

Timor-Leste EITI Multi Stakeholder Group

MINUTES

11 April 2014
03:15 – 05:45

Farol Office

Participant Members*

Carlos A. B. Florindo	Manager of ETADEP, CSO Representative
Elda Guterres da Silva	National Coordinator TL-EITI (MPMR)
Filipe Nery Bernardo	Petroleum Fund Analyst- MoF
Angelina Branco	Eni Country Representatives
Jose Amaral	Deputy of FONGTIL
Agostinho G. Ramos	MoF/ DNPMR
Martinha da Silva	Director FHF, CSO Representative
Angelo Lay	Director of Commerce, ANP
Jose Lobato	Country Manager ConocoPhillips Timor-Leste

Alternatives, and Non-Voting

Trifonio Flor Sarmento	Outreach Officer TL-EITI (MPRM)
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Absent:

Oscar S. Faria	ANP
Timoteo T. Pires	BCTL
David de Araujo	ConocoPhillips External Relations
Francisco Alegria	Timor Gap E.P
Remigio Viera Laka, Alternate	Director of FSG, CSO Rep
Luis Martins	Timor Gap E.P
Antonio C. Santos	Woodside Country Representative
Venancio Alves	BCTL
Jacinta P. Bernardo	Timor Gap E.P

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

Agenda for Discussion:

- 1) Review meeting minutes on 28 March 2014
- 2) Decision for Reporting Templates
- 3) Continue engage MS or opening tender for AB
- 4) Next Meeting

Introduction

1) Review meeting minutes on 28 March 2014

The meeting minutes was not approved subject to required further re-wording and still awaiting for comments from TG in page 3.

2) Decision for Reporting Templates

Government entity (ANP) has informed that they do understand well why industries are proposing to combine Template A and B: however refer to EITI standard particularly in 4.1 (b) that are requires to disclose information by each revenue stream.

Industries (Eni) noted that the need for MSG to understand as well EITI standard 4.1 a, which is related to omission of payment stream and the proposal from ConocoPhillips was only to combine the payment stream and that is different from omission. Omission is the same as removing and this is not the case.

Industries (ConocoPhillips) understand that the **FTP/Royalties and Profit** as part of production entitlement which are to be combine and present in EITI standard **4.1.b point I**, and industry (ConocoPhillips) express that if FTP /Royalties and Profit to be combine it does not against the EITI standard, FTP/royalties sometime are not use in fiscal regime Product Share Contract (PSC). The FTP/ Royalties only usually in concession system therefore as MSG we need to understand the system/ fiscal regime that each countries has adopted, example, Indonesia, adopted PSC system and has interpreted in different way.

Government entity (MoF) suggested only seeing into Timor-Leste context particularly how these revenue streams are defined to be related in the EITI report.

Industries were concerned about providing details of information to the public. Industry expressed that first of all peoples should understand about sensitivity of information (confidentiality). It is not only about the price but it also related to the nature of each project, how much revenue derived from each project, how much is cost recovery during one period. They believed that with that information, it would be easy for their competitor(s) to estimate the price they offer which a commercially disadvantage to them.

Industries informed that they welcome any propose to amendment the templates and they will be happy to consult they respective HQ and to inform back the MSG the outcome of consultation in the next meeting.

Government entity (ANP) will contact with the EITI international to find out the definition of 4.1.b I and IV.

The Industries stated that since the first TL EITI report to the fourth report shown no discrepancy between the amount paid by the company and receipt by the government, therefore the objective of the EITI report and transparency were achieved. and has published 4 EITI report within disaggregate no discrepancy were identify, this shows and the commitment to transparency and no intension to hide data by companies. In the situation of continue providing disaggregated information, then the HQ will continue to question the benefit of such request, where complete transparency has been proven.

CS: expressed that is not just about identifying if there is discrepancy or not but it is a matter of right for the peoples to access to the information and to ensure they understand well of each revenue stream that paid by company and received by government as per requirement under standard 4.1b.

Gov entity stated that the template A and B should be separated because peoples are starting to ask how much revenue from FTP and profit.

Government entity (MoF) pointed out that the proposed reporting template from the Industry has combined both products (oil & gas), revenue stream (FTP/ Royalties and profit oil), as well as reporting company (eg 6 legal entities under CoPs will be only reported as 1 entity as ConocoPhillips and 3 legal entities under Eni will be only reported as 1 entity as Eni).

Government entity considered the proposal shows no improvement but a setback. Hence, the Government proposed to the following options:

1. If oil and gas are combined, then FTP/Royalties and Profit oil/gas should be separately reported; or
2. If FTP/royalties and profit oil/gas are combined, then oil and gas should be separately reported; or
3. If FTP/royalties and profit oil & gas are combined, then reporting entity should be separately, ie using the EITI reporting template as agreed in 2008

Industries (ConocoPhillips) argue that it is not true if the report templates are not getting improved for this year as it has taken into account the new EITI standard in particular Requirement 3 which requires that the eiti report should include the contextual information such as disclose volume and CSR.

The Industries (ConocoPhillips) suggested that considering the time limitation to produce the report, if the MSG could not reach an agreement on the propose reporting templates, the government should consider to create EITI Law for EITI implementation in Timor-Leste by which it becomes an obligatory.

Industries (ConocoPhillips) proposed to re-draft reporting templates and to consult with its respective HQ. The Industry will give outcome in the next meeting.

CS noted that in principal the reporting template shows disaggregating figures. They also noted that during MSG discussion some part of information should be publish in aggregate because it is considered as sensitivity information.

Template C.

The MSG discussed the Template C as proposed by Industries which shows aggregate by company and disaggregate by payment type. Industry argued that this is in accordance with the new EITI standard and welcomed any feedback or comments if the other pillars think otherwise.

In column titled “additional tax” the Industries (ConocoPhillips) proposed to reflect the reported figure in positive or negative with footnote explaining whether it relates to payment of penalties by the company or tax refund made by government.

It was agreed to accommodate this column to anticipate such reimbursement or refund of penalty in the future, provided that the final decision has been made at the Tribunal District, including the mechanism for refund ie. adjustment from future revenues or one lump payment by the Government.

DNPMR and ANP will check it?

It was agreed that the MSG review the Template C and and to provide feedback in next meeting.

Template F

Industries notify that local content expenditure included training and employment and good and service, there should have flexibility for each company because sometime each project have different characteristics? Industries propose to revise it

Employment column MSG agreed to present in dollars which is compose training and employment.

Government entity will amend and circulate via mail, it was accepted

Industries (ConocoPhillips) inform that it is difficult to provide information that only represent one field project, if we have lot of field project such as other countries we will have no problem to report

3) Engagement of Independent Administrator

MSG agreed to re-tender for the Independent Administrator (IA). A draft Terms of Reference to engage the IA to produce TL EITI 5th and 6th reports has been circulated to the MSG by the Secretariat. Comments have been received from Eni and ANP.

Government entity informed the IA will be paid under the Ministry of Petroleum and Mineral Resources (MPRM) budget for 2014, therefore all the process for the engagement should follow the existing procurement procedures and should involve national procurement division to be as observer to ensure that all process carry out by MSG are transparent and align with procurement procedure. Therefore it is critical for the MSG to finalize and approve the ToR for IA.

The Secretariat will accommodate comments received from Eni and ANP and to re-circulate to MSG for further comments and revision.

Government entity concerned about the time may not sufficient to re-tender, evaluation, collect data, etc. Hence, the MSG needs to decide on a deadline for approval of the ToR and retender. If the MSG failed to meet the deadline for procurement of the IA, then MSG may consider a single source approach.

4) The next meeting is schedule on 16 May 2014, at 9:3 in the EITI Secretariat Office Farol.