

Timor-Leste EITI Multi Stakeholder Group

MINUTES

10 July 2015
09:00 – 11:35

Farol Office

Participant Members*

Elda Guterres da Silva	National Coordinator TL-EITI (MPMR)
Agostinho G. Ramos	MoF/ DNPMR
Jose Lobato	Country Manager ConocoPhillips Timor-Leste
Filipe Nery Bernardo	Petroleum Fund Analyst- MoF
Angelina Branco	Eni Country Representative
Oscar S. Faria	Senior Officer – Finance & Fiscal Assurance

Alternatives, and Non-Voting

David de Araujo	ConocoPhillips External Relations
Isabela J.C da Silva	ANP
Auxiliadora do Rosario Coelho	MPRM
Francisco Alegria	Timor Gap E.P
Trifonio Flor Sarmento	Secretariat TL-EITI
Timotio Gomes Pires	BCTL

Absent:

Alzira Sequera F. Dos Reis	Director Executive Alola Fondation
Henrique Monteiro	TG
Nelson Miranda	Luta Hamutuk
Antonio C. Santos	Woodside Country Representative
Fernando Carvalho	Chief Account BCTL
Sabino Fitun	MDI
Tobias Ferreira	BCTL
Helio dias da Silva	MDI
Martina da silva	Director FHF
Angelo Lay	Director of Commerce, ANP
Sabino Gusmao Fitun	Director Ba Los

Chair by: Elda Guterres da Silva National Coordinator TL-EITI (MPMR)

TL-EITI Secretariat informed EITI activities Progress report 2014 and work plan 2015 have submitted to EITI International Secretariat on 1 July 2015, which have accommodated all comments provide by MSG.

The agenda to be discuss as following:

- 1. Review meeting minutes on 12 June 2015**
 - 2. TL-EITI report 2013**
 - 3. Dissemination**
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1. Review meeting minutes on 12 June 2015

Meeting Minutes on 12 June 2015 have approved subject to mini revision as following:

- Exclude Oscar from MSG members list due to MSG and the TL-EITI secretariat have yet received any official letter from president of ANP, regarding to the replacement of Mr. Angelo, then it means Angelo is still MSG member.

2. TL-EITI report (2012-2013)

Industries express its appreciation of MS and MSG's collaboration in order to update and revise the correction for the TL-EITI 2012 report. Industries appreciated the fact that EITI International Secretariat has updated its website with the new version of 2012 report.

Industries informed that they have received the draft TL-EITI 2013 report and provided comments to the draft report. However, they have not received the amended version of the draft Report from MS., Industries have requested to MS to amend according to the point prepare by industries. Based on recent experience in dealing with MS, proposed amendments are often rejected or ignored. Thus, as a way forward in finalising the 2013 TL-EITI report, industries proposed to discuss the suggested amendment points with MSG to allow for better discussion, then proposed the amendments as agreed within MSG.

As an attempt to pro-actively review the draft 2014 TL-EITI report, TL – EITI secretariat have listed out sections of incomplete contextual information identified in the 2012 report. This was sent to MSG for comments, but so far, the Secretariat has not received any feedback. To expedite and finalize the TL-EITI report for 2013, MSG is requested to complete part of contextual information (Requirement 3) as follows:

3.4 d. Employment in the extractive industries in absolute terms and as a percentage of the total employment

Secretariat of TL-EITI informed MSG that ANP annual report have details of information for total employment in both BU and Kitan projects. Thus, MSG needs to decide whether to include number of employment in the TL-EITI report 2013 or simple link to ANP website.

Industry (ConocoPhillips) could not decide in the meeting, but propose to check with HQ, then will inform MSG in the next meeting.

3.5 The EITI Report must disclose production data for the fiscal year covered by the EITI Report, including:

MSG noted that total volumes of production from two field (BU and Kitan) provide in BOE and have disclose in the TL- EITI report but it is not listed by commodity due to the fact that there are only two producing fields (Kitan and BU) with different types of commodities. If MSG compare to other countries they can disclose by commodity because those countries have massive projects and most of them have the same commodities.

Industries have proposed to provide explanation note within 2013 TL-EITI Report to clarify the decision to provide production data without listing them out by different commodities.

3.6 Where state participation in the extractive industries gives rise to material revenue payments, the EITI Report must include:

MS noted MSG have agreed reporting template (F) for TG but MSG did not specify which companies should reporting in the exercise, because TG have several Joint Venture (JV) companies. At that time MS have Propose to MSG to discuss and design appropriate reporting template for TG and their Joint Venture (MHS, GAP MHS ect).

Industries (Eni) interpretation base on requirement (3.6) for 2013 report, if TG have generate revenue payments that are considered as material for the country

then TG should include it in the EITI reconciliation process, if there are discrepancies identified during the reconciliation process then it needs to be explained in the EITI report

As express by TG: have revenue until August 2014.

Government proposed that to avoid potential discrepancy then MSG needs to decide on the level of materiality threshold for the reported data. Industries noted that historically CSO will only accept the lowest amount for materiality threshold. It is important for MSG to know that the reconciliation process should involve between what the companies pay and what the government received.

Government entity (ANP) questioned if TG has produce SPV financial statement? if not how PTD tract TG Payments (Income Tax)?

Sr. Francisco representing TG will inform these issues to the President TG and Director Henrique

Requirements 3.7 and 3.8 will complete by MoF

3.9 Registration of license;

for Minerals is not available but for Oil and Gas are accessible in ANP lafaek data base (www.anp.tl.org).

3.10 Allocation of license;

Minerals are not available but for Oil and Gas are accessible in ANP (www.anp.tl.org)

3.11 Beneficial Ownership

In 2012 TL – EITI report, MS stated that ConocoPhillips is registered in Australia SEC which is incorrect. ConocoPhillips 5 local companies' special purpose companies not

register in SEC, ConocoPhillips requested to take it. MS have revised it.

3.12 Contract

Available in the ANP lafaek Data Base (www.anp-tl.org) **accepts Greater Sunrise and BU contract due to confidentiality agreement.**

Industries noted the narrative in 2012 EITI Report content is identical with the Draft 2013 EITI report recently provided to industry. Therefore industries have proposed to amend/reword some parts of the content and include data as highlight in red color as following:

1.2 Objective of assignment

The Overall objective of the EITI reconciliation exercise is to:

- Promote openness and accountable management of natural resources
- Strengthen government and company system inform public debate an enhance trust
- Help RDTL citizens to see for themselves how much the government of RDTL is receiving from their county natural resources
- Promote more openness around how RDTL manages its natural resources wealth, necessary to ensure that these resources can benefit all citizens.

2.1 Limitation to the reconciliation Exercise

The process of conducting the reconciliation work, which includes obtaining contextual information from government entity, is set out in the (IA) ToR. The ToR also includes a reporting template agreed by the MSG that sets out what information is required to be reported:

- Data with regards to employment in the extractive industries in absolute terms and as percentage of total employment
- Data with regards to Oil and Gas production by commodity and
- Data with regards to projected production of Oil and Gas

However with the exception of the items noted above, we can reasonable conclude that our report duly covers all aspects of the EIT standard

Industries is also well-known ANP have lafaek data base that contains information in relation to the BU and kitan field production, contract etc, then why is it included as limitation? MSG can address explanation why did not include data production by commodity.

2.3 Production Data

Field	2013	2012	Variance	
	Barrel (BOE)	Barrel (BOE)	Barrel (BOE)	%
Bayu Undan	59,319,171	60,866,794	(1,547,623)	-2.5%
Kitan	5,874,893	13,616,451	(7,741,558)	-56.9%
Total	74,483,245	68,873,353	(9,289,181)	-12.5%

The amount insert in the table is not consistent to the amount report by Eni for kitan data

Industries (Eni) have suggested to MS to check with ANP reporting table due to the conversion factor which affected the difference in the data.

On the other hand industries request to deleting wording explaining the reason for production decrease in BU Project. The explanation provide by MS make confusion taking time longer to consult and revise it.

MSG suggest don't delete but provide re-wording

5.3 Taxes and revenue covered

In the table

Number 7 Additional Tax, Cop have reviewed the definition provided in the draft report and recommend to clearly state that the term "Additional Tax" does not have the same meaning as the term found in TL Tax Law.

Number 8 FTP Gas should be amended to FTP or FTP –Oil and Gas, as the FTP amount is not only for Gas.

8. Recommendations

8.1.2, Limitations of the reporting template

Industries noted that within this section, MS have included an explanation which indicated lack of cooperation from industries. Such statement could be seen as negative statement because industries have been providing all the information required and is cooperating with the data collection process. Industries express that their HQ is concern and suggested to amend this comment.

As TL-EITI Secretariat informs maybe MS statement is intend to extractive companies that does not submit data and information to the MS? Only 17 of the 20 companies actually submitted a template.

(Propose to re-wording will provide by industries)

8.1.4. Delays in the preparation of the EITI Report due to confidentiality arrangements Industries informed

Industries noted delay of the report is not and should not be the responsibility of the company; it should be taken as part of the process due to the revision of the draft report, which take longer than expected, due to the time needed in order to carefully review the reports to ensure that all possible errors are identified. In addition to that MS did not have appropriate schedule to finalize the CA. but once finalize the CA the companies committed to submit reporting template and information to MS.

MSG noted it is true sign the Confidentiality Agreement (CA) take time longer between Industries and the IA (MS) for the reconciliation TL-EITI 2012 report, but for 2013, it does not necessary to state again.

Industries inform 8.1.2-8.1.4 some of the sentences have to be taking out or reword. Industries will provide draft reword and send to MSG via mail.

MSG noted Mining Companies have operate almost in 13 Municipal which MSG consider 12 companies disclose in TL-EITI 2012 report is not factual therefore need to include other mining companies (Tinolina, BTK. RMS, Mira Mar etc) that have registration and make payment to Directorate of Mineral (DM)

As informed DM did not include invalid license companies, 12 companies disclose data in the TL-EITI 2012 report due to those companies license are remain valid. for the TL-EITI 2013 will report once companies renew their licences.

MSG needs to set materiality threshold for mining companies and payment size as well.

Deadline 16 July 2015 to complete the contextual information and amend/reword the 2013 report

3. Dissemination

TL-EITI Secretariat will organize dissemination of the TL-EITI report in August 2015, location will be held in Ermera, Oecuse, Same and Manatuto Municipal, presentation is mainly focus on the content of the report and the TL-EITI implementation. Draft schedule will prepare and present to MSG.

TL-EITI Secretariat propose each pillar prepare their own presentation and send to the Secretariat

4. Next Meeting

TL-EITI Secretariat will call for next MSG meeting.