Timor-Leste continues to support resource transparency with the release of its 2012 EITI report

The Timor-Leste EITI Reconciliation Report for 2012 was launched on the 6th of February at a special event at Hotel Timor. Chair of the Extractive Industries Transparency Initiative, the Rt. Hon. Ms. Clare Short, visited Dili to be part of this special occasion and noted “Timor-Leste has established a strong track record in open revenue reporting.”

This is the fifth EITI Report published by the Timor-Leste, and the fourth since Timor-Leste became an EITI Compliant Country on 1 July 2010. At that time Timor-Leste was the first nation in the Asia Pacific region and the third country in the world to achieve compliant status.

The report, prepared independently by Moore Stephens, reconciles all payments declared by the extractive companies with the revenue data provided by Government entities to determine the contribution the sector is making to the economy and to improve transparency and responsibility. This 2012 Report is Timor-Leste’s first under the EITI Standard now including more comprehensive information than ever before. All reports are available for download at Timor-Leste’s EITI website: www.eiti.tl.

Delays in producing the 2012 report were due to differences in the Multi-Stakeholder Working Group, where the Extractive Companies were reluctant to accept the level of disclosure requested by other stakeholders. To overcome this impasse Confidentiality Agreements were signed between the Reconciler and the Companies. Minister of Petroleum and Mineral Resources, H.E. Alfredo Pires, pointed out this practice may need the attention of the EITI International Board to ensure that the nature of these agreements are not circumventing the requirements of the new standard.

Timor-Leste’s extractive industries revenues grew 10% to $3.6 Billion US in 2012. The ramp-up of production at the ENI-operated Kitan field from October 2011 compensated for the lower output at ConocoPhillips’ Bayu Undan caused by planned maintenance works. The split of Oil Sector GDP to Non-Oil Sector GDP was 77/23 percent in 2012, an improvement on the 80/20 figure of 2011. Nine mining companies extracting gravel and sand were included in the report but at this stage their contribution to revenue is minimal.
At the end of the reconciliation the discrepancy between the amount declared by the Government entities and the extractive companies was 0.001% of the total revenue. The Government entities registered more income than the companies declared they had paid. The Report notes “the un-reconciled differences are mainly due to companies that failed to submit their reporting template despite several reminders.” The Government entities reported fully, as did 9 Mining Companies whilst 3 of the 20 Oil and Gas companies did not supply their reporting templates.

The EITI is looking to press for even broader reporting in the future amongst its 48 Implementing Countries with ambitions to look more closely into revenue management and the link to spending. Minister Alfredo Pires, a member of the EITI Board, is challenging the Board to also look more closely at the Companies, particularly in areas such as misrepresentation, tax avoidance and what he calls “oil bullying”.

“Transparency is now a baseline for us,” noted Minister Alfredo Pires. “The expanded reporting under the EITI Standard allows us to delve deeper into more qualitative issues, which should highlight the strong investment potential in our extractive industries.”

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