

Timor-Leste EITI Multi Stakeholder Group

MINUTES

16 November 2012

09:00 – 11:55

Farol Office

Participants

Members*

Carlos Florindo	Program Manager ETADEP, CSO Representative
Martinha da Silva	Director FHF, CSO Representative
João Demetrio Xavier	Petroleum Tax Division, (MoF)
Elda Guterres da Silva	National Coordinator TL-EITI (MPRM)
Angelina Branco,	Eni Country Representatives
Angelo Lay	Director of Commerce (ANP)
Brendan Augustin	Country Manager for Sunrise (Woodside)
Jose Lobato	Country Manager ConocoPhillips Timor-Leste

Alternatives, and Non-Voting

Filipe Nery Bernardo,	Alternate, Petroleum Fund Analyst- (MoF)
Remigio Viera Laka,	Alternate, Director of FSG CSO Representative
Trifonio Flor Sarmiento	Outreach Officer TL-EITI (MPRM)
Sonia Boavida	Assistant Officer for TL-EITI

Absent:

Fernando da Silva,	Alternate Chief Accountant –BCTL
Venancio Alves Maria	Executive Director, PF Department, (CBTL)
Mericio Akara	Director of Luta Hamutuk, CSO Representative

Observers

Chair by: Elda Guterres da Silva	National Coordinator TL-EITI (MPRM)
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Agenda for discussion

1. Review Meeting Minutes on 5 October 2012
2. Review Meeting minutes on 12 October 2012
3. Review 3rd and 4th report
4. Other Business

1.) Meeting Minutes on 5 October approved

2.) Meeting Minutes on 12 October request additional revision as following:

1. In Page 3 sentence 2 in principle all information confidentiality but with eiti report industry agreed to disclose information in certain level to the public according to the MSG agreed reporting templates
2. Editing this 2010-2011 report which is consistent with previously report change to agreed reporting template
3. Request MS to re-produce new templates report as agreed on by MSG previously change to draft report in accordance with agreed templates.
4. justification address to MSG Industry (Woodside) on related to the as following:
 - What is Advantage and disadvantage of changes current format and the previously reporting templates? Or
 - What Advantage and disadvantage to new report to community? what is his intention

MSG agreed circulate to via email for approved

3.) Review 3rd and 4th Report

Chair informed the MSG that the Annex 3 of the draft TL-EITI for 2010 and 2011 have been updated to accommodate comments from Industry (Eni) to reflect the correct legal entity within JPDA. The sample of the annex was tabled in the meeting.

Government Entity (GE) noted the Industry's concern, as raised in the previous meetings, that the current presentation of the information in the Annex 3 of the draft reports - which is specific to each company instead of aggregated as in template used in the first two reports. However, GE reiterated that MSG has the authority to agree on the new presentation as long as it sees that the current presentation has more benefits to the community and easy for the Timorese to understand the information disclosed in the reports, for example it shows different type of payments made by each company to the government. GE in the opinion that it was deemed necessary to make such changes and disclosure of the information as long as the information does not contain any risk to any parties and considered as confidential.

GE considers the current presentation of the information is in accordance with the agreed template with the improvement by showing each payment made by each company.

Industry disagreed that the current draft reports is in accordance with the agreed template and reiterated the fact that the MSG has not discussed and agreed to amend the template. The Industry considers any different presentation of the information from the previous

agreed template is an amendment of the template and it should be approved by the MSG before it can be used to disclose the information. Industry considers every information, in principle, is confidential and has commercial risk as the information can be used by its competitors. It is because of the Industry's commitment to support the EITI that it has agreed to disclose the information up to certain level. Industry, in principle, has no objection to disclose the information as in the current draft reports, however it should be discussed and agreed by MSG prior to the implementation of such amendment. The Industry needs to convey such amendment to the agreed template for approval from its respective HQ and JVs. Industry noted from the meeting with the Aggregating Body-AB (Moore Stephens) that the AB stated that there will be no change to the template. Industry agreed that the content of the draft reports have improved, however Industry has concern with the presentation of Annex 3 because it disclosed more information. Therefore, Industry proposed to exclude Annex 3 and other detailed information in the draft reports and to be replaced with the agreed template.

Industry (ConocoPhillips) proposes to include their five legal entities in (page 5).

Industry proposed to exclude Annex 1 which contained information on companies name, founding year, nationality, etc. as it add no value and not relevant to the TL EITI reports.

Civil Society - CS: expresses their concern that it seems that there will be no agreement reached due to different opinion from each pillar on the draft reports. Hence, the CS requested Government to exercise its political will to produce the reports as it is now. The CS argues that the current draft reports has more benefits and considered as an improvement from the previous reports and reiterated its contentment to draft reports. CS noted that MSG has not discussed any changes to the template; however, it does not imply that it should use the same template every year. There must be an improvement. CS does not see the information provided in Annex 3 has any risk to Industry because it is historical information and only shows whatever the company paid to the government.

CS requested the Industry to explain why it has objection to the current draft reports but not in the previous reports and to demonstrate how it can have any commercial risk.

CS requested each pillars collaboration to provide more information to the Timorese people.

GE seconded CS argument that it does not see any commercial risks can be derived from the information as it just shows the payment made in 2010 and 2011. The draft reports does not contain any information on production figures, agreed price, etc.

Industry reiterated that in principle it considers all information confidential and can have commercial risks. Industry expresses the fact that the current draft reports do not follow the agreed template and the changes to the template has not been discussed and agreed before by MSG. Hence, it suggested using the agreed template as in the previous reports. In the interest of time due to the deadline of the submission of the reports by 31 December 2012, Industry proposed to publish the reports as in the previous templates and to postpone the discussion on the amendment to next year. This is because Timor-Leste can lose its status as EITI compliant country if the reports are not published by 31 December 2012.

Industry also stated that Timor-Leste is still meeting the EITI requirement if the draft reports were presented in the same templates as previous reports. The current findings of the reconciliation shows no discrepancies. Therefore, there is no immediate need to change the reporting template.

GE argues that EITI report is not meant to show only whether there is any discrepancy between the amount paid and received but further to show whether the amount paid by the company or received by the government were the correct amount should be paid or received. The current draft reports is an important move towards more transparency which the government is being campaigning on. GE argued that the fact that MSG's decided to go for open tender in appointing the new Aggregating Body indicates MSG's intention to improve the process and reporting quality, including any amendment to the reports as it sees necessary. GE's opinion is that the current draft reports reflect this intention.

Industry agrees that the reports need improvement every year, however it should be done through an agreed process. The Aggregating Body can propose a reporting template if it was not exist, but Timor-Leste already has one. Industry appreciate the government initiative to promote transparency and always supportive of such initiatives. However, if the MSG wants to open discussion to amend the templates, it may take more time as it has to consult with its HQ and other JV partners. Industry afraid that Timor-Leste may not meet the deadline of submitting the EITI reports by end of December.

CS reiterated its contentment of the current draft reports. The CS noted that the current implementation of EITI principles is not based on any regulation, legal or law but on the commitment from each pillar. As a country showing strong commitment and responsible to transparency to disclose information to the community. CS in opinion that is not violating any law and it supports such work done by the government as it has moved beyond EITI, which has become a good example for the world. CS again requested the government to exercise its political good will by publishing the reports as it is now.

GE reiterate that the current reports are still in the draft version and the MSG has the authority to discuss and amend it. However, GE reminded that due to the time limitation, a decision should be reached soon. GE proposed to have a final discussion on 26 November. As much as possible a consensus is reached in the meeting, if not MSG may need to exercise its voting right to reach a decision.

MSG agreed each constitute (Gov, CS, and Industry) to have separate meeting to discuss this reports and present back in next meeting.

4.) Other Business

CPA will present draft Video competition to MSG in the next meeting for review and comment.

5.) MSG agreed to have next meeting on 26 November 2012, held in Farol