

Timor-Leste EITI Multi Stakeholder Group

MINUTES

21 February 2014

09:15 - 11:05

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
Agustinho G. Ramos	MoF/ DNPMR
Jose Lobato	Country Manager ConocoPhillips Timor-Leste

Alternatives, and Non-Voting

Honesia Araujo	Marketing and Revenue Management Officer (ANP)
Remigio Viera Laka, Alternate	Director of FSG, CSO Rep
Trifonio Flor Sarmento	Outreach Officer TL-EITI (MPRM)
Francisco Alegria	Timor Gap E.P

David de Araujo	ConocoPhillips External Relations
-----------------	-----------------------------------

Absent:

Martinha da Silva	Director FHF, CSO Representative
Venancio Alves	BCTL
Luis Martins	Timor Gap E.P
Angelo Lay	Director of Commerce, ANP
Antonio C. Santos	Woodside Representatives
João Demetrio Xavier	MoF/DNPMR
John Prowse	Country Manager Timor-Leste Woodside Energy Ltd
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 2014
- 2) Draft reporting templates
- 3) Extend contract with Moore Stephens or Opening new tender for Independent Administrator
- 4) Interactive talk show “EITI Standard”

1) Review meeting minutes on 22 January 2014

The meeting minutes was not approved subject to further explanation request by government entity (ANP) in Page 2 particularly in regard to as following:

1. Government entity proposed to maintain the fiscal feature in the template despite the fact that some of the item will not have material information for 2012 and 2013 EITI reporting.

Explanation: This means the reporting template shall be maintained as per payment item that consistently reflect each of PSC fiscal regime, while also adapt the new EITI rule on new requirement

2. Inclusion production volumes or sold? (As industry inform that Government entity (ANP) will consult with Secretariat EITI international in this particular issue then inform back to MSG).

Response: Up to MSG to decided

Agreed to exclude the sentence in page 3 as following:

Except industry, most MSG member agreed to extend MS under the existing contract with following reasons:

1. MS has the technical capability
2. Have experience from various EITI implementing countries
3. Have good knowledge and understanding of EITI process and payment flow

2. Draft Reporting Templates

In order to address the reporting template more clearly industry proposes to government entity to draft two reporting templates as following:

- 1) Reporting templates for reporting entities (Government and Industries).
- 2) Reporting templates that will be use for publication

It was accepted

Industries proposed the need to have confidential agreement between the Aggregator Body and Industry once the reconciliation process commences to ensure that the information disclosed to public is based on the confidentiality agreement.

Industries have commented particularly in columns:

B: Profit Revenue is revised with Profit Oil & Gas and to be presented in summary total (Aggregate) instead of splitting to Natural Gas or Crude, because both field have variety of production and profit, if split the production and other details of production information, as the nature of this information is sensitive and confidential, competitor will be able to identify net average realized price and cost of operating capital. Exp Industries (Eni) have made profit within less than 1 year that is a part of industry strategy to collected profit rapidly by calculating that peoples will know the industry asset in Timor-Leste.

In addition to that Timor-Leste has two only field production which is BU and Kitan, compare to other counties such as Qatar and Nigeria they have a lot of production fields either on shore of offshore, which means that they have no problem to disclose information.

Have not reached consensus, the discussion to be continue in the next meeting

C: 1. continues to have internal discussion particularly in Penalty/Interest on Tax Assessment as refer to 1st and 2nd report was only addressing Penalty/Interest but did not mention on tax assessment, according to industry tax division to be inline with UNTAET regulation the item under penalty/interest could be replaced with “additional taxes”

2. On the other hand Industry informed that District Court has ruled out 7 out of 49 cases (decommissioning issue), this means that in the future the government of Timor-Leste could be possibly be paying back Tax and Interests, this can be done in two ways as following

- 1) Reimburse/ pay directly to company
- 2) Deduct automatically

As government entity notify that it depends to the agreement between both parties. However MSG considering in elaborate the templates once any changes are required.

In addition to that Government entity is proposing to split the VAT, WHT, APT, SPT

The discussion remain continue in the next meeting

E: Volume and Value in total (aggregate) Barrels of Oil Equivalent (BOE) that Include Gas Condensate and Crude.

Remain continue discussion in the next meeting

CS: suggested that the need to address with explanation of confidentiality and sensitivity of information and the adaptation for Aggregate particularly in column A,B and E reporting templates, is to ensure that community are informed and understood well on case by case basis, as CSO representation in MSG they need to inform back to their members why we adapted such in this EITI report.

Other issues industries noted that EITI has laid a good foundation in terms of accountability and transparency with government disclosure of revenue and full disclose payments made to government by Oil, Gas Minerals which considering best practice however in term of expenditure TL have indication of corruption in public sector as reflect in the corruption perception index place Timor-Leste 119 ranking out of 175 countries therefore the need to have better mechanics and control by all entity.

3.7 distribution of revenue, industry suggested that revenue that generate from oil and gas industries need to address how much fund or percentage allocate to state budget.

As Government entity inform that will cover these issues in the contextual information however in regards to the expenditure we only include the description of how much fund allocate to each Ministry and possibility extended to each sector however it will take time in other hand we cannot measure the impact that the fund allocate to community such as Education, Infrastructure Health etc.

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

MSG agreed to discuss this once the reporting templates has been finalized

All ; It was accepted

4) Interactive talk show “EITI Standard”

Secretariat TL-EITI is planning to organize interactive talk show in RTTL, the intention is to discuss about the change to new EITI standard, therefore the MSG are required to nominated one constituent representatives (Gov, Industry and CS).

Industry and CS suggested to carry out this interactive talk show once the reporting templates are finalize.

It was accepted

5) Next Meeting

The next meeting is schedule on 14 March 2014, at 09:00 AM, in the EITI Secretariat Office Farol.