

Timor-Leste EITI National Working Group

MINUTES

30 April 2009

9:30 – 11:30

EITI Secretariat Office

Belarmino Lobo, Bidau Lecidere, Dili, Timor-Leste

Participants Members*

Carlos Florindo	ETADEP, CSO Representative
Viriato Seac	Researcher La'o Hamutuk
Vidar Ovesen	Fiscal Policy and Petroleum Fund Advisor, Ministry of Finance (MoF)
Abdur Rahman Khan	Advisor, Petroleum Tax Audit
Venancio Alves Maria	Executive Director, Banking and Payments Authority (BPA)
Alfredo Pires	Secretary of State for Natural Resources
James Kernaghan	External Relations & Comms Mgr, Eni Australia
Mericio Akara	Program Coordinator Luta Hamutuk

Alternatives, Non-Voting, and Observers

Florencio Fernandes (Alternate)	Eni Timor-Leste, Dili Office Manager
Elda Guterres da Silva	Secretariat EITI, Finance and Administration Officer
Tony Heynen	Eni Timor-Leste, Country Representative
Trifonio Flor Sarmento	Assistant Outreach Coordinator & Finance and Administration Officer for Secretariat EITI
Constantino Corado	FONGTIL

Absent:

Manuel de Lemos	Director, SERN (Focal Point EITI)
Peter Smith	ConocoPhillips, Timor-Leste Country Manager
Tobias Rasmussen	IMF, Representative
Habib Rab	World Bank
Elga Anita	Staff SERN
Doug Adams	Country Manager, Woodside
João Demetrio Xavier,	Petroleum Tax Division MoF
Angelo Lay	ANP

Chair by

Venancio Alves Maria
Executive Director, Banking and Payments
Authority (BPA)

Introduction

Agenda for the meeting:

- Review Template for public EITI reporting
- CS-Revenue Watch Institute Proposal up coming workshop
- Review the minutes from the previous meeting (on 15 April 09)
- Set a date for the next meeting.

Template for public EITI Report

EITI Working Group members continued to discuss the issues of the final EITI template public report. Prior to the meeting four different kind of options were circulated to all EITI Working Group members for consideration, based on discussions at the previous meeting.

The four options were as follows:

Option 1:

Reporting the aggregate amount of FTP and Profit Oil/Gas as a lump sum with no split on the two payments streams.

Option 2:

Reporting the FTP and Profit Oil/Gas as separate figures.

Option 3:

Reporting the total amount of FTP and Profit Oil/Gas as one lump sum but broken down by each company. This means that ConocoPhillips will report their total payments of FTP and Profit Oil/Gas while other JV partners will report their Profit Oil/Gas payments.

Option 4:

Reporting the FTP and Profit Oil/Gas respectively broken down on each company. This means that ConocoPhillips reports their FTP payments and Profit Oil/Gas payments separately while other JV partners reports their Profit Oil/Gas payments.

Alfredo Pires outlined the Government's approach to this process and underlined the importance of providing an EITI Report which is regarded as disaggregated in order to ensure transparent reporting of payments made by the Industry and received by the Government. He also underlined that all stakeholders must have confidence in the Independent Auditor, which receive all information from both parties with full disaggregation in order to reconcile the information and identify eventually any discrepancies.

Moreover, he underscored the importance of having realistic ambitions to the outcome of this process. He referred to the draft engagement letter from Deloitte which underlines that the EITI Report most likely will not reveal corruption or fraud, as they will not undertake an ordinary audit of the Industry. Nevertheless, the EITI Report is important to disclose relevant information about payments made by companies and received by Government.

The Government representatives suggested that a fifth option should be considered (called option 3.5) which is a combination of option 3 and option 4. This option will provide the following information:

- Payments of Petroleum taxes by Company
- Payments in accordance with PSC by Company (total payments of royalties and profit oil/gas)

Payments of each of the fees paid to the ANP by each of the Companies the Industry indicated that they have a preference for option 1, but that also other options can be considered, provided that these options do not include information which may harm both the Industry and the Government in the future. Hence, they indicated that it is crucial for the Industry to ensure that total revenues in accordance with PSC contracts (royalties and profit oil/gas) are reported together as one figure. The Industry said that they would consider all options seriously until the next meeting.

Civil Society stated that their position is Option 4 but that they will also consider “Option 3.5” until the next meeting.

The Working Group agreed on that “Option 3.5” should be designed in the same template as the original Government representatives’ proposal and circulated to all members by e-mail, in order to ensure that the Working Group can consider this option thoroughly until the next meeting. All stakeholders were encouraged to review this options and provide feed back as soon as possible.

The MoF representative informed that the Aggregate Body will start collecting the data in accordance with the engagement letter which has been agreed and approved by the EITI Working Group. On that basis has the Ministry of Finance engaged Deloitte to assist the Working Group in the first stage of the reporting process

Discussion will continue at the next meeting.

CS- Revenue Watch Institute up coming Workshop

Received proposal from Revenue Watch Institute, regarding to the implementation of the up coming workshop which will be facilitate by RWI, and host by Government of Timor-Leste, preliminary discussion between Government, Counsel consultative Petroleum Fund (KKFP), Civil Society and RWI about the possibility to conduct the workshop from 1st -5th June 09, finally they have reach an agreement that on 1st June for the MSG to share understanding of the validation process and Criteria, 2nd half day for

Parliamentarian Outreach in collaboration with KKFP with purpose of better understanding of the Initiative and the role that they can plan to ensuring Timor leste compliance, lastly 3rd, 4th, 5th days for civil society (CS) (organize by FONGTIL) with objective Build basic understanding of the key issues to address during the validation, create plans for a dissemination strategy of the EITI report and CS feed back, lastly deeping CS ability to analyze, create recommendation and feed back to the MSG related to the an EITI report, those proposal have been endorse by Secretariat of State for Natural Resources (SERN).

Review Minutes

The WG approved the Meeting Minutes from 15 April 2009, incorporating the mini revisions by Civil Society.

Next Meeting

Next meeting will be held in the EITI Secretariat Office next to Xanana Reading Room, Rua Belarmino Lobo, Lecidere, on 26 Mei 2009, at 9:30 till finishing.