

## Timor-Leste EITI Multi Stakeholder Group

### MINUTES

07 February 2017

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
Helio dias da Silva	Haberan
Angelina Branco	Eni Country Representatives
Dulce Natalia	ANPM

#### Alternatives, and Non-Voting

Trifonio Flor Sarmento	Secretariat TL-EITI
Francisco Alegria	TIMOR GAP E.P
Hamud Alkatiri	ANPM
Rui Matos	Erns & Young

#### Absent:

Angelo Lay	ANPM
Antonio dos Santos	Woodside Country Representative
David de Araujo	ConocoPhillips External Relations
Filipe Nery Bernardo	Petroleum Fund Analyst- MoF
Henrique Monteiro	TIMOR GAP E.P
Fernando Carvalho	Chief of Account BCTL
Timoteo T. Pires	BCTL
Nelson Miranda	Luta Hamutuk
Tobias Ferreira	BCTL
Sabino Gusmao Fitun	Director Ba Los
Martina da silva	Director FHF

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

The chair opened the meeting with Mr. Rui Matos, Senior Manager Assurance Ernst and Young. EY presented the draft Scoping Report Study to the MSWG members in order to generate discussions.

The Draft scoping studying and draft Reporting Template have been sent to the TL-EITI secretariat and circulated to MSG members. EY expects comments from MSWG prior to finalizing the report. Almost 75% Information are capture in the scoping studying because it's public available either in ANPM website or in annual financial statement. Most of the information contain in the Scoping studying will be made available in the final public report.

Government Entity	Have provide comments and it has been accommodated
Industries	<p>Currently reviewing the draft report provided. Industry seek clarification in relation to Section 6.1.1 of the Draft Scoping Study</p> <p><b>Confidentiality provisions in PSCs</b> The model PSC used by Timor-Leste contains a confidentiality provision which prevents the public disclosure of information relating to O&amp;G operations by both parts. Over the short term and before the commencement of the reconciliation phase, this confidentiality provision would need to be waived to permit EITI reporting. The waiver can be a short-form written instrument (e.g. side letter) between all parts which provides for:</p> <ul style="list-style-type: none"> <li>▶ an exception to the confidentiality provision for EITI disclosure; and</li> <li>▶ a commitment or undertaking by both parts to comply with any EITI and disclosure requirements. However, over the long term such provisions should be amended to allow disclosure for EITI purposes and include an EITI reporting obligation on the operators and Timor-Leste representatives</li> </ul> <p>As informed by EY for old contract the waiver can be a short-form written instruments ( E.g. side letter) between company and government. also in some country they change the PSC specify oblige disclose by EITI is permit.</p> <p>According to EY the existing commitment from Industry to be involved in EITI, take part in MSWG and provide data for EITI report is sufficient measure to the issue stated above.</p>
TG	No comments
CSO	No comments
EY	<p>Stated in the meeting that they have provided draft reporting templates specifically catered for different reporting entities. These draft reporting templates will be sent to all the reporting entities as soon as possible to allow for comments.</p> <p>EY clarified that they will prepare a separate draft Reporting templates specifically for data reconciliation, which will never be made public. Then</p>

	they will create another draft reporting template to be included in the final EITI reports.
Industry	<p>Will wait for the draft reporting template from EY to continue with review and provide comments.</p> <p>Industry appreciate the clarification on the separate reporting templates and hope to receive the draft document as soon as possible.</p>
EY	<p>Informed MSWG that they will need the MSWG to decide on one crucial point, which is the threshold for materiality. This decision is crucial to drive the revenue sharing stream and the types of company to be included in the scope.</p> <p>Without correct level of threshold agreed by MSWG, EY could include around 70 – 80 companies in the report.</p>
Industry	Seek clarification on data to be reported on exported production
EY	<p>Based on EY’s experience in dealing with PSC regimes such as Timor – Leste, the exported amount should be the amount lifted.</p> <p>The amount produced and the amount lifted should not show too much of a difference.</p>
Government	Confirmed that tax is paid based on lifted amount
EY	<p>EY noted partly information in scoping studying are missing such as :</p> <p>1. Timor-Leste National Account 2000-2014 need to update.</p> <p>EY informed weather to leave as it is now or wait until obtain National Account 2015 is release then update it.</p> <p>MSG need to decide it</p>
GE	GE informed National Account for 2015 is currently under review by Ministry of Finance (MoF).
EY	<p>2. Total Production Data</p> <p>EY Noted in ANPM website have disclose total production data in BOE however according to the EITI standard requirement 3.2 Implementing countries must disclose production data for the fiscal year covered by the EITI Report, including total production volumes and the value of Production by commodity.</p> <p>EY will propose draft template for disclosing production data by commodities then MSG need to discuss and decide it.</p>
EY	<p>3. Mining Sector</p> <p>EY have provided an overview for mining sector in Timor-Leste however Base on the information available at this scoping phase EY have verified that the mining revenue are still immaterial.</p>

	<p>EY have provided three option for ASM reporting</p> <p>Option 1 - Providing an overview of the ASM sector</p> <p>Option 2 – Providing an overview of ASM activity, production and export data</p> <p>Option 3 – Providing an overview of ASM activity, production, export and revenue data</p> <p>see ASM guidance (<a href="https://eiti.org/document/guidance-note-on-coverage-of-artisanal-small-scale-mining-asm-under-eiti">https://eiti.org/document/guidance-note-on-coverage-of-artisanal-small-scale-mining-asm-under-eiti</a>)</p> <p>MSG should agree if the mining sector in Timor-Leste is a ASM or just a small scale.</p>
GE	<p>GE informed will consult internally regarding to the three options provided due to have different Directorate that in charge for the mining sector.</p>
EY	<p>Draft reporting template provide in annex will update once MSG have agree on the size of payment and companies that will include in the scope. The reporting template have yet finalize due no data have been collet.</p> <p>MSG need to review, revise and decide reporting template as following.</p> <ol style="list-style-type: none"> <li>1. Reporting Template for the government entity (ANPM &amp; MoF (DNPMR) and BCTL</li> <li>2. Reporting Template for SOE</li> <li>3. Reporting Template for Ausaid</li> <li>4. Reporting Template for Mining</li> <li>5. Reporting Template for Industries</li> <li>6. Production Data and Export Data (in accordance with the EITI requirement 3.2 &amp; 3.3)</li> <li>7. Barter Agreement</li> <li>8. Transportation</li> <li>9. social &amp; economic expenditure (mandatory and voluntary)</li> </ol>

Industries	Industries questioner: regarding to tax dispute result the government agreed to deduct the payment does Reporting Template capture to be disclose in the upcoming EITI report.
EY	Depend, but E & Y have no comment on it
Industries	Industries questioner : how EY define the Social Expenditure Mandatory In other hand Industries informed they oblige to report on social expenditure and ANPM have audit by line item annual however EY will doing the same process or request only to disclose total amount.
EY	EY: Social Expenditure Mandatory define as what have been writing in the agreement whether in form of PSC, Law, Agreement or MoU.  In other hand regarding to the Social Expenditure which have audit by ANPM, EY have to do all process again however MSG need to decide the materiality threshold. EY will cover audit only for the major project.  All information collect from reporting entity will not share or disclose before MSG approve.  EY team member including Mr. Rui will return to Dili on 27 Feb 2017.

