



Jo Swinson MP

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The Rt Hon Greg Clark MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy and Industrial Strategy
1 Victoria Street
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By email to: payment.regs@uk.pwc.com

15 November 2017

Dear Greg,

Reports on Payments to Governments Regulations

As Minister for Employment Relations and Consumer Affairs (2012-15) I was very pleased to guide the passage of the Reports on Payments to Governments Regulations into law in November 2014. It was crucial at the time for the United Kingdom to deliver on its commitment at the 2013 G8 Summit in Lough Erne, and in its 2013-15 Open Government Partnership National Action Plan, to advance global standards of transparency in the extractive (oil, gas and mining) sector.

All European Union Member States, as well as Canada and Norway, now require extractive companies to publicly disclose their payments to governments at country level and project level. Despite political setbacks in the United States, Dodd-Frank Section 1504 still requires implementation. Recent news indicates that Australia may follow before long in legislating for mandatory public reporting of payments by its predominantly mining companies.¹

Your review of the Regulations should keep in mind the global context, in which the extractive industries are widely recognised as one of the most corruption-prone economic sectors.² The need for international leadership in natural resources transparency and the fight against corruption remains critical, not least to maintain momentum following last year's London Anti-Corruption Summit. The rationale that led the Government to work with its EU partners to achieve effective legislation on this issue via the 2013 Accounting Directive (Chapter 10) and Transparency Directive is as valid as ever.

You will, of course, wish to be satisfied that the Regulations are achieving their objective of 'giv[ing] citizens of resource-rich countries the information they need to hold their

¹ <https://www.theguardian.com/australia-news/2017/oct/31/labor-plans-to-force-australian-mining-companies-to-disclose-taxes-paid-overseas>.

² <http://www.oecd.org/daf/anti-bribery/scale-of-international-bribery-laid-bare-by-new-oecd-report.htm>;
<https://www.economist.com/news/business/21676701-global-initiative-bring-more-transparency-oil-gas-and-mining-turning-point-efforts>.

governments to account'.³ In my view, the comprehensive payment reports now being published by UK-regulated oil, gas and mining companies via the Companies House extractives service and Morningstar, the National Storage Mechanism,⁴ cannot fail to assist citizens in demanding greater accountability from their governments.

I understand from contacts with UK civil society organisations that, despite the relative newness of these company reports, civil society in many countries has begun to use the published information for precisely its intended purpose.

The Regulations, and their equivalent in other EU Member States such as France, need more time to 'bed in'. Minor adjustments to aspects of the regulatory system may be needed, and I gather that civil society is making some recommendations in this regard. The forthcoming review of Chapter 10 by the European Commission will enable further consideration of progress to date.

I hope that your review will recognise and affirm the substantial public benefit that the Regulations are bringing to a historically opaque and problematic sector, and I look forward to publication of your report early in 2018.

With kind regards.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Jo Swinson', with a stylized, cursive script.

Jo Swinson MP

³ <http://www.legislation.gov.uk/uksi/2014/3209/memorandum/contents>.

⁴ <https://extractives.companieshouse.gov.uk/>; <http://www.morningstar.co.uk/uk/NSM>