



The Hon Keith Pitt MP

Minister for Resources, Water and Northern Australia

MC21-001828

Mr Clancy Moore
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Dear Mr Moore

Thank you for your letter of 25 February 2020 on behalf of the civil society representatives of Australia's Extractive Industries Transparency Initiative (EITI) Multi-Stakeholder Group. I am glad you were able to meet recently with Mr Claydon from my office and Mr Lawrence from the Department of Industry, Science, Energy and Resources.

The Government is committed to encouraging transparency in Australia's resources sector but is concerned by the expanding scope of the EITI reporting requirements. The Government's decision in 2016 for Australia to join EITI was made on the basis of the then 2013 EITI Standard, which focused primarily on reporting industry revenues and payments to governments. The EITI reporting requirements were subsequently widened in 2016 and 2019 to include project level reporting, beneficial ownership, environment reporting and publishing contracts, potentially increasing the reporting burden for companies and governments. Further reporting obligations may be added in the future.

While the new EITI validation model agreed by the EITI Board in October 2020 may represent an improvement over the previous model, it does not alter the scope of the reporting requirements that would be imposed on companies and the Government (and also the state and territory governments) by the 2019 EITI Standard.

A gap analysis report commissioned from KPMG to assess Australia's readiness to implement EITI identified eight aspects of the EITI Standard that may pose some challenges in Australia. This report, released in September 2019, examined the changes made to the 2016 EITI Standard, and did not consider the additional reporting requirements added in 2019.

The Voluntary Tax Transparency Code (the VTTC), which encourages Australian companies to publish information to complement their tax information published by the Commissioner of Taxation in the annual Corporate Tax Transparency report, is a critical element of Australia's transparency framework. As you may be aware, the Board of Taxation recently conducted a post-implementation review of the VTTC. Depending on the Government's response to the Board's report, the scope of reporting obligations under the VTTC may be expanded to cover a comprehensive range of payments by companies to the Commonwealth and state and territory governments.

Given these developments, the Government is considering options for the public disclosure of information by Australian resource companies. Australia's domestic transparency framework appears appropriate for our resources sector while also minimising compliance costs for industry and government, as it is designed specifically for Australia's circumstances. In the meantime, it would be premature for the Multi-Stakeholder Group to reconvene to consider next steps for EITI implementation in Australia until this review is completed.

Again, I recognise your commitment to promoting transparency in Australia's resources sector and I've asked Mr Lawrence to keep you advised of the review's progress.

Yours sincerely



Keith Pitt

22/4 /2021

CC: Senator the Hon Marise Payne, Minister for Foreign Affairs