issues previously discussed.
5. A Civil Society representative expressed concern that producing a narrative version of minutes would involve more work for the secretariat and wondered whether that was the best use of secretariat time. However, having considered the views put by others he conceded to the preference of the majority.
6. The minutes for the 13 September meeting were formally agreed by the MSG, once a minor grammatical error on paragraph 65 had been amended.

3 – Update on Compliance and Progress:

7. The secretariat had circulated a summary reconciliation table on behalf of Moore Stephens to members before the meeting. The table highlighted what had been received and reconciled so far. To date 42 out of 45 returns have been received from oil and gas companies and 16 out of 23 from the mining and quarrying companies. 14 oil and gas companies had been fully reconciled and 2 mining and quarrying companies. Work on the reconciliation continues.
8. Moore Stephens said that the main issue with those companies not yet reconciled has been distinguishing between the Ring Fence Corporation Tax (RFCT) and Petroleum Revenue Tax (PRT) revenue streams. A meeting with HMRC had been arranged to work through these.
9. The Chair asked Moore Stephens if they were having problems getting the required information from government bodies. He confirmed that the Secretariat stands ready to assist.

10. An industry representative offered help to chase up any of the mining and quarrying companies that had not yet provided returns.
11. It was agreed that pressure should continue to be applied on the companies that had not submitted data.
12. The MSG discussed whether to continue chasing a company that had gone into administration. It was agreed that Moore Stephens should contact the administrator of the company to see if they can get the required information. If the information is not forthcoming it should not be pursued any further.
13. The international secretariat stated that it is not uncommon for companies to go into administration and as such for MSGs to find it difficult to collect the information from the administrators. It is however important that the MSG does two things: 1. Agree a policy on how far to chase companies and agree on when the process has been exhausted; 2. Ask the administrator to keep an audit trail of chasing so that the MSG can show they and the MSG followed the policy and did everything reasonably possible to try and get the data.
14. The Chair explained that the UK is due to start validation in July 2018 allowing an additional year to ensure 100% compliance. The MSG will continue to evaluate compliance and take steps to encourage greater participation from companies.
15. The international secretariat reiterated that the EITI validation process had changed with no country “compliant” with the 2016 EITI Standard. He explained that the process is now seeking to focus more on progress and development made year on year rather than compliance. Therefore the UK should ensure it does not focus too heavily on whether it is compliant or not.
16. There was discussion on the formula for the reconciliation tolerance level. It was agreed that the materiality should be 1% or £10k, whichever is lower.

Feedback from subgroups

Beneficial Ownership

17. The secretariat explained that the Beneficial Ownership (BO) sub-group had been working on a roadmap which had been circulated to the MSG for approval.
18. BO reporting will be compulsory under EITI by 2020 and by 1 January 2017 each EITI country must publish a roadmap to compulsory reporting. The UK is ahead of the game with BO requirements in its listing rules, the PSC register and money laundering regulations. However, it was acknowledged that there are gaps between the EITI requirements and the current UK requirements and the roadmap is designed to deal with these.
19. The Secretariat briefly summarised the steps set out in the roadmap, highlighting the review of the legislative landscape to allow the gaps to be clarified allowing sufficient time to approach government departments with requests for change.

20. A review of the BO information reported in the 2nd EITI report will be undertaken in the second half of 2017. Recommendations for improvements will be made to the MSG by the end of 2017 in time to update the reporting template before they are circulated to companies in 2018. A second review would take place after the publication of the 3rd report with subsequent amendments made in the first half of 2019.
21. The MSG authorised the roadmap to be published on the EITI webpages.
22. The Secretariat highlighted that further volunteers were welcome to join the BO subgroup.

Contextual

23. The secretariat confirmed that the Contextual subgroup met on 10 November with work continuing to improve the chapter about the sector for the second report. A list of action points have been circulated to MSG members.
24. It was agreed to change the order of the report so that information about the sector precedes the “Approach and Methodology” chapter. There are a number of areas that need to be re-written and tables updated to reflect the latest figures.

Scotland Launch Event

25. A Civil Society representative confirmed that a conference call took place on 26 October to discuss the event.
26. Once the secretariat have established whether a Minister can attend, dates for the launch of the report can be looked into and agreed. It is likely to be sometime in April.
27. An industry representative agreed to look at arranging a visit to a local aggregates company, with Civil Society running an evening event the night before.
28. There was a request for formal involvement from the secretariat to help with the organisation and logistics of holding the event.
29. The Chair was content to invite a Minister.

5 – Secretariat support for subgroups

30. The Chair asked MSG members whether they were happy with the support they received from the secretariat. Offers of help from constituents were welcomed.
31. The MSG agreed that the secretariat offered a good quality service and it was important that the secretariat continued with its role of sharing knowledge across the subgroups.

32. The chair committed to continue the current level of secretariat support for the subgroups and will report any difficulties if they occur.

6 – Civil society mediation

33. A paper on mediation had been circulated to the MSG. The aim is to look at reaching an agreement for appointing and reappointing members.
34. Two members of the Civil Society constituency explained that they could not agree to the proposals for mediation. A document has been sent to the chair explaining their reasons why.
35. Further discussion will take place at the next meeting on 11 January. All parties in the Civil Society constituency needed time to digest and respond to the papers that are to be issued.
36. Another Civil Society representative said that there are two sides to the discussion on how replacements should be picked and that his organisation was happy to accept mediation. The MSG need to discuss and come up with a decision on who they recognise as representing Civil Society.
37. The Chair agreed to propose a process for dealing with this issue that will be circulated for discussion before the next MSG meeting.

7 – AOB

38. The international secretariat said that an open data policy was due by 1 January. The UK secretariat said that this was being worked on and would be available to circulate in the next couple of weeks to be ratified at the next MSG. Miles Litvinoff volunteered to contribute to this.
39. The 2017 work-plan is also a requirement, which the secretariat has started work on, and will be ready to circulate a draft for the January MSG.
40. A Civil Society representative confirmed that they that operate a Twitter account. He said it would be helpful to get analytics from BEIS account in order to better target his tweets.

Date of next meeting: 11 January 2017.

Actions:

- Moore Stephens agreed to provide a Civil Society representative with the figures relating to Beneficial Ownership
- Moore Stephens to produce a short paper explaining the tolerance level for the reconciliation subgroup to discuss further.
- The secretariat will arrange a phone meeting with an industry representative to go through the mining and quarrying text and to go through the Approach & Methodology text of the contextual chapter.
- Chair and Scottish government representative to talk about any etiquette involved with regards to Scottish ministers, publicity and any plans if a Minister was not available to attend.
- Secretariat to circulate open data policy ahead of next MSG meeting.
- Secretariat to arrange update of Beneficial Ownership section in UK EITI report and move section from “Contextual” to “Approach & Methodology” chapter.
- Secretariat to finalise the 2017 UK EITI work-plan for the next MSG meeting.
- The Chair to circulate the document from Civil Society, and set the process in motion to allow all parties the ability to respond.
- Secretariat to provide a Civil Society representative with a contact in BEIS digital to discuss twitter analytics.