

# What do governments make from mining, oil and gas activity?

*This guide for civil society actors provides an overview of Canada's Extractive Sector Transparency Measures Act (ESTMA) – what data must be reported by mining, oil and gas companies operating around the world, where to find it, why it matters, and how it is already being used.*

## Why does extractive payment transparency matter?

Some of the world's poorest people live in countries that are rich in natural resources, but a lack of transparency around how their natural resources are managed has facilitated corruption, conflict and mismanagement. Too often, natural resource wealth has benefited the few rather than the many, and for short-term gains rather than on long-term investments. Greater transparency can provide people and communities with the valuable information they need to hold their governments to account for how their natural resource wealth is managed, and ensure that it is used sustainably and equitably.

Canada plays a particularly important role in this issue, not only being a resource-rich country itself but also as one of the biggest extractive players in the world. The country is home to a third of the world's oil companies and roughly 60% of the world's mining companies, and it has interests in over 100 countries. Whether it is in royalties, bonuses or fees, extractive companies make significant payments to resource-rich countries around the world for their natural resources. Until recently, these numbers were shrouded in secrecy, which meant that citizens had no way of knowing how much money their governments were making from their natural resources, nor how those revenues were being spent. Given the urgency of climate change, it is more critical than ever to ensure that funds are allocated to people and the environment where this is outlined in legislation, and to ask important questions about the real costs (social, environmental, and economic) compared to the potential benefits of future projects.

Canada's Extractive Sector Transparency Measures Act (ESTMA), and similar laws in the European Union (and now separately in the UK), Norway and United States were designed to complement the Extractive Industries Transparency Initiative (EITI) and other global transparency and reporting standards for the extractives sector.

The [Extractive Industries Transparency Initiative \(EITI\)](#) is a global standard for good governance of oil, gas and mineral resources, being implemented in 53 countries worldwide. It requires the disclosure of information by companies and governments on management of extractives resources including on licenses and contracts, beneficial owners of operations, fiscal and legal arrangements, production amounts, and payments made. In jurisdictions that are not implementing EITI, ESTMA and similar transparency laws adopted in 'home countries' of mining, oil and gas companies provide critical information to citizens on payments to government by these entities.

## What is ESTMA data?

The Extractive Sector Transparency Measures Act (ESTMA) requires mining, oil and gas companies in Canada to disclose, on an annual basis, payments made to governments in Canada and abroad for all projects and mines (this includes companies listed on stock exchanges in Canada such as the TSX). This Act was adopted to deliver on Canada's international commitments to increase transparency and deter corruption in the global extractive sector. In May 2016, the first ESTMA reports were publicly filed in Canada, which for the first time gave the public access to data on project level royalty, tax, and other payments made by oil, gas, and mining companies to extract natural resources. With nearly **1,000 companies disclosing payments** to date, disclosures under the ESTMA represent an unprecedented opportunity to better understand revenues flows in the global extractive sector.

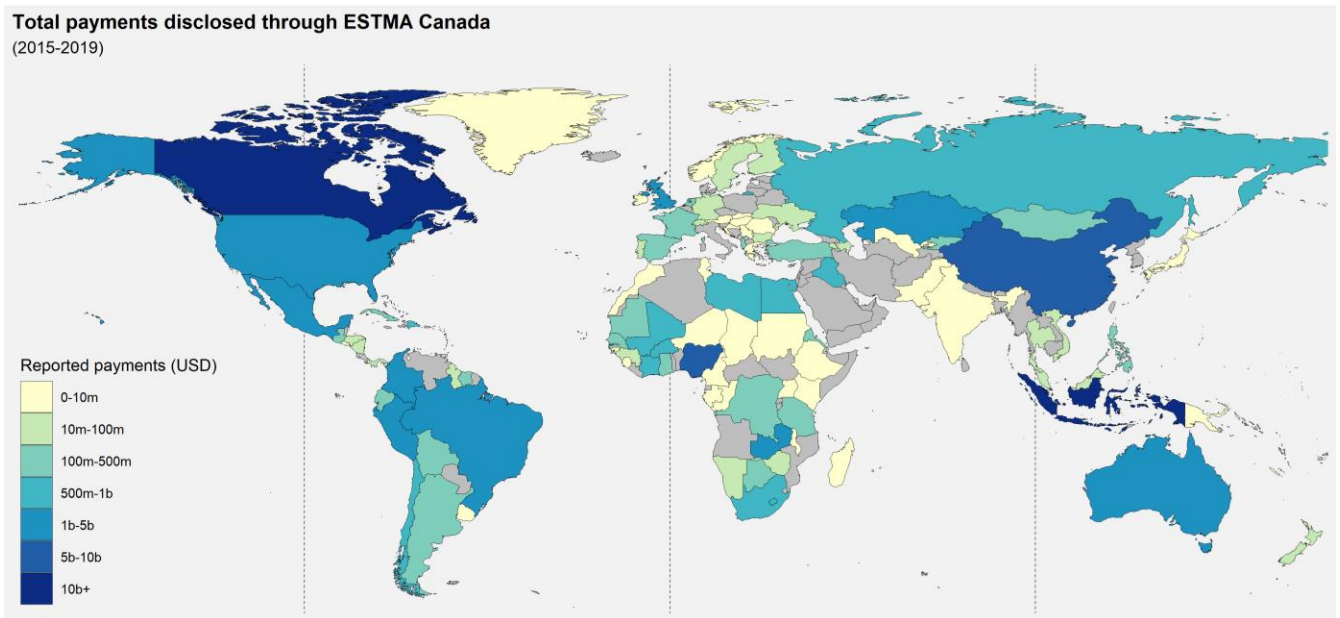


Figure 1: Total payments reported through ESTMA made by mining, oil and gas companies to governments globally (Image produced by Natural Resource Governance Institute, June 2020)

**If you have any questions about the Act, its requirements, or the data, please contact the ESTMA Program at: [nrcan.ESTMA-LMTSE.rncan@canada.ca](mailto:nrcan.ESTMA-LMTSE.rncan@canada.ca). Please note that inquiries concerning specific companies or payments should be directed to those companies.**

## Who reports under ESTMA?

As depicted in the chart below, companies that are engaged in the commercial development of oil, gas or minerals that are either listed on a stock exchange in Canada or privately held with a presence in Canada and meet certain size criteria must report any qualifying payments under the Extractive Sector Transparency Measures Act (i.e. payments that aggregate to \$100,000 CAD in any given payment category to a single payee). Similarly, companies that control a corporation or a trust, partnership, or other unincorporated organization that is engaged in the commercial development of oil, gas or minerals in Canada must report any qualifying payments under the Act.

### Are you a reporting entity?

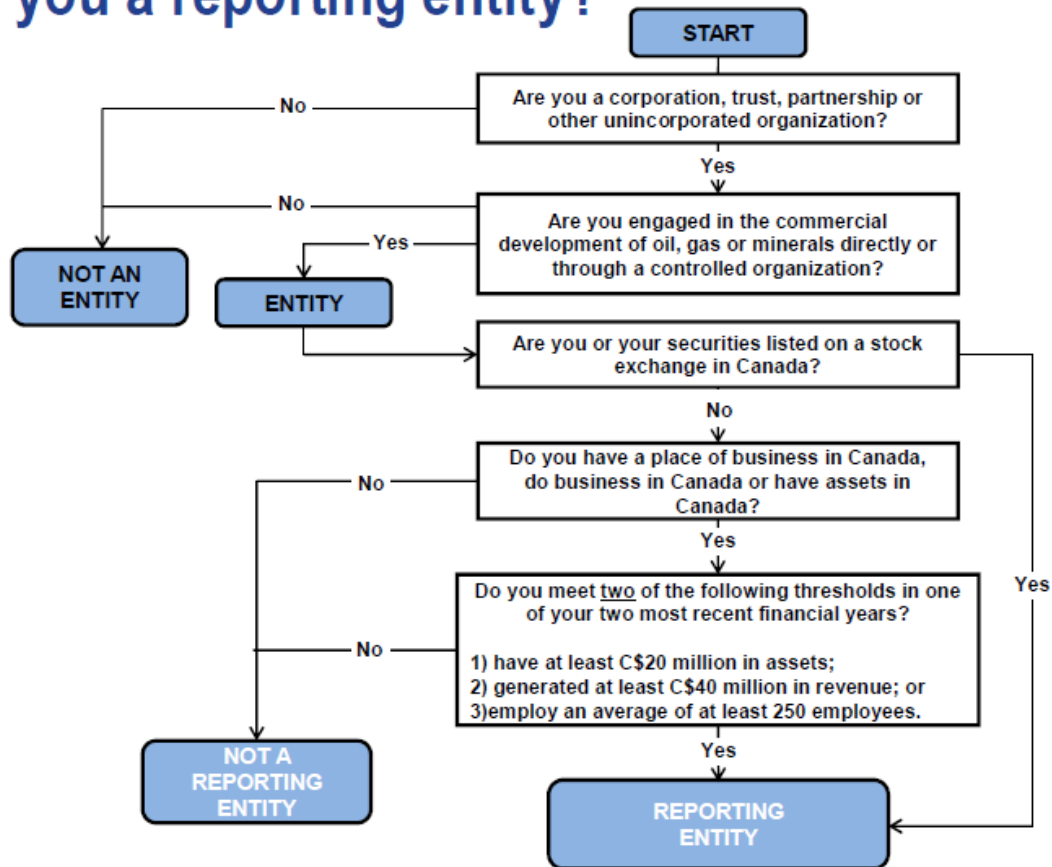
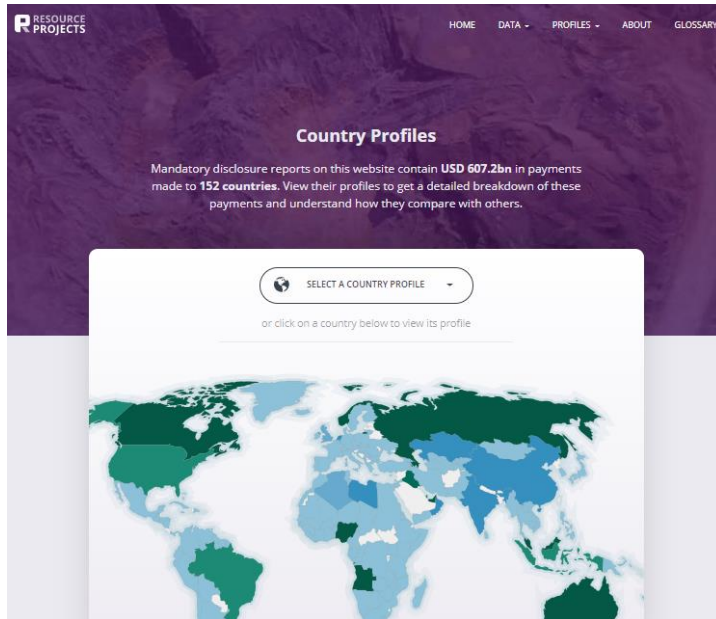


Figure 2: Key considerations for determining who is a “reporting entity” under the Act (Reprinted from Extractive Sector Transparency Measures Act: Guidance, page 3, [https://www.nrcan.gc.ca/sites/www.nrcan.gc.ca/files/estma/pdf/ESTMA%20Guidance%20-%20Version%202\\_1%252C%20July%202018.pdf](https://www.nrcan.gc.ca/sites/www.nrcan.gc.ca/files/estma/pdf/ESTMA%20Guidance%20-%20Version%202_1%252C%20July%202018.pdf))

## Where can ESTMA data be found?

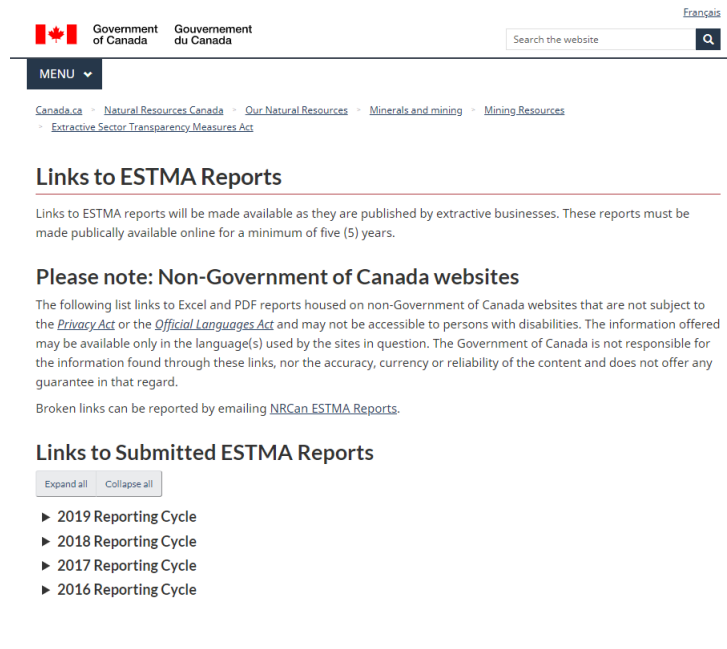
If you're interested in accessing data pertaining to payments made to governments by extractive companies related to the commercial development of natural resources disclosed under the ESTMA, there are two key resources available:



### Resource Projects

Central portal with global company mandatory revenue data disclosure (including Canada, UK, EU, Norway)—**allows searching by country, company, government agency, payment type, etc.** Payment data can also be downloaded from resourceprojects.org in aggregated datasets, and the data can be explored by company or search for specific governments or agencies.

[www.resourceprojects.org](http://www.resourceprojects.org)



### Natural Resources Canada (NRCAN)

Links to ESTMA Reports - Central portal with links to ESTMA reports posted to companies' websites—**allows searching by company and is organised by reporting year.** Aggregated datasets cannot be downloaded from the NRCAN website. The web links to copies of reports posted to companies' websites may also occasionally be broken. Report any broken links to: [nrcan.estma\\_reports-rapports\\_lmtse.rncan@canada.ca](mailto:nrcan.estma_reports-rapports_lmtse.rncan@canada.ca)

[www.nrcan.gc.ca/our-natural-resources/minerals-mining/mining-resources/extractive-sector-transparency-m/links-estma-reports/18198](http://www.nrcan.gc.ca/our-natural-resources/minerals-mining/mining-resources/extractive-sector-transparency-m/links-estma-reports/18198)

### Complementary data sources

- [resourcecontracts.org](https://resourcecontracts.org) - Central portal with mining, oil and gas company contracts
- [SEDAR.com](https://www.sedar.com) - Filings made by public Canadian mining, oil and gas companies (key files include annual information forms, financial reports, annual statements, and technical reports)
- [Business and Human Rights Resource Centre](https://www.business-humanrights.org) - Global business and human rights knowledge hub, delivering up-to-date and comprehensive news in eight languages
- If you are looking for information on UK extractive companies, you can use either the above mentioned central portal ([resourceprojects.org](https://resourceprojects.org)) or the two searchable UK government repositories: <https://extractives.companieshouse.gov.uk/> for UK-incorporated companies, and <https://data.fca.org.uk/#/nsm/nationalstoragemechanism> for London Stock Exchange-listed companies.

## Need ideas on how to use this data?

To learn more about how governments lose extractives revenues and how you can use existing payment disclosures such as ESTMA to hold governments and industry to account, take a read through these reports:

- [Many Ways to Lose a Billion](#): PWYP Canada and PWYP report explores the pathways to government revenue loss in the extractive sector – looks at protecting the tax rates and safeguarding the tax base.
- [Finding the Missing Millions](#): Global Witness and Resources for Development Consulting handbook for using extractive companies' revenue disclosures to hold governments and industry to account.

In response to the disclosure of ESTMA data, Publish What You Pay (PWYP) Canada began to analyze several ESTMA reports to better understand the project, corporate structure, and to use the aggregate data to undertake country and regional-level analyses. Similarly, PWYP members and partners around the world began to use this data to explore project-level information disclosed by extractive companies. The following two pages include examples from around of the world of civil society advocates, journalists, and researchers putting this data to use.

## Examples from around the world

### Resourcebenefits.ng, Nigeria

*A national platform to track payments made to governments by extractive companies*



[www.resourcebenefits.ng](http://www.resourcebenefits.ng)

**Spotlight finding:** From 2015 to 2017, Niger Delta Development Commission (NDDC) received an estimated sum of \$871.4m (N313.7bn) from Chevron, CNOOC Limited, Total, Statoil, Seplat Petroleum, Shell, Eni S.P.A. & Nexen Petroleum (see more [here](#)).

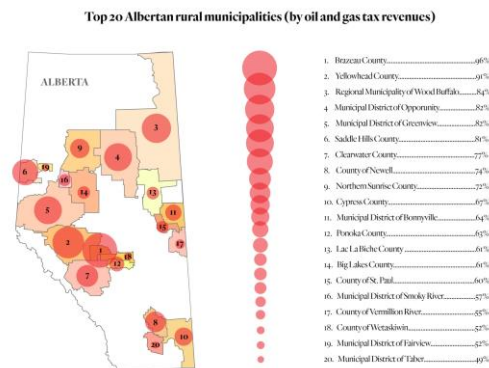
**Data used:** ESTMA data and similar data disclosed through laws in UK, EU, and Norway

*“Resourcebenefits.ng leverages technology to communicate these data in the most creative and simplified form to empower Nigerian citizens with **necessary information required to demand accountability from public officials and institutions on extractive revenues collected.** PLSI sees these payments to governments data as the game changing addition to Nigeria’s extractive industries.”*

– Olusegun Elemo, Executive Director, Paradigm Leadership Support Initiative

### The Narwhal, Canada

*Media coverage of extractive payments*



Articles published in *The Narwhal*:

- [Dependency of municipal governments in Alberta on extractives revenues](#)
- [How select municipal governments in Alberta use these revenues from oil and gas projects](#)
- [Analyzing financial statements of five biggest oil companies in Alberta](#)

**Spotlight finding:** Local governments in Alberta, Canada are up to 96% dependent on revenues from extractives!

**Data used:** ESTMA data and municipal financial statements

*“ESTMA data has allowed The Narwhal to **dive deeper into questions about the reliance of governments on resource revenues.** ESTMA data is easily accessible and sortable, and provides access to numbers that many governments may have otherwise been reticent to provide. Armed with ESTMA data, I’ve been able to ask better questions, and **get a more complete picture of financial transactions between resource companies and governments.**”*

– Sharon J. Riley, Alberta Investigative Reporter, The Narwhal

## Ghana's Gold Mining Revenues: An Analysis of Company Disclosures

Research exploring payments to government entities made by gold mining companies

Briefing  
September 2018



### Ghana's Gold Mining Revenues: An Analysis of Company Disclosures

Alexander Malden and Edna Osei

#### INTRODUCTION

Ghana is blessed with mining, oil and gas endowments. The country is Africa's second largest gold producer and started producing oil in 2010. Due in large part to the more recent development of the oil and gas sector, the industry has stronger disclosure practices and citizen oversight than the older mining industry. In anticipation of first oil, the government of Ghana passed the Petroleum Revenue Management Act, putting in place strong disclosure practices and establishing the Public Interest and Accountability Committee, enabling citizens to monitor the revenues generated in the oil and gas sector and how these are managed. A similar government accountability institution is not currently present in the mining sector. Ghana's implementation of the Extractive Industries Transparency Initiative (EITI) has been an important first step in promoting informed public debate around the

**Malden, A., and Osei, O., 'Ghana's Gold Mining Revenues: An Analysis of Company Disclosures' (NRGI, 2018)**

<https://resourcegovernance.org/analysis-tools/publications/ghanas-gold-mining-revenues-analysis-company-disclosures>

**Spotlight finding:** Three quarters of the payments to Ghanaian government entities by ESTMA reporting companies in the gold sector arose from royalties in 2017 (page 7).

**Data used:** ESTMA data, production data, royalty rate, etc.

*"NRGI has explored ESTMA data with civil society organisations, media, government, EITI and other oversight actors in Indonesia, Ghana and Nigeria. In each of these cases **ESTMA data has been a valuable tool to hold companies and government entities accountable for the revenues generated from oil and gas and mining projects in the country.**"*

– Alexander Malden, Governance Officer,  
Natural Resource Governance Institute

ESTMA data provides important insight into the financial flows between extractive companies and governments but it often needs to be combined with other data such as public audit data or public budget data to tell the full story. As these actors noted, this data is an important tool to hold companies and governments to account. Civil society alongside other oversight actors have an important role to support people and communities to use this information to ensure that their natural resource wealth is well-managed, and used sustainably and equitably.

## Annex

Example of ESTMA report (sample):

Annex A. Example ESTMA report – Payments by Payee table											
Reporting year		From: 2017-01-01		To: 2017-12-31							
Reporting Entity				Company X Ltd.		Report currency		Canadian dollars			
Reporting Entity ESTMA identification number				E000001							
Subsidiary Reporting Entities (if necessary)											
Payments by Payee											
Country	Payee name <sup>1</sup>	Departments, agency, etc. within the Payee that received payments <sup>2</sup>	Taxes	Royalties	Fees	Production entitlements	Bonuses	Dividends	Infrastructure improvement payments	Total amount paid to Payee	Notes <sup>3,4</sup>
Country A	Government of province X	Agency X	300,000	200,000	250,000				100,000	850,000	Royalties of \$200,000 paid in-kind – transfer of mining equipment valued at fair market value
Country B	City of X		100,000		100,000	125,000			100,000	425,000	\$100,000 of deficiency deposits paid were refunded
Country C	Government of country X	Department X	500,000	100,000	200,000		100,000	100,000		1,000,000	Exchange rate as of the issuer's financial year end 1 US\$ = 1.2878 C\$
Country E	ABC First Nation					100,000		100,000	310,000	510,000	\$310,000 was paid to build a road for the community
Additional notes											

<sup>1</sup> Enter the proper name of the Payee receiving the money (i.e. the municipality of x, the province of y, national government of z).

<sup>2</sup> Optional field.

<sup>3</sup> When payments are made in-kind, the Notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

<sup>4</sup> Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the Additional notes row or the Notes column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.

Annex A. Example ESTMA report – Payments by Project table											
Reporting year		From: 2017-01-01		To: 2017-12-31							
Reporting Entity				Company X Ltd.		Report currency		Canadian dollars			
Reporting Entity ESTMA identification number				E000001							
Subsidiary Reporting Entities (if necessary)											
Payments by Project											
Country	Project Name <sup>1</sup>	Taxes	Royalties	Fees	Production entitlements	Bonuses	Dividends	Infrastructure improvement payments	Total paid by Project	Notes <sup>2,3</sup>	
Country A	Project A		200,000		50,000	75,000			250,000	Royalties of \$200,000 paid in-kind – transfer of mining equipment valued at fair market value	
Country C	Project B			200,000					200,000	Exchange rate as of the issuer's financial year end 1 US dollar = 1.2878 Canadian dollar	
Additional notes											

<sup>1</sup> Enter the project to which the payment is attributed. Some payments may not be attributable to a specific project and do not need to be disclosed in the Payments by project table.

<sup>2</sup> When payments are made in-kind, the Notes field must highlight which payment includes in-kind contributions and the method for calculating the value of the payment.

<sup>3</sup> Any payments made in currencies other than the report currency must be identified. The Reporting Entity may use the Additional notes row or the Notes column to identify any payments that are converted, along with the exchange rate and primary method used for currency conversions.

Figure 3: Example of ESTMA report (Reprinted from: Government of Canada (2018). Extractive Sector Transparency Measures Act: Report Validation Checklist, page 4, retrieved from: <https://www.nrcan.gc.ca/sites/www.nrcan.gc.ca/files/estma/pdf/Revised%20Report%20Validation%20Checklist%20-%20July%202018.pdf>)