

Update – PNG Extractive Industries Transparency Initiative (PNG EITI)

In line with the PNG Government's candidacy for compliance with the Extractive Industries Transparency Initiative (PNG EITI), the PNG EITI National Secretariat – overseen by the PNG EITI multi-stakeholder group (MSG) – began the data collection phase the week of 5 October 2015. Successful completion of data collection is critical to achieving the milestone first PNG EITI report by the end of this year. The successful completion of the PNG EITI process and acceptance of PNG as an EITI compliant country, if achieved, will go far to building a better business environment based on transparency and increased accountability.

The Data Collection Process

The first PNG EITI report will include 2013 data, with only revenues and receipts generated by producing companies and SOEs to be reported. Relevant companies, state-owned enterprises (SOEs) and government agencies required to report revenue data are being engaged by the National Secretariat with the support of Ernst and Young. Each reporting entity is required to complete a reporting template in accordance with the MSG's guidance. The revenue streams included for reporting along with the entities required to provide data are as follows:

Revenue Stream	Company Payments	SOE Payments / Receipts	Gov't Agency Receipts	Type
Corporate Income Tax	Yes	Yes	Yes	Reported by company, reconcilable
Infrastructure Tax Credit	Yes	N/A	Yes	Reported by company, reconcilable
Group (Salary & Wages) Tax	No	N/A	Yes	Reported by industry as unilateral disclosure from Government, not reconcilable
Royalties	Yes	N/A	Yes	Reported by company, reconcilable
Development Levy (O&G)	Yes	N/A	Yes	Reported by company, reconcilable
Production Levy (Mining)	Yes	N/A	Yes	Reported by company, reconcilable
Equity Distribution	Yes	Yes	N/A	Reported by company / SOE, reconcilable
Dividends	Yes	Yes	Yes	Reported by company / SOE / agency, reconcilable
Dividend Withholding Tax	No	N/A	Yes	Reported by industry as unilateral disclosure from Government, not reconcilable
Royalty Withholding Tax	No	N/A	Yes	Reported by industry as unilateral disclosure from Government, not reconcilable
Import Tax	No	N/A	Yes	Reported by industry as unilateral disclosure from Government, not reconcilable
Goods and Services Tax	No	N/A	Yes	Reported by industry as unilateral disclosure from Government, not reconcilable
Business Payments Tax	No	N/A	Yes	Reported by industry as unilateral disclosure from Government, not reconcilable
Interest Withholding Tax	No	N/A	Yes	Reported by industry as unilateral disclosure from Government, not reconcilable
Additional Profits Tax	No	N/A	Yes	Reported by industry as unilateral disclosure from Government, not reconcilable
Stamp Duty	No	N/A	Yes	Reported by industry as unilateral disclosure from Government, not reconcilable
Foreign Contractor Withholding Tax	No	N/A	Yes	Reported by industry as unilateral disclosure from Government, not reconcilable
Mandatory Social Spending	Yes	Yes	No	Reported by company, not reconcilable
Voluntary Social Spending	Yes	Yes	No	Reported by company, not reconcilable

PNG EITI Multi-stakeholder Group Members

Department of Treasury, Department of Finance, Internal Revenue Commission, Department of Planning and Monitoring, Mineral Resources Authority (MRA), Department of Petroleum and Energy, Department of Mineral Policy and Geohazards Management, Barrick Nuigini Ltd., ExxonMobil PNG, Newcrest Mining Ltd., Morobe Mining Joint Ventures, Oil Search Ltd., PNG Chamber of Mines and Petroleum, Business Against Corruption Alliance, Consultative Implementation and Monitoring Council, Institute of National Affairs, Transparency International PNG, PNG Council of Churches, EcoForestry Forum, Papua New Guinea Mining Watch Group Association Inc.

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Reporting will be done at the Reporting Entity level except where noted. Where it states “Reconcilable” this means that the reported payments by companies and SOEs will be compared to monies received by Government agencies. Where there is a difference in the reported monies such discrepancies will be analyzed to understand why such differences exist. Where it states “Unilateral” this means that the reporting entity will report in aggregate on the line item, and that as only one set of monies – payments or receipts – is being reported reconciliation will not be made.

The reporting entities for 2013 are as follows:

Companies	State-Owned Enterprises	Government Agencies
Oil Search Ltd.	IPBC	Internal Revenue Commission
ExxonMobil	NPCP	Department of Petroleum and Energy
JX Nippon	Petromin	Mineral Resources Authority
Santos	OKTML	Department of Finance
Cue Energy	MRDC	PNG Customs
Barrick Gold (Porgera)		Department of National Planning & Monitoring
Lihir Gold Ltd.		Department of the Environment
MCC RamuNico Ltd.		Department of Minerals and Geohazards Management
Simberi Gold Ltd.		
New Guinea Gold		

EITI in the PNG Context

Transparency and access to information are considered critical by the PNG government and PNGMSG members. These are essential requirements to provide increased community participation and voice in government decision-making, oversight and activities. They allow citizens to have a voice in decision making and resource revenue management, and to judge if revenues are being utilised correctly, and expended and distributed fairly. Essential to these efforts is creating opportunity to scrutinise revenue management; assess if funds are used for their intended purpose; and ensure decisions regarding government spending are based on merit and serve the public interest. Transparency is a precursor for increased community access as well as the building of stakeholder capacity to build informed analyses and exert appropriate influence.

Transparency itself is not the final product, rather it is expected to lead to greater accountability. Accountability ensures that decisions, actions, products, and policies (and their impacts) are answerable; and that the burden of responsibility is clear. Transparency and accountability supports the development of a system that best serves the national interest. They are both essential ingredients of good governance. Transparency and good governance are considered necessary conditions for sustainable development, providing opportunity for improved: innovation and technology; economic performance; social security; and environmental preservation. It is the foundation of secure, productive and sustainable nations, and also provides confidence that sound financial systems are in place which in turn further builds PNG as a positive, stable investment environment.

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Department of Treasury, Department of Finance, Internal Revenue Commission, Department of Planning and Monitoring, Mineral Resources Authority (MRA), Department of Petroleum and Energy, Department of Mineral Policy and Geohazards Management, Barrick Niugini Ltd., ExxonMobil PNG, Newcrest Mining Ltd., Morobe Mining Joint Ventures, Oil Search Ltd., PNG Chamber of Mines and Petroleum, Business Against Corruption Alliance, Consultative Implementation and Monitoring Council, Institute of National Affairs, Transparency International PNG, PNG Council of Churches, EcoForestry Forum, Papua New Guinea Mining Watch Group Association Inc.