

Timorese Audit Chamber “fails” largest contract in the history of the country

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The Timorese Audit Chamber (Câmara da Contas) refused to give prior approval to the largest contract in the history of the country’s Government, 720 million dollars, for the design and construction of the Suai Supply Base, a project known as Tasi Mane.

A source from the Audit Chamber confirmed to Lusa that the decision was signed on 23 October and the parties were notified on the 26th. A 15-day period is not running before it becomes final, during which time it can be appealed by the proponent themselves or by the Public Prosecutor.

The same source explained that the rejection was due “to non-compliance with basic standards in force in Timor-Leste.”

The law considers that “a basis for refusal is the lack of an appropriate budget section or line item, as well as lack of compliance with act, contracts and other instruments referred to by the laws in force.”

It was announced in June that the South Korean builder Hyundai Engineering & Construction had gotten the contract worth \$720 million (€ 660 million) for the design and construction of the Suai Supply Base, which is considered essential for oil exploitation activities in the Timor Sea.

The contract refers to “design and construction of Suai Supply Base”, one of the central elements of the Tasi Mane Project, one of the main element of Timor-Leste’s Strategic Development Plan (SDP).

The Organic Law of the Audit Chamber, approved in 2011, stipulates that prior approval is “necessary for expenses and any acquisitions of assets worth more than \$500,000,” a figure that was by ten times, to \$5 million, in August 2013.

Under the law, contracts subject to prior review “can only come into effect, whether contractual or financial, after approval” by the Audit Chamber.

The Tasi Mane is a multi-year project involving the construction of the supply base, a refinery in Betano, a Natural Gas Liquefaction Plant (LNG), a port and airport in Suai, a gas pipeline from the Greater Sunrise field, and the Suai-Beaçu highway.

“The project will involve the development of a coastal zone from Suai to Beaçu and ensure the availability of the necessary infrastructure to support a growing domestic oil industry,” according to the SDP.

This contract, which was awarded by the National Procurement Commission, is the first to a South Korean company in Timor-Leste.

Based on the contract, the company said, two units of the Hyundai Motor Group - Hyundai Engineering & Construction Co and Hyundai Engineering Co - will “construct supply facilities and a seawall to be used for oil development off the southern coast of Suai.”

The construction of the 3.3 kilometer seawall and other smaller accounts for 60% of the contract value.

It is expected that construction will take until September 2018.

Despite several attempts, Lusa could not get any comment from Alfredo Pires, Minister of Petroleum and Mineral Resources.

Francisco Monteiro, president of the Timor Gap, also declined to comment.

For more information on the Suai Supply Base, see <http://www.laohamutuk.org/Oil/TasiMane/13SSBen.htm>