

Timor-Leste EITI Multi Stakeholder Group

MINUTES

14 March 2014

09:15 - 11:25

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
Luis Martins	Timor Gap E.P
Antonio C. Santos	Woodside Country Representative
Angelo Lay	Director of Commerce, ANP

Alternatives, and Non-Voting

Remigio Viera Laka, Alternate	Director of FSG, CSO Rep
Trifonio Flor Sarmiento	Outreach Officer TL-EITI (MPRM)
Francisco Alegria	Timor Gap E.P
David de Araujo	ConocoPhillips External Relations
Timoteo G. Pires	BCTL
Oscar S. Faria	ANP

Absent:

Jose Lobato	Country Manager ConocoPhillips Timor-Leste
Honesia Araujo	Marketing and Revenue Management Officer (ANP)
Martinha da Silva	Director FHF, CSO Representative
Venancio Alves	BCTL
João Demetrio Xavier	MoF/NDPMR
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 22 January and 21 Feb 2014
- 2) Continue discuss draft reporting templates
- 3) Extend contract with Moore Stephens or Opening new tender for Independent Administrator
- 4) Next Meeting

Introduction

MSG welcomes Mr. Antonio C. Santos as Woodside Country Representative, successor of Mr. John Prowse, Country Manager Timor-Leste Woodside Energy Ltd, and

Oscar S. Faria will replace Angelo Lay, however Mr. Angelo expressed that he will continue to assist MSG particularly in relation to finalization of the Draft Reporting templates and content of contextual information.

1) Review meeting minutes on 22 January 2014 and 21 Feb 2014

MSG review both minutes and approved it

2) Draft Reporting Templates

Government entity have sent the revision of the draft reporting templates to MSG via mail however no comment is received, the draft reporting templates consist of :

- 1) Reporting templates for Government and Industries entity to fill up then the Independent Administrator (IA) will reconcile those material payments as annexed from A-H.
- 2) Reporting templates that will be use for publication as annexed from A-H

The government entity has explained as following:

Template A: split the FTP and royalties because the terms in PSC are different, FTP is applied only for Bayu-Undan and Sunrise PSC as a wellhead revenue and royalties is for kitan PSC

Template B: split BU and Kitan Profit Oil and Gas according to each JV share

Template C: split withholding tax and value add tax (VAT), as propose by DNPMR because withholding tax apply for both and VAT only apply to JPDA, it was accepted

Templates D all Fees payments by company and received by government in accordance with JPDA and TLEA fee schedule

Templates E Production volume or value, it up to MSG do decide it, however government entity suggested to address production volume as many population don't know yet. Also volume production is less sensitive than volume sold.

Templates F Local Content expenditure and CSR

Templates G other payment for SoE, revenue from services

Templates H other payment for BCTL, Pipeline fee

Industry comments as following:

1. Industries reaffirm that in the previously meeting industry have expressed the need to combine BU & Kitan profit oil and gas (templates B), and Volume production or sold (templates E). those templates that present by government entity seem to be disaggregate by company data and payment data.
2. Industry (Eni) also raised their concern on draft Template E, as it will disclose data from one specific field only. Unfortunately, each producing companies only have one field to work with and this creates issue with sensitivity of the data. It would not be such an issue where each company produce from more than one field.

Industry (Eni) confirmed that they do not concern template reporting for Tax (templates C) Fees (templates D) local content and CSR (templates F).

To accommodate industries concern government entity suggested as following:

Templates B

1. Combine Eni JPDA 03-13 and Eni JPDA 06-105 and present in the report as Eni JPDA.
2. Combine Inpex Timor Sea and Inpex Sahul. Present in the report Inpex JPDA.

Templates E

1. Combine ConocoPhillips 03-12 and 03-13,

Industries requested more time for internal discussion, outcome will be shared to MSG
MSG accepted the request.

Government entity informed that those templates still in disaggregate by company data but aggregate in payment data.

CS comment: Templates B and E if MSG agreed to disclose disaggregate Company data and aggregate Payment data, MSG should explain only to ensure that public is understand well, it was accepted

Templates C Additional Tax should keep address in bracket (Penalty/interest) as 1-4 report reveal the penalty/interest. If MSG agreed to exclude the Penalty/interest then the needs to write narrative explanatory as well, it was accepted.

Government entity informs that will re-visit whether is true or not about UNTAET regulation motioned Additional Tax or Penalty/ Interest.

In Templates C MSG Government entity suggested the need for MSG to anticipate future payment from Sub-Contractor providing services/goods within JPDA. However Timor Gap expresses that in Tax Law it does not define properly and it under negotiations between Timor Gap and NDPRM. Government entity explained that as long as template reporting foreseen for possible payment directly from subcontractor whom has permanent establishment, it is subcontractor best judgment which services related to petroleum tax and domestic tax.

Template G: SOE has also expressed no problem with their reporting templates however SoE need to have internal discussing as well. SOE will not report in 2012 due to no revenue received only report in 2013.

Template H: The term Pipeline fee to be changed to financial support. This fee is paid through Aus aid every year as financial support during the pipeline operation.

Government entity will amend the draft reporting templates accordingly and circulate back to MSG.

3) Extend contract with Moore Stephens or Opening new tender for Independent Administrator (IA).

Industries reaffirm to opening tender for IA because industries are not satisfied with performance of MS in 2010 and 2011,as it did not reflect to reporting templates 2008-2009 that agreed by MSG. Industry felt that the performance from MS indicated that they were only working for two pillars in the MSG and not all members of the multi stake holder working group.

By through opening tender if whether award to MS or other reconciliatory then they need to sign confidential agreement that stated disclose information should obtain industry consent.

The government entity, CS as well as Timor Gap is reaffirm they also content with continue engage with MS. If MSG opening tender it also take bit of time such as review and finalize ToR for IA, post in web site and newspaper, Evolution so forth.

MSG agreed to bring back to each institution to have internal discussing then communicate through via mail if reach to any solution.

4) Next Meeting

The next meeting is schedule on 28 March 2014, at 9:30 AM, in the EITI Secretariat Office Farol.