

La'ó Hamutuk

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The Suai Supply Base part of the Tasi Mane South Coast Petroleum Infrastructure Project

25 April 2013. Updated 29 June 2016

Liga ba pajina ida ne'e iha lingua Tetum. Click on any graphic on this page to see it larger.

The centerpiece of Timor-Leste's 2011-2030 [Strategic Development Plan](#) is the [Tasi Mane Project](#) (TMP), a corridor of petroleum infrastructure along the southwest coast of this country which includes:

- **Suai:** Supply base area, industrial estates, Nova Suai town, [Suai airport](#), crocodile farm
- **Betano:** Refinery and petrochemical complex, petroleum city (Nova Betano), including [Environmental Assessment](#)
- **Beacu:** [LNG plant complex](#), Nova Beacu, Nova Viqueque, Viqueque airport.
- **Highway** from Suai to Beacu ([construction has begun for first 30 km](#))



This page discusses the first component of the project -- **the Suai Supply Base (SSB)** -- which is being managed by Timor-Leste's state-owned oil company [TimorGAP](#). It discusses the following:

- [What is the Suai Supply Base?](#)
- [Project history](#)
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A shorter version of this page is on [La'ó Hamutuk's blog](#).

What is the Suai Supply Base?



From [Environmental Impact Assessment](#) submitted by WorleyParsons

The main project in Suai will be a port



(breakwater and jetties), storage yard, warehouses, offices, fuel tank farm, helipad and future industrial park in Kamanasa Suco, Covalima District, as shown pink on the map at far right. The eastern boundary has moved to the river, for a total of 1,113 hectares. As shown on the small map, it is almost entirely agriculture land. It is a sacred area for local inhabitants.



This map is included in many official presentations.

TimorGAP's director for the SSB, Vicente Lacerda presented an [overview of the project](#) in October 2012 (Tetum).

The first phase of the Supply Base construction, shown in light blue as items 1-11b on the diagram at left, will use only

a fraction of this land. However, TimorGAP plans to fence in the entire area and exclude local use, perhaps as early as the end of 2013.



From Government presentations shown at many events from 2010 until today. The airport has been moved and the Suai Loro components have been cancelled.



This map, from the

Environmental Impact Assessment, shows land use in Covalima district. The Suai Supply Base area, outlined in red, is described as "urbanized" or "dryland arable - food crops."



This map from the [Government Results Portal](#) shows planning for land use in the SSB area; it is now outdated.



The Government has been distributing this flyer (front at left, back at right) to the Suai community and others since 2011.

Click [here for an English translation of the flyer](#), or click either image to see it larger.



Nova Suai from [Government Results Portal](#), April 2013



Nova Suai from EIA



In addition to the Supply Base itself, the Covalima

components of the Tasi Mane project will include an expansion of Suai airport, a 208-hectare "Nova Suai" new town to house workers from the project, and a divided highway that will eventually go 150 km to Beacu. A [tender process](#) for the first segment (Suai-Zumalai) of the highway began in mid-April 2013.

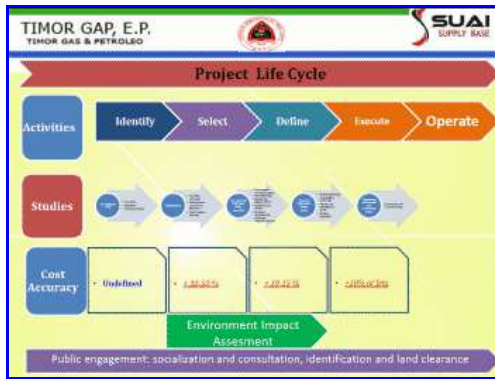
The project originally included a multi-function seaport to be built in Suai Loro, but this has been postponed indefinitely because it would be redundant with the new port to be built as part of the Kamanasa Supply Base. Although the Kamanasa port will give priority to petroleum-related shipping, it will have enough reserve capacity to also serve as a cargo terminal.



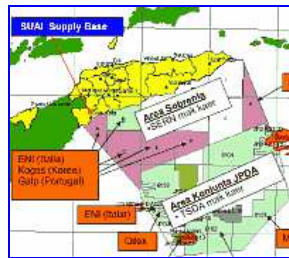
Suai Airport from [Government Results Portal](#), April 2013



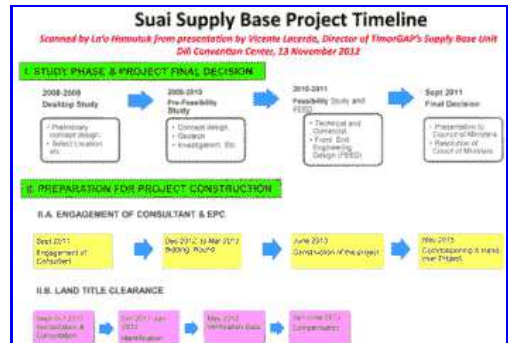
Suai Airport from WorleyParsons EIA



Project history and status



The Suai Supply Base has been part of the Government's public vision since early 2008, when the State Secretariat for Natural Resources (SERN) included the picture at right in their [annual plan](#).



[Presentation](#) by SSB project director to national conference 13 November 2012

From a [presentation](#) given by TimorGAP to Interministerial Team and public consultation on 25 October 2012



In October 2010, Prime Minister Xanana Gusmão visited a [Shorebase in Lamongan](#), East Java, the main project of the private company Eastlog Holdings Pte Ltd. Although Eastlog's offices are in Singapore, the company is registered in the British Virgin Islands, a famous tax haven in the Caribbean. Two months later, Timor-Leste [awarded](#) Eastlog a \$3.4 million contract to do feasibility studies and Front-End Engineering Design for the Suai Supply Base.

After analyzing Eastlog's reports, the Council of Ministers decided in September 2011 to proceed with the project, completing the first row of boxes in the timeline at right.

Land identification and negotiation then started, as well as a draft Environmental Impact Assessment (see [below](#)). The Government awarded Eastlog a second contract to manage the construction of the Supply Base, and a tender for the construction is likely to be held during the second half of 2013.

In November 2012, TimorGAP director for the Suai Supply Base project, Vicente Lacerda, gave a televised [presentation](#) to a national conference describing the status of the project.

See [below](#) for changes to the project plan during 2013-2014.

[Book 2](#) of the proposed 2013 State Budget outlines the Annual Action Plans of each agency. In late 2012, the Ministry of Petroleum and Mineral Resources and TimorGAP planned the following achievements for the Suai components of the Tasi Mane Project during 2013:

- Suai Supply Base: tender is completed, and construction is 30% completed by the end of 2013.
- Suai Airport: tender is completed, landowners are compensated, and construction is 50% completed by the end of 2013.
- Suai Crocodile Park: design is completed.
- Nova Suai town: detail design discussed with partners.
- Industrial Special Zone: legal aspects completed; initial studies; discussions with partners.

On 8 April 2013, Mr. Lacerda told La'o Hamutuk that the land identification, consultations and negotiations were essentially concluded. The Government signed an agreement with community leaders later that week (see [below](#)).

However, the bidding round to select a company to do detailed engineering, procurement and construction (EPC) of the Supply Base is being delayed by the Major Projects Secretariat and the *Tribunal das Contas*, who are reviewing details of the tender documents and process to ensure compliance with Timor-Leste laws and good international practice. As a result, the tender and subsequent steps in the project (last three yellow boxes in the diagram above right) may be delayed by six months or more.

Budgeting -- cost multiplies by fourteen before construction begins.

Caution: some information in this section has not been updated for more recent state budgets. Skip down for current information.

Information about how much Timor-Leste will spend to build the Suai Supply Base is hard to find, but a little has been published in the annual state budgets. During the last 2½ years, SSB cost has skyrocketed from \$52 million to \$719 million. Decision-makers who approved a lower-cost project should consider if it still makes sense, as its cost could escalate even more.

The [2011 State Budget](#), adopted in late 2010, was the first to include significant appropriations for the Tasi Mane Project and the Suai Supply Base, authorizing expenditure for Suai Port, Airport and Supply Base from the [Infrastructure Fund](#). At that time, Government requested (and Parliament approved) \$31 million to be spent on the Tasi Mane Project during 2011, as part of \$276 million to be spent between 2011 and 2015.

For the Suai Supply base, the 2011 budget allocated a total of \$51.5 million during 2011-2015 (\$12 million of which would be spent in 2011) and \$12 million more to rehabilitate Suai airport (\$6.5 million to be spent in 2011). It also allocated \$90 million in 2012-2014 for a Multi-purpose Port in Suai Loro, but that project was later cancelled.

Some other Tasi Mane budget lines -- including planning, environmental impact studies, and the Suai-Beacu highway -- partially support the Supply Base. In the 2011 budget, these totaled less than \$3 million. They are not included in this discussion, as we don't know how much should be charged against the Supply Base.

Eastlog was contracted in late 2010 to do a "Commercial and Financial Feasibility Study, Detail Design with complete Engineering" of the Suai Supply Base. We have not seen their studies, which were submitted in mid-2011.

By the end of 2011, the Government had spent only \$1.75 million on the Supply Base and zero on the port and airport. Under Infrastructure Fund rules, money which was not spent automatically carries over to next year.

[La'o Hamutuk's submission to Parliament](#) in December 2010 called the Tasi Mane project "a troublesome foot in the door"

This budget allocates only the initial payment, primarily for designs and studies. No information has been provided about the total costs of these projects, including construction, operation and maintenance, which could be in the many hundreds of millions of dollars.

Furthermore, nothing is said about how many jobs these projects will provide for Timorese workers, how much land they will take from uses such as agriculture and fishing, how many people will have to be displaced, or how much revenue they will generate for the state. If Parliament does not receive preliminary estimates in a credible and accessible form, we urge you not to give the Government a "blank check" for a project which may turn out to be useless or have negligible benefits. If these projects were expected to make money, investors would be implementing them already.

The Government often discusses the need to move Timor-Leste's economy, including state revenues, away from our overwhelming dependence on oil and gas. The "Tasi Mane" project, however, is still in the oil and gas sector, and will become useless when our finite petroleum reserves have been used up in 15-40 years. Timor-Leste's future economic growth would be better served if major infrastructure projects, especially those paid for with the people's money, directly benefited our population, rather than providing services for international oil companies who will be here for only a few decades.



(also Portuguese original)

On 2 September 2011, the [Council of Ministers](#) approved [Resolution 26/2011](#) (left), which says that the estimated cost to build the first phase of Suai Supply Base will be between \$273 and \$347 million. This figure, approximately six times larger than the estimate in the 2011 State Budget, was the basis for the Council of Ministers' "Final Decision" to go ahead with the project.



Detail from an October 2012 [presentation](#), showing the current situation of the SSB in the project cycle and indicating 10% cost uncertainty.

In March 2012, WorleyParsons submitted a draft EIA which said that the cost of all three phases of building the SSB, airport and Nova Suai would be \$150 million through 2030, probably based on Eastlog's studies. However, in the final EIA two months later, TimorGAP corrected this to \$350 million, without specifying which phases or time period it covers.

According to the diagram at right, from a [presentation](#) by TimorGAP in October 2012, the cost uncertainty at this point in the project cycle -- after the Front-End Engineering Design (FEED) -- is less than 10%.

The [2012 General State Budget](#) adopted in late 2011 appropriated \$322 million for the SSB over the next five years, \$100 million of which was to be spent during 2012.

When the Government proposed a [mid-year adjustment to the 2012 budget](#) in September, it was already clear that much of the \$163.8 million allocated for Tasi Mane in 2012 would not be spent in that year. Therefore, in order to fund veterans' pensions and other new expenses, the Government borrowed \$30 million from the Infrastructure Fund which had been designated for the Suai Supply Base (and \$20 million more from the south coast highway), on the condition that it would be reinstated in the 2013 State Budget. The total cost of the projects were not changed.

Executed Suai Supply Base capital expenditures during 2012 were \$11 million, with a million more spent on the airport. Even with the adjusted budget, this was only 14% of the money envisioned two months before the year ended.

In October 2011, La'o Hamutuk [warned Parliament](#):

The Supply Base is a hidden subsidy for Timor-Leste's new TimorGAP, E.P. national oil company, which also receives \$2 million in state funds every year, buried in the SERN budget. In September, the Council of Ministers appointed the Singaporean company Eastlog Holdings PTE [LH later learned that Eastlog is registered in the BVI] to direct construction of the supply base, and it will become the property of TimorGAP when it is built. We hope that Parliament will carefully evaluate the costs and benefits of this "investment" before approving a major expenditure which will primarily help Singaporeans. TimorGAP was established without any Parliamentary input or authorization, and has no legal obligation to report to Parliament or the public. Before approving additional money for TimorGAP or the Suai Supply Base, Parliament should request to provide a business plan, financial analysis, and regular reporting on how it will use the people's money.



La'o Hamutuk's concerns at right were echoed by [Parliament Committee C](#):

The evolution of costs under the "Tasi Mane" project for 2012 is our largest concern among all major capital projects. This project has suffered several setbacks, initially because the 2012 rectification budget withdrew \$50 million on the condition that it be restored in 2013, but this was not programmed by the Government. Still, of the \$123.038 million remaining in the project, only 17.5% of this amount has been executed (\$21.586 million). Why does "Tasi Mane" receive \$139.402 million in 2013? At first glance, we do not foresee its complete execution.

In December 2012, the Government proposed the [2013 State Budget](#) to Parliament. **The Suai Supply Base 2011-2017 project cost had had doubled again, to \$719 million**, with an additional \$62 million to be spent on Suai Airport. Total Tasi Mane project expenditures were listed as \$1,353 million.

The Parliamentary process to enact the [2013 State Budget](#) reduced total Infrastructure Fund allocations by \$150 million from the Government's proposal, but the appropriation for Tasi Mane was not changed. It includes \$101 million carried over from 2012 and \$38 million added in 2013, for a total of \$139,402,000. The debate was carried out [behind closed doors](#), but Parliamentarians told us they left Tasi Mane untouched to present a unified front to the Australian government on Timor-Leste's desire to bring the Greater Sunrise pipeline here.

The graphs at left and right show how budgets from 2011 through 2014 allocate funds for the Suai Supply Base, port and airport. The red line, representing the 2013 budget as approved by Parliament in February 2013, continues to increase through 2017, the last year for which numbers are given. TimorGAP told La'o Hamutuk that the Ministry of Finance estimates what will be spent each year after 2013, and declined to confirm them or provide estimates of the total cost of the Suai Supply Base. Although they were significantly reduced in the [2014 budget proposal](#), we do not know if this genuinely reflects expected project costs.

La'o Hamutuk [expressed our skepticism](#) in January 2013:

Frankly, we do not believe the high rates of return claimed for the Tasi Mane project. Before allocating additional funding for Tasi Mane, Parliament should insist on full project cost and earnings projections, expected rates of return (with underlying assumptions, data and calculations), realistically expected socio-economic benefits and spinoffs, and other concrete project information, including what happens if the Sunrise Pipeline is delayed or never comes to Beagu. How else can you decide whether this a secure investment in Timor-Leste's future or a multi-billion-dollar gift from Timor-Leste's people to international contractors and oil companies?



[Budget Book 6](#) of the **2013 State Budget** describes the following appropriations for the Tasi Mane Project from the Infrastructure Fund, which were enacted by Parliament. When the Ministry of Finance published the [final budget books](#) in April 2013, they had changed 2014-2017 plans after the budget was approved, shown in *red italics* in this table. Some of the Tasi Mane and SSB spending previously anticipated for 2014-2017 was delayed to 2018 and later, so that it no longer appears in the books. **The graphs above and below are based on what Parliament approved in early 2013.**

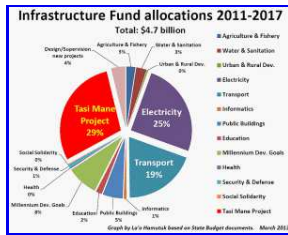
Tasi Mane Project	Spent in 2011	GSB 2012 rectification	Estimated after 2012	Final spent in 2013	Final GSB 2013	2014	2015	2016	2017	Total 2013-2017	2018 and after
Environmental Studies (SOB) to develop infrastructure on the south coast [\$1.1 million contract awarded in November 2011 to WorleyParsons]			2.9	1.4	1.4					1.4	
Design, construction and supervision to develop infrastructure on the south coast (rehabilitation of Suai airport) [Design contract for \$0.9 million to Jurutera Perunding Zaaba Sdn Bhd in January 2012] [A tender for construction was conducted in early 2013, including a pre-bid meeting.]	1.8	5.0	0.9	14.1	20.0	20.0	20.0	7.5		61.6	
Design, construction and supervision to develop infrastructure on the south coast in Suai (Supply Base)		77.2	10.7	84.0	100.0	149.4	173.0	200.0	200.0	706.4	<i>much more</i>
					<i>75.0</i>	<i>100.0</i>	<i>150.0</i>	<i>200.0</i>		<i>609.0</i>	

Other parts of the Tasi Mane project are also included in the budget:

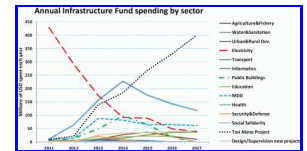
Detailed geotechnical and marine survey for Betano petrochemical plant		5.0	2.5	3.6	5.0					8.6	
Design and construct Betano refinery and petrochemical plant (not in budget, PTT Thailand may cover some of this investment)		0	0	0	?	?	?	?		billions	more
Construction and detailed supervision for roads and bridges (Suai-Betano-Beagu Highway) [Bids were invited in April 2013.]	1.0	25.6		34.0	50.0	100.0	150.0	200.0		534.0	<i>much more</i>
					<i>25.0</i>	<i>30.0</i>	<i>35.0</i>	<i>40.0</i>		<i>164.0</i>	
Anticipated loans for the Suai-Betano Beagu Highway, Phase I						28.0	30.0	50.0		108.0	<i>much more</i>
						<i>5.0</i>	<i>10.0</i>	<i>15.0</i>		<i>30.0</i>	
Detailed local survey to develop infrastructure on the south coast in Beagu	5.0	0.5	0.5							-	
Construction and supervision to develop infrastructure on the south coast in Beagu	0.6	3.7	3.5	1.2	8.0					9.2	
Analysis of the Pipeline Route to develop infrastructure on the south coast [Contract awarded in January 2012 to JP Kenny Indonesia]	0.4	3.1	2.0	1.1	1.0					2.1	
Design and construct Beagu LNG plant and pipeline (not in budget, oil companies may pay for some of this investment)		0	0	0	?	?	?	?		billions	more
Total (including loans)	8.7	123.0	21.6	139.4	184.0+	297.4+	360.5+	450.0+		1,431.3+	<i>much more</i>
					<i>134.0+</i>	<i>155.0+</i>	<i>202.5+</i>	<i>255.0+</i>		<i>855.9+</i>	

Numbers in *red italics* are alterations made by the Ministry of Finance after the 2013 State Budget was enacted.

Three quarters of the way through 2013, \$1.1 million had been spent for Environmental Studies, but none of the remaining \$98 million allocated for the Suai Supply Base and Airport for 2013 had been [executed](#).



According to the proposed 2013 State Budget, during 2013-2017 the Government expected to spend more than \$1.3 billion from the Infrastructure Fund on Tasi Mane, nearly one third of all Infrastructure Fund spending, and nearly twice as much as the \$0.7 billion estimated in the previous year's budget. The \$781 million allocated to the Suai Supply Base and Airport is more than five times what the entire nation will spend on infrastructure for agriculture, education, or water and sanitation.



These graphs are based on data Parliament used to enact the budget in February 2013, not later alterations by the Finance Ministry.

The projected costs of the Suai Supply Base construction fluctuate with each annual state budget. The following are from Budget Book 6 of the enacted budget for each year, which projects spending for the next five years for major infrastructure projects. These numbers, in millions of U.S. dollars, do not include Suai airport, TimorGAP operating costs, EIA costs, or expenses or costs for other parts of the Tasi Mane project. Executed spending is in black and projected spending is in green.

Budget year	2012	2013	2014	2015	2016	2017	2018	2019	Total	TimorGAP testimony	TimorGAP Annual report
2012	77.2	120.0	100.0	0	0				297.2		2011-2012
2013	0.2	84.0	75.0	100.0	150.0	200.0			609.2		2013
2014	0.2	1.5	18.0	80.0	75.0	75.0	42.8		292.5	11-Nov-2013	2014
2015 (also ret)	0.2	1.5	6.7	20.4	75.0	150.0	110.0	40.0	399.2	7-Nov-2014	2015

In June 2015, Timor-Leste awarded a contract to Hyundai Industries for \$719.2 million to design and build the Suai Supply Base, nearly double the remaining amount approved by Parliament for the project. Four months later, Timor-Leste's Audit Court rejected the contract. On 10 November, the Council of Ministers decided to appeal the court's decision.

The Government proposed its State Budget for 2016 to Parliament on 29 October, including the following for the SSB. For the first time, the budget books suggest that \$163 million of the \$733 million it will cost to build the SSB will be financed by borrowing, but contains no information about who will lend the money or what the repayment terms will be. TimorGAP provided some information on their finances and plans to Parliament at a hearing on 18 November.

Budget year	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
2016 (GSB)	0.2	1.5	8.2	20.4	35.0	106.7	179.0	145.5	73.9	570.3
2016 (loans)	-	-	-	-	10.0	53.6	59.7	31.8	8.0	163.0
2016 (total)	0.2	1.5	8.2	20.4	45.0	160.3	238.7	177.3	81.9	733.3

On 18 December, Parliament approved the 2016 Budget without changing the appropriation for the Tasi Mane project, including the SSB. However, the Infrastructure Special Fund which includes them was restructured as an "autonomous fund," with unclear consequences.

Environmental Impact Assessment



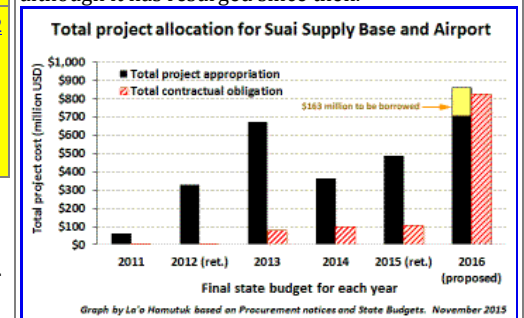
On 25 August 2011, the RDTL National Procurement Commission invited bids to carry out an Environmental Impact Assessment (EIA) and develop an Environmental Management Plan for eleven components of the Tasi Mane Project (more details and documents here), awarding the \$1,075,370 contract to the Australian engineering company WorleyParsons on 17 November.

Although SERN asked WorleyParsons to prepare an EIA for the entire TMP, they did not give WorleyParsons enough information on project specifics, so WP focused on the Suai Supply Base, including the breakwater and jetty, port, industrial estate, Nova Suai new town, airport and crocodile reserves. The Betano and Beacu EIA and the SSB EMP they submitted are strategic; that is, they do not contain detailed project-specific information or recommendations and are insufficient to apply for an environmental license.

In March 2012, WorleyParsons presented a draft report (8MB), as well as a draft Environmental Management Plan and technical reports on Marine Environment (2MB) and terrestrial Flora and Fauna (5MB) to TimorGAP and the State Secretariat of Natural Resources (SERN), who passed it on to the State Secretariat of the Environment (SEMA) a few weeks later.

After receiving clarifications and additional information from TimorGAP, WorleyParsons finalized their

Each year, Government tells Parliament a new number for how much it will cost to build the Suai Supply Base and Suai Airport. The black bars in the graph below show the total expenditures for these projects in each year's budget, which estimates spending during five years after each budget year. The total estimated cost of the project increased rapidly from 2011 to 2013 and then dropped, although it has resurged since then.

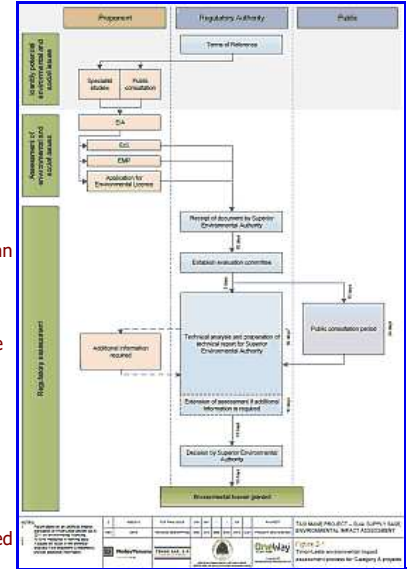


However, the 2016 budget does not expect that Timor-Leste will use its own funds to pay for all the contracts which have already been signed (shown by the striped red bars). Although Timor-Leste has already awarded contracts for the SSB and airport totaling \$825 million, the 2016 budget anticipates spending \$700 million from the Infrastructure Fund between 2011 and 2020 on the SSB and airport, with an additional \$163 million to be borrowed by 2020 and repaid in subsequent years.

750-page Environmental Impact Assessment for the Suai Supply Base in May 2012 ([executive summary](#), 3MB) and an 1190-page Strategic Environmental Impact Statement for the Betano refinery and Beacu LNG plant ([executive summary](#), 4MB - see [below for complete documents](#)) in June, which SERN forwarded to SEMA. The SSB EIA is in three volumes, in English:

1. [Part A](#) (14 MB, including executive summary, introduction, regulatory and project context, consultation, climate, land use, topography, geology, air, noise, water, land and marine ecology)
2. [Part B](#) (6 MB, including social and economic values, land transport, waste management, environmental management framework, conclusions and recommendations)
3. [Attachments](#) (8 MB, including Terrestrial Flora and Fauna Technical Report, Marine Ecology and Fisheries Technical Report, and Tasi Mane Project Strategic Environmental Management Plan)

Under [Decree-Law 5/2011 on Environmental Licensing](#) (official [Portuguese](#)), applying for an environmental license triggers a 50-day Technical Evaluation process, including 24 days of public consultation. The diagram at right is WorleyParson's view of this process, SEMA says it is not completely right. However, SEMA feels that these documents are not yet complete, so the clock has not started. SEMA, MPRM and TimorGAP continue to exchange questions and answers.



This "Final" EIA explains that limitations of time, information, and project details make it tentative (emphasis added): "The specialist studies that informed this study took place within a narrow timeframe, in many instances without the benefit of the historical information or baseline information necessary to place into context the observations made during the fieldwork and in desktop studies. In addition, the level of engineering design detail available can best be described as **preliminary in nature**. Considered collectively, the **conclusions that can be drawn in this report should be regarded with some caution** as there is little doubt that, with the benefit of additional engineering design information and scientific data, the information presented and recommendations contained in this report will almost certainly change. ... If the Government of Timor-Leste wishes to reduce the current level of risk associated with the amount and scope of information to inform its decision on whether the project should proceed, **an extensive array of further work is recommended.**"

The EIA includes a "Strategic Environment Management Plan" for the Supply Base which lacks specific information and is insufficient to apply for an environmental license. It says "An environmental management plan (EMP) is required to be submitted with the environmental impact statement (EIS) to support an environmental licence application ... In the absence of a detailed project description, a strategic EMP (this document) has been prepared ... [which] **will then form the basis for detailed EMP's required prior to construction and operation** of the project. The detailed EMP's will be site and activity specific and will set out the specific tasks to be implemented by the project staff and contractors."



In April 2013, TimorGAP's SSB project manager told La'o Hamutuk that he recognizes the value of environmental protection, but that the Suai Supply Base, as a project in the national interest, must be granted an environmental license before construction begins. If the State Secretariat for Environment (SEMA) does not issue a license in time, TimorGAP may try to amend the Decree-Law or find another way to ensure that the bureaucracy or legal technicalities do not delay the project schedule.

On 12 June 2013, SEMA responded to political pressures and issued [Environmental License No 02/C:A-1/SSE-MCIE/VI/2013](#) for the SSB, "consisting of five major components: Supply Base, Industry State, New Town, Suai Airport, Two Crocodile Reserves." La'o Hamutuk believes that many legally required procedures were not followed and that SEMA did not have enough information to evaluate the project's environmental impacts and how they will be managed, especially during operation and decommissioning. We are looking into this more deeply and will write more as we learn more.

La'o Hamutuk has observed numerous flaws in EIA processes, including the Suai Supply Base license, which was "issued with "political interference" according to the Environmental Directorate. We wrote two blog articles: [Environmental licensing – who needs it?](#) (2014) and [LH husu PDHJ atu haforsa implementasaun Lei Lisensamentu Ambientál](#) (2016).

Contracting

So far, nearly all the money spent on this project has gone to foreign companies, providing hardly any local employment or spinoffs. The contracts listed below are those on the Government's [Procurement Portal](#) which relate to the Suai Supply Base and Airport; many others are not listed. Although two contracts are listed for Eastlog Holding PTE, these are actually one \$3.4 million contract to conduct a feasibility study and front-end engineering design (FEED) for the SSB.

Award date	Vendor name	Procurement document (follow links to get vendor or contract details from the Procurement Portal)	Award amount
21-May-2010	TOKE OIL & GAS SA	Offshore Ground Investigation and Bathymetric Survey Services in Three (3) Inshore Areas at Suai and Beacu	\$1,299,141
19-Nov-2010	TOKE OIL & GAS SA	Contract No.: STA-SERN-001/2010 Provision of Metocean and Ground Investigation Survey nearshore and onshore Timor-Leste	\$6,639,517
16-Dec-2010	PT. BEXCELLENT MITRA CEMERLANG	Spatial design planning for southern coast of Timor-Leste (Districts of Suai, Manufahi and Viqueque) (No. 005 MPS/MED/SDPSC/XI/2010)	\$1,181,065
16-Dec-2010	PT. DSI MAKMUR SEJAHTERA	Spatial Design Planning for Southern Cost of Timor Leste, (Districts of Suai Manufahi and Viqueque) (No. 004/MPS/MED/SDPSC/XI/2010)	\$900,000

17-Dec-2010	EASTLOG HOLDING PTE LTD (miscoded on the portal as Timor-Leste's embassy in China)	Provision of the Commercial and Financial Feasibility Study, Detail Design with complete Engineering of Suai SUPPLY (No. 007-MPS/SSB/XII/2010) See Government Resolution No. 26/2011 (also Portuguese) later appointing Eastlog as Supply Base Technical Consultant.	\$1,500,000
22-Dec-2010	EASTLOG HOLDING PTE LTD	Provision of the commercial and financial feasibility study, detail design with complete engineering of Suai Supply base (Contract no. 007-MPS/SSB/XII/2010)	\$1,900,000
17-Nov-2011	WORLEY PARSONS PTE LIMITED	Environmental Impact Assessment/study (EIA) Study on Tasi Mane (Consultant for Suai, Betano -Same, and Beaco - Viqueque) (Contract No. RDTL - 12000031)	\$1,075,370
10 Jan-2013 (amended 9-May-2013)	EASTLOG HOLDING PTE LTD	Consultancy services for the preparation and execution of an international public tender aimed at selecting a qualified Design and Build Contractor for the Suai Supply Base Project and subsequent supervision of the Project's construction phase (Contract No. 01/MPRM/I/2013)	\$6,958,346
8-Nov-2013	PT. WASKITA KARYA (PERSERO)	Upgrading Suai Airport (ICB/035/TGAP-13)	\$67,691,190
2-Jul-2014	PT. WASKITA KARYA (PERSERO)	Upgrading of the Existing Suai Airport (ICB/035/TGAP-2013)	\$19,000,000
19-Sep-2014	Jurutera Perunding Zaaba Sdn Bhd	Consulting Services for the Upgrading of the Existing Suai Airport	\$1,000,000
15-Nov 2014	Banco Nacional Comercio de Timor-Leste	Payments for land acquisition for Suai Supply Base, first phase (two contracts)	\$4,674,369
15-Nov 2014	Banco Nacional Comercio de Timor-Leste	Payments for land acquisition for Suai Airport, first phase (three contracts)	\$2,785,106
29-May-2015	Jurutera Perunding Zaaba Sdn Bhd	Consulting Services - Construction Supervision for the Upgrading of the Existing Suai Airport	\$784,616
12-Jun-2015	Hyundai Engineering & Construction This contract was not approved and the company withdrew in June 2016.	Design and Construction of the Suai Supply Base (ICB/012/MPMR-2013)	\$719,212,000
?	?	Many other contracts have been awarded, including hundreds of millions of dollars for construction of the first segment of the Suai-Beaçu Highway, but amounts have not been disclosed to the public.	
TOTAL			\$836,600,720

December 2010, Timor-Leste awarded a [\\$3.4 million contract](#) to Eastlog (listed as two separate items on the portal) to provide a "commercial and financial feasibility study, detail design with complete engineering of Suai Supply base."

On 2 September 2011, the Council of Ministers approved [Resolution 26/2011](#) (also [Portuguese](#)), appointing Eastlog as consultant and specialist to execute an "Engineering, Procurement and Construction" contract for the first phase of the Suai supply base, estimated to cost \$273-\$347 million. Eastlog will be paid \$6.6 million, or 2.5% for the total project cost. Although the resolution isn't explicit, TimorGAP and other agencies interpret it as a "Final Decision" to go ahead with the project. This second contract for Eastlog was done without a public tender and has not appeared on the Government's Procurement Portal website.

When finished, the Supply Base will be used exclusively by the [TimorGAP National Oil Company](#), which will own the project and be expected to cover an estimated \$8 million in annual operating costs.

In November 2011, WorleyParsons was awarded a million-dollar contract for the Tasi Mane Environmental Impact Assessment (see [above](#)).

In late December 2011, the National Procurement Commission carried out a tender for detailed engineering design for rehabilitating the **Suai airport**, announcing its [intention to award](#) a \$930,000 contract to the Malaysian company [Jurutera Perunding Zaaba Sdn Bhd](#), although the contract has not appeared on the portal. [Another tender](#) is being conducted in January-March 2013, including a [pre-bid meeting](#) at the end of February, for the construction of a new passenger terminal, control tower, helicopter hanger and other airport infrastructure and control systems, as well as extending the runway from 1,050 to 1,500 meters.

TimorGAP, with Eastlog's support, planned to conduct a tender for Suai Supply Base Engineering, Procurement and Construction (EPC) during early 2013. However, the Major Projects Secretariat and the Appeals Court (acting as the interim High Administrative, Tax and Audit Court) are reviewing the documents to ensure that the tender and contracting processes are legal and protect Timor-Leste's interests. This process is taking some time.

On 10 January 2013, Timor-Leste and Eastlog signed another consultancy contract "for the provision of consultancy services for the preparation and execution of an international public tender aimed at selecting a qualified Design and Build Contractor for the purposes of implementing the Suai Supply Base Project and subsequent supervision of the Project's construction phase." Timor-Leste will pay

Brief Description of the Scope (abridged from the [Prequalification Tender Documents](#))

The Proposed Suai Supply Base is a multi-user integrated supply base, and is an important part of the proposed developments at the South Coast of Timor-Leste. This Bid encompasses the design and build of the Phase 1 works. These works comprise the development of about 40 hectares of land into a multiuser and integrated supply base facility to support the construction of off-shore oil and gas exploration, development and production.

The onshore facilities include several standalone mini-shorebases, fully furnished office buildings, covered warehouses, RO water system, waste water treatment system, canteen & central kitchen for offshore supply, pipe racks, fuel tank for diesel, aviation fuel and gasoline, open yards, hard stand paved parking areas, staging areas for offshore fabrication, staff accommodation with sports and social facilities, community meeting hall, and associated infrastructure like main access and internal roads, perimeter and internal drainage, entrance facilities, guard house and fencing. There shall also be truck load outs of fuel to serve the supply base and local community.

The corresponding mechanical and electrical works necessary to support the proposed facility shall also be provided. These include receiving the MV power supply, MV and LV power distribution including substations with transformers and switchgears, LV sub-distribution boards, small power distribution, fire fighting system, wash down system, HVAC system, lightings, PLC/ Local control system, CCTV, PABX and other communications system, lightning and earthing system.

The supply base marine facilities include several reinforced concrete jetty structures, i.e. the main jetty with tug boat berth; the barge jetty; and the roll-on roll-off ramp. It also includes a reinforced concrete slipway jetty. These structures shall be equipped with the associated fenders, bollards, safety ladders and other wharf furniture.

The Main Jetty will be a piled open reinforced concrete structure, 150m long and 50m wide, with 5 berths capable of berthing 2 nos. 5,000 DWT PSC vessels and 1 no.10,000 DWT cargo vessel at -9m ACD natural depth, and equipped with 50t bollards and fenders. The jetty deck will be designed to accommodate the installation of bulk plants for mixing and loading cement, barite, bentonite and brine to support offshore drilling operations. The jetty trestle is 15 m wide and 100 meters long and will be

Eastlog \$6.68 million for these services. However, the Tribunal Rekursu, acting as the interim Tribunal das Contas, rejected the contract on 14 March because it did not require partial payment to be held back until the project is successfully completed. The contract was amended in early May to add 4% withholding taxes (raising the price to \$6.96 million) and to deduct 5% from each payment until Eastlog has completed all its contractual obligations.

On 24 May 2013, the National Procurement Commission and the MPRM [invited companies to "pre-qualify"](#) for the design and construction of Phase 1 of the Suai Supply Base. Prequalification applications are due by 8 July, and bids for the actual tender will probably be solicited in August. Download the 44-page [Procurement Document](#) (1 MB) given to bidders or the four pages of [project-specific information](#). Prospective bidders must have had at least \$400 million average annual turnover during the last three years, which excludes all Timor-Leste companies.

provided with 2-tug boat berths complete with bollards, rubber fenders and trestle lighting. The Barge Jetty will be a piled reinforced concrete structure, 100m long and 30m wide capable of berthing one (1) no. 7,000t DWT barge at -5m ACD natural depth, and equipped with 50 ton bollards and fenders. The Barge Jetty will be a bulk head structure incorporating concrete sheet piles as the retaining bulk head wall. A mooring buoy will also be provided to support the operations of the Barge Jetty. The LCT Ramp will comprise two (2) reinforced concrete LCT ramps capable of accommodating 5,000t DWT flat top barges with the ramp end at -4.0m ACD natural depth, and equipped with 50 ton bollards. The design and layout of the marine facilities within the harbour shall need to comply with the relevant international codes and requirements for safe navigation, berthing, mooring and operations. Navigational aids system shall be installed for the safe navigation of vessels using the supply base. A shore connected rubble-mound breakwater to be constructed up to the -18m ACD seabed is included in the works. It shall be designed to provide shelter from the waves, creating a calm harbour for the safe operations of the supply base under all weather conditions and throughout the year. A rock armour groin structure is also included in the works for the protection of the shoreline. The crest of the proposed breakwater shall also be used as road access and access way for running utility pipes for the supply base Main Jetty. It is intended that a liquid berth structure for a proposed refinery project in the nearby vicinity undertaken by Others may be constructed at the landward side of the breakwater located near the head of the breakwater. In such a case, the spatial requirements and the design of the breakwater may need to accommodate the requirements of the proposed liquid berth e.g. the breakwater design criteria and cross-sections, the crest width to accommodate additional operational areas and pipelines. The works will also include the operations of quarries including blasting for rock, hauling, barging and placement of approximately 2.8 million m³ of rock supply for core and rock armour units for construction of the breakwater.

By early October 2013, 15 companies had applied for prequalification. Eastlog evaluated their proposals, and the [Council of Ministers reviewed](#) their report. On 8 November, the [National Procurement Commission announced](#) that five companies had prequalified:

1. HDEC-HEC-AMCO Consortium (South Korea) - Hyundai Engineering & Construction Co., Ltd / Hyundai Engineering Co., Ltd / Hyundai Amco Co., Ltd
2. Essar Projects (India) Ltd
3. Afcons Infrastructure Ltd (India)
4. BAM International (Netherlands) in JV with Van Oord Dredging and Marine Contractor bv (Netherlands) and PT Wijaya Karya Tbk (Indonesia)
5. Constructora San Jose SA (Spain) in JV with Tecnicas Reunidas SA (Spain)

In August 2014, bids were opened from HDEC, Afcons and BAM. After receiving Eastlog's technical evaluation in November, TimorGAP and the National Procurement Commission submitted their recommendation to the Council of Ministers for approval.

COMISSÃO NACIONAL DE APROVISIONAMENTO
MINISTÉRIO DO PLANEAMENTO E INVESTIMENTO ESTRATÉGICO
Intent to Award

Tender Number	Description	Winning Contractor	Contract Price
ICBV12/MPMR-2013	Design and Construction of Suai Supply Base	Hyundai Engineering & Construction Co., Ltd / Hyundai Engineering Co., Ltd (HDEC-HEC) consortium	USD: 719,212,000

The National Procurement Commission will respond to any protest in writing received at the Office of the National Procurement Commission, Rua dos Direitos Humanos, DL, Timor-Leste no later than five (5) working days from the posting of this tender result.

Timor-Leste and Hyundai Engineering signed this \$719 million contract on 27 August 2015. It is the largest contract in the nation's history, more than the total spent on education since independence was restored in 2002. This announcement was made while Hyundai was blacklisted by the Korean government for collusion.

On 12 June 2015, two years after the first invitation, the National Procurement Commission [announced its intention to award the largest contract in the history of Timor-Leste](#), \$719.2 million, to the consortium of Hyundai Engineering & Construction Co., Ltd and Hyundai Engineering Co., Ltd. to design and construct the Suai Supply Base. This is nearly twice as much as the [2015 budget](#) expects to spend on

SUAI SUPPLY BASE (SSB) CONTRACT SIGNED *From TimorGAP Newsletters, September 2015*

TIMOR GAP has been mandated by, on behalf of the Ministry of Petroleum and Mineral Resources (Government), manage and administer the day to day activities for the implementation of three clusters of development planned along the coast of Timor-Leste's southern coast. These projects are called "Oil, Gas" and include three clusters: Suai Supply Base, Betano Refinery, Beqa L1 B2 Plant, plus additional infrastructures, such as Airport, Highway and New Cities to revitalize the affected Communities.

On 12th June 2015 the Korean Hyundai Engineering & Construction was awarded with \$719 million equivalent contract by Timor-Leste's Ministry of Petroleum and Mineral Resources (MPMR) for the design-build of the Suai Supply Base Project located on the southern coast of Timor-Leste.

HYUNDAI
 Hyundai Engineering and Construction Co., Ltd is a major construction company in South Korea which has carried out projects all over the world.

The National Oil Company (NOC) Timor GAP (E.P.) through Exploration & Production and Supply Base Unit conducted the SSB Contract Signing Ceremony on 12th June 2015. The Signing Ceremony held in the Conference Room in the Office of H.E. Minister of Mentor, Planning and Strategic Investment of MPRM, Mr. Adriano Gusmano, started with a brief introduction of the Process of Procurement by Mr. Antonio Gusmano, Director of MPRM, followed by a brief introduction of the Project by Mr. Vicente Lacerda, Director of E&P and SB Unit of TIMOR GAP.

The Ceremony counts with the participation of H.E. Minister of MPRM, Mr. Adriano Gusmano, H.E. Minister of MPRM, Mr. Alfredo Pires and the President & CEO of Hyundai Engineering & Construction (HDEC), Mr. Seon-Hyun Jeong, President & CEO of TIMOR GAP, Mr. Francisco Monteiro, E&P and SB Unit Director, Mr. Vicente Lacerda among.

the Suai Supply Base infrastructure over the next five years, and more than Timor-Leste has spent on education during 13 years of independence. The contract was signed on 27 August 2015. According to [Hyundai](#) quoted in the [international media](#), much of the contract is to build a 3.3 kilometer concrete seawall, and the project is expected to be completed by September 2018.

KOREA JOONGANG DAILY
Agency bans 21 builders from business with gov't
 Apr 26, 2014

The Public Procurement Service (PPS) yesterday banned Korea's largest builder, Hyundai Engineering and Construction, and 20 other builders from receiving government contracts as punishment for collusion.

Collusion penalties
 - Two-year bans

Daelim Industrial, Daewoo E&C, Doosan E&C, GS E&C, Hanyang Corp., Hyundai Development Company, Hyundai E&C, Kolon Global,

In April 2014, the [Korean government disallowed contracting with Hyundai Engineering and Construction](#) for two years because of the company's record of collusion. The scandal also resulted in blacklisting by several organizations and [\\$20 million in fines](#).

La'o Hamutuk organized a public discussion with TimorGAP President Francisco Monteiro on 22 October 2015. More than 120 people attended, and a lively discussion ensued. You can download the [presentation by Juvinal Dias of La'o Hamutuk](#) (also [Tetum](#)), and TimorGAP's presentation is available by email request from [La'o Hamutuk](#).

SAPONOTÍCIAS
Câmara de Contas timorense 'chumba' maior contracto da história do país
 30 de Outubro de 2015, 20:02

day, Timor-Leste's Câmara da Contas (the Audit Chamber of the Court of

The following

Appeals serving as the interim High Tax and Audit Court) rejected the SSB-Hyundai contract (LUSA article in [English](#) or [Tetum](#)). The Court notified the Procurement Commission on 26 October, and the ruling would prevent the contract from coming into force. However, on 10 November, the [Council of Ministers decided to appeal](#) the decision of the Audit Court. The appeal is moving slowly because the Appeals Court needs to add judges to form a three-judge panel which does not include those who made the first decision. Local media reported in February that Hyundai had virtually closed its Dili office while it waits for the situation to be resolved.

A Câmara de Contas timorense recusou o visto prévio ao maior contrato da história do Governo do país, de 720 milhões de dólares, para o desenho e construção da Base de Apoio de Suai, projecto conhecido como Tasi Mane.

Hyundai E&C has often been sanctioned for corruption by the Korean Fair Trade Commission (KFTC), the government body in charge of investigating and prosecuting corruption cases and anti-competitive practices involving Korean businesses. KFTC has fined Hyundai E&C for collusion at least 10 times since 2010, and the company has been banned twice by South Korea's Public Procurement Service from participating in bids for government contracts. However, these bans never came into effect because Hyundai appealed them, and the Korean government then pardoned the company before the appeals process was completed.

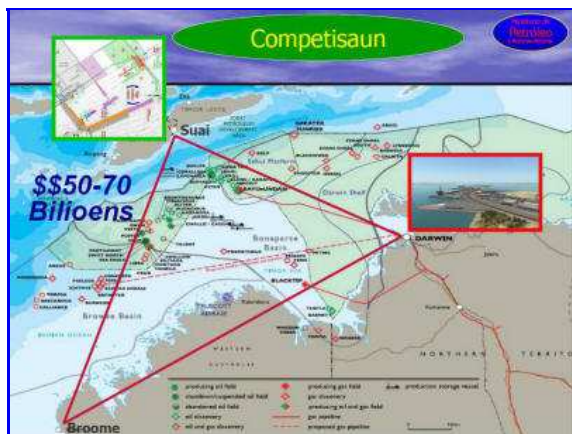
La'o Hamutuk has written an [article describing Hyundai E&C's history of corruption](#). We are concerned that the largest contract in Timor-Leste's history has been awarded to a company with a long record of criminal behaviour, and we shared this information to help Timor-Leste's policymakers ensure that corrupt companies do not take advantage of Timor-Leste's limited management experience and capacity.

The Korea Herald
Hyundai E&C scraps US\$720m East Timor project
 2016-06-17 09:25
 [THE INVESTOR] Hyundai Engineering & Construction Co. disclosed on June 16 that it has pulled out of the US\$720 million project in East Timor.
 In a regulatory filing, the builder said that the decision was made due to delays in the project receiving approval from East Timor courts.

In early June 2016, [LUSA reported](#) (original [Portuguese](#)) that unresolved aspects of judicial sector cooperation with Portugal continue to prevent Timor-Leste's Court of Appeals from hearing appeals of three Câmara de Contas decisions, including the Hyundai contract. Two weeks later, more than a year after the contract was announced, the company's patience wore out. On 16 June, [Hyundai E&C told Korean regulators](#) that it had pulled out of the Suai Supply Base project.

On 29 June, La'o Hamutuk published [Suai Supply Base contract cancelled; it's time to cancel the project](#).

Will the Suai Supply Base recover Timor-Leste's investment in it?



During late 2012, TimorGAP and the Ministry of Petroleum and Mineral Resources, with the occasional support of some civil society organizations, presented at or hosted several seminars and conferences on the Tasi Mane project, especially the Suai Supply Base. The pictures at left and right are from a [presentation](#) by Minister Alfredo Pires on 13 September. He explained that investments in petroleum operations totaling \$50-\$70 billion are planned in a triangular area of the Timor Sea between Suai, Broome (Western Australia) and Darwin (Northern Territory, Australia) and that these three cities will compete to provide logistics and supplies for these operations.



In January 2013, Parliamentary Committees C and D asked the Petroleum Minister what return the Government expects to get on the more than \$700 million it will invest to construct the Suai Supply Base. He replied that Bayu-Undan spends about \$500 million

every year on goods and services, and Kitan spends another \$125 million. If these figures are accurate, La'o Hamutuk doubts that there is enough potential business to recover this investment, as the following calculation demonstrates.

"Back-of-the-envelope" rough calculation of Suai Supply Base economics:

This calculation assumes that the Suai Supply Base will only cost \$700 million to build, while experience with other projects show it could double once again. We assume the Minister's figure of \$500m/year Goods and Services for Bayu-Undan is correct. We did not include short-term additional work during the exploration, construction and decommissioning phases of offshore projects, as this is difficult to quantify, unpredictable and is unlikely to make a significant difference.

If half of the \$500m Bayu-Undan spends each year goes for goods (the rest being for services), and the Supply Base operates with a 10% markup on goods that pass through it (the rest goes to the manufacturer, shipper and importer -- a higher markup would be uncompetitive), Bayu-Undan could provide \$25 million per year gross revenue to a supply base. If two-thirds of this pays for taxes, operational and personnel costs, this leaves about \$8 million per year to repay the investment and provide profit.

The Suai Supply Base will begin operation around 2016, and Bayu-Undan will end in about 2024 -- nine years. If we pessimistically assume that none of the Bayu-Undan supply business would have come to Timor-Leste without the SSB, the Bayu-Undan project will contribute \$72 million toward recouping the SSB investment. Kitan operation will only overlap the SSB by about two years, and it is already partly supplied from Timor-Leste, so its total contribution to SSB return on investment will be less than \$4 million. It would take seven times as much business as these two fields just to recover the \$700 million capital investment -- and that's without considering land compensation, depreciation, maintenance or profit. If a typical field operates for 20 years, it will take at least six more projects as big as Bayu-Undan to keep the Suai Supply Base from losing money.

How many Australian oil companies, operating in Australian maritime territory, want the extra costs, risks, currency exchanges, border crossings and administrative hassles which come with supplying their projects from another country? How can we persuade these companies to resist pressure from Australian manufacturers, labor unions and local authorities to bring their business home?

Of course, financial return is not the only benefit Timor-Leste hopes to get from this project. A [Government flyer](#) promises about 1,400 direct and indirect jobs from operating this project. Most of these jobs -- perhaps 1,200 -- will go to Timorese workers. Based on the estimates above, and on the improbable assumption that six more Bayu-Undan-sized projects are supplied from this base, there could be about \$25 million per year spent on personnel. If the 200 foreign workers average three times the salary of the average Timorese worker, this could pay an average Timorese wage of about \$1,160 per month, a reasonable salary in Timor-Leste's 2013 economy (if not in 2033). If the SSB gets business from only two more big oil and gas projects, less than half of that will be available.

Is it worth it? If the \$700 million the Government plans to "invest" on the Suai Supply Base project were divided evenly among 1,200 workers over 25 years, each person would receive \$1,944 every month. We're not suggesting that this be done, but only asking whether spending nearly twice as much to create a job as it will pay in salary makes sense.

$\$500\text{m/year} \div 2 \text{ (goods)} \times 10\% \text{ (markup)} = \$25\text{m/project /year.}$

Two-thirds for taxes, operational costs and personnel, leaving \$8m/year from supplying Bayu-Undan to repay capital investment, without profit. For Kitan, it's \$2m/year.

Bayu-Undan could use the SSB for 9 years = \$72 million. Kitan could use it for two years = \$4 million.

SSB investment: **\$700m + \$400m debt service/NPV = \$1,100 million.**

Could recover \$76m from B-U & Kitan, leaving **\$1,024 million.**

A typical large project runs for 20 years @ \$8m/year = \$160 million.

Therefore, the SSB needs more than six new Bayu-Undan-sized projects just to break even.

1,200 Timorese jobs and 200 internationals, who make three times the salary.

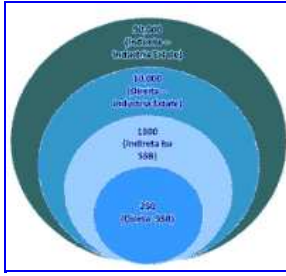
Each project provides \$5 million/year to pay for salaries.

Five projects at any given time = \$25m/year = **\$1,160/Timorese worker/month.**

But \$700 million spent / 25 years / 1,200 workers = **\$1,944/worker/month.**

The SSB will spend almost twice as much to create jobs as those jobs will pay in wages.

Views and observations in the Suai Community



This graphic is from a [flyer \(front, back, English\)](#), which promises many jobs for Timorese workers in SSB: 300 direct and 1000-1500 indirect during construction; 272-370 direct and 1000 indirect during operation; 10,000 in new industries which the petroleum supply base will attract (such as factories, agriculture, tourism and fishing); and as many as 50,000 indirect jobs supporting the other workers.

Government promises led many area residents to believe that people from the Suai area would get all the jobs, and conflicts could occur when workers are hired from other districts or countries. TimorGAP is now urging locals to be more accepting.

According to the 2010 [Business Activity Survey](#), Timor-Leste had 46,700 private sector jobs in the entire country (3,400 in manufacturing). Ten years from now, more than 2,000 young people will be added to the labor force every single month, and the Supply Base and Tasi Mane project will only be able to employ a small fraction of them.

National development requires job creation to be more geographically diverse, and to involve agriculture, light industry and other productive work outside the oil and gas sector. Around the world, petroleum processing produces fewer jobs than virtually any other sector.

SERN and TimorGAP officials have visited Suai many times since September 2011, talking with community leaders and members about the Supply Base.

Community concerns about the [1,300 hectares of land](#) that will be taken for the Supply Base and Nova Suai heightened in 2012, and local residents invited the national Land Network (Rede ba Rai) to come to explain their rights, as reported in the [Timor Post \(Tetum\)](#) "[Building the Supply Base: Think well when offering land](#)" on 26 January 2012.



In February 2012, State Secretary for Natural Resources Alfredo Pires gave a long interview to Timor-Leste television explaining the rationale for the Supply Base. He made a similar case in a full-page [paid Government notice \(Tetum\)](#) "[Government Wants to Share Development for all Coasts in Timor-Leste](#)" in *Diário Nacional* on 13 February. Four days later, local newspapers included an [advertisement for 22 positions with TimorGAP](#) relating to several components of the Tasi Mane project, as well as an [interview with TimorGAP President Francisco Monteiro \(Tetum\)](#).

After extensive research and consultation with the Suai community, Fundasaun Mahein published [Projetu Suai Supply Base: Dezenvolvimentu ka Ameasa?](#) in August 2013.

These two maps are from the Environmental Impact Assessment report. The one at left shows buildings in and near the Supply Base area, while the one at right shows cultivated land. The area has since been extended east to the river.





In August 2012, La'o Hamutuk made a field visit to observe the site of the future Supply Base in Suco Kamanasa and other Tasi Mane project components in Suai. We interviewed community members and leaders about their expectations, including their knowledge about the socio-cultural, economic and environmental impacts which will result from this project. These photos are from Kamanasa.



Yosef Nahak Kehik, Chefe Aldeia of Fatusin, Suco Kamanasa said: "The Supply Base is good to give jobs for young people, but when all our land is leveled, the people of Kamanasa will lose our land and forest. When we want to build a sacred house (*uma lulik*), we need to bring foundation posts and roofing leaves from another suco's land, because we will have given away our land." He also said that "So far, we don't yet know the results of the government's work to collect data about people's property which they will take."

Pedro Seran, a community member, said "we as farmers, palm wine makers, fisherpeople will go hungry when the Supply Base comes to take our land. We are very worried if the government doesn't choose our university students in Jogia, Kupang and Dili to work in the SSB, if not we will only work as manual laborers."

La'o Hamutuk observed that the Suai Supply Base will be built on agricultural land, an area for keeping animals, which provides resources for traditional community needs, a place for fisherpeople to keep their boats, including a place where community members produce salt.

In August 2012, we observed that many people don't know about the impacts and benefits of this project. At that time, the consultation process had not been deep or included the whole community, which should be included in discussions, consultation and clarifications from the government to the public about how the people of Suai can avoid the negative impacts and maximize the long-term benefits for their lives. Local people don't have the same level of information as has been published in national and international media. The problems of land and compensation will be difficult. We were told that nearly 2,500 people have claimed to be owners of the 1,100 hectares which the Supply Base will occupy (not including Nova Suai or the airport). Octavio do Rosario, Chefe Suco of Kamanasa, said that they will ask \$1,000 per month compensation for each person with a land claim during the entire life of the project, "because we already offered our land, in the future our children and grandchildren will have no more land to farm."



On 11 April 2013, the traditional and community leaders of Kamanasa formally handed over 1,113 hectares of land for the Suai Supply Base to the Prime Minister. They were promised a 10% share of the project's profits over the next 150 years, managed through a foundation. Community leaders and residents told La'o Hamutuk that they don't understand what this actually means.



Local newspapers reported the celebration, which was witnessed by the Minister of Petroleum, TimorGAP president, members of Parliament and other officials. La'o Hamutuk talked with people in Suai and in TimorGAP just after the handover, but we have not yet been able to obtain the agreement, declaration or other concrete information, which we will

share when we receive it.

On 22 April 2013, the [Government celebrated the land handover agreement](#) in a press release. When La'o Hamutuk visited local community people five months later, they were still confused about what the agreement said, and local leaders had not received a copy. After some time, cooler heads prevailed and the process started over again.



The planned layout for the supply base marine facilities was adjusted during 2013 to integrate marine facilities previously planned for the Betano refinery cluster. In 2014, TimorGAP and Eastlog finalized the revised master plan, adding a liquid jetty and dredging. On 24 July 2014, [Council of Ministers approved Resolution 19/2014](#), rescheduling the Suai Supply Base project in light of the revised plan to use its port to receive and pipe crude oil for the Betano refinery, and then pipe refined products from Betano back to Suai for export, as shown in the drawing at left from [TimorGAP's 2014 Annual Report](#).



The master plan design for the new resettlement area in Suai

A week later, the [Council of Ministers approved Resolution 20/2014](#) setting maximum values for compensating the Suai community for land needed for the Suai Supply Base and Airport, and on 22 August [they approved](#) a draft Decree-Law regarding land displacement for the Suai Supply Base. [La'o Hamutuk wrote a submission](#) asking the President not to sign it, but he promulgated [Decree-Law No. 36/2014](#) on 17 December. The picture at right shows what TimorGAP anticipates to be homes for people displaced by the Suai Supply Base.

In November and December 2014, the [Government awarded contracts to the National Commercial Bank of Timor-Leste](#) to compensate landowners in the area of the Suai Supply Base (\$4.7m) and Suai airport (\$2.8m). Although new compensation agreements were signed in 2014, the money wasn't distributed until early 2015, leading to local unhappiness. Many residents splurged with their windfall, often purchasing motorcycles, although their farming and fishing livelihoods have been lost.

Suai Airport goes to tender

In January 2012, Timor-Leste awarded a \$0.9 million contract to Jurutera Perunding Zaaba Sdn Bhd to [design](#) the upgraded Suai airport.

Based on their design, companies were [invited to bid](#) to upgrade Suai airport on 15 January 2013, with a [pre-bid meeting](#) held on 25 February. La'o Hamutuk has obtained the 370-megabyte tender information package ([bid contents](#), [specifications contents](#), [overall requirements](#)) but most are too large to post on this website.



The National Procurement Commission had expected to announce the award in June. However, in October the NPC and other agencies were still evaluating fifteen bids submitted from the following companies:

ITB No: ICB/035/TGAP-2013 Date: 16 January 2013

Invitation to Bid (ITB)

- The Government of Timor-Leste is inviting interested eligible construction companies to submit Bids for the **Upgrading of Suai Airport**.
- The project is located in Suai, Republic of Timor-Leste.
- The Project comprises the construction of the new Passenger Terminal Building, the lengthening of existing runway from 1,050m to 1,500m, construction of new Air Traffic Control Tower, Helicopter Hangar, Airport Fire & Rescue Services, Meteorological Building, including the associated landside and airside infrastructure, related electrical and mechanical works, SCAQA and control systems.

- Muhibbah Engineering (M) Bhd., Malaysia**
- Monteadriano/Edifer/Rosario/Exergia (JV), Portugal
- Shandong Dongyue International Trade and Economic Cooperation Co. Ltd./Northwest Civil Aviation Airport Const. Group Ltd (JV), China
- China Harbour Engineering Co., Ltd., China**
- PT. PP (Persero) Tbk., Indonesia
- Halla Engineering & Const. Corp/ Lotte Engineering & Const./KSC Const Co. Ltd./Seokwang Dev. Co. Ltd./Joongang Hitel Co. Ltd. (JV), South Korea
- China Nuclear Industry 22nd Construction Co. Lda. (CNI22), China (see [our article on this company](#))
- China Shandong International Economic & Technical Cooperation Group, Ltd. (CSI)/China Railway Shisiju Group Corporation (consortium), China
- Bina Puri Sdn. Bhd./ G & S, Lda (JV), Malaysia
- Sinohydro Corporation Ltd, China**
- PT. Waskita Karya (Persero) Tbk., Indonesia**
- Pecar Construction, Unipessoal, Lda./Hebei Construction Group Co., Ltd. (JV), Timor-Leste/China
- PT. Wijaya Karya (Wika) (Persero) Tbk., Indonesia**
- Constructora San Jose, Spain

At the official [Price Bid Opening](#) on 27 May, five companies (in bold on the list above) were evaluated for price and technical score. Although China Harbour Engineering Company had the lowest price and best score, they did not get the contract. On 8 November 2013, following a [decision by the Council of Ministers](#), the National Procurement Commission announced its [Intent to Award](#) the \$67.7 million contract for upgrading Suai Airport to the Indonesian Company PT Waskita Karya (Persero) Tbk.

Intent to Award

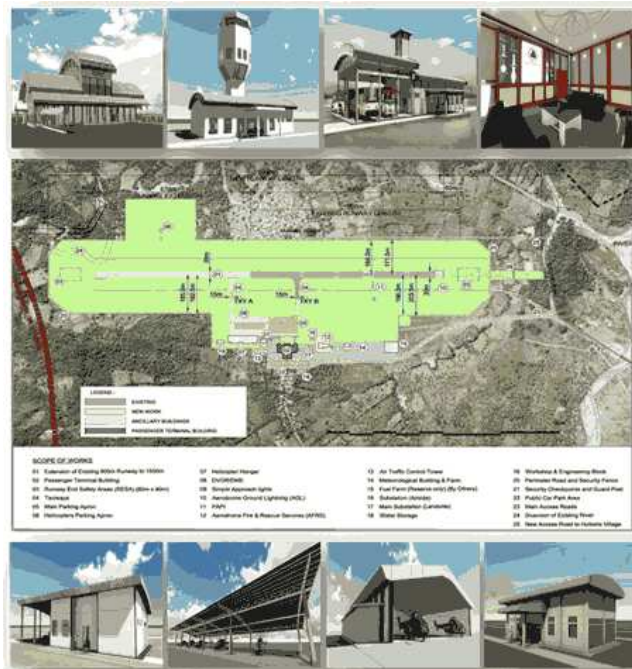
The National Procurement Commission would like to announce its intent to award the contract for the following project:

Tender No.	Project Title	Winning Bidder	Contract Price
ICB/035/TGAP-2013	Upgrading of Suai Airport	PT Waskita Karya (Persero) Tbk.	\$67,691,189.95

In July 2014, [another \\$19 million](#) was added to PT Waskita Karya's contract.

On 10 October 2013, the National Procurement Commission [requested proposals](#) for "**Consulting Services for Construction Supervision** for the Upgrading of the Existing Suai Airport." A pre-proposal conference will be held on 31 October and bids are due by 26 November. The supervision will require at least 562 person-months of work. The RFP document describes the scope of works for rehabilitation of Suai Airport as follows:

- Extension of the existing 1,050 meters long runway to a length of 1,500 meters with 30 meters width.
- Provision of 90 meters x 90 meters RESA at the end of both runways.
- Strengthening of the existing runway as per ICAO Annex 14, to cater for ATR 75-500 operations, if required.
- New connecting taxiways for Code C aircraft operations.
- New parking apron and the required aircraft manoeuvring area to accommodate "power-in/power-out" operations for ATR 72-500, and "towing" operations for five (5) helicopters.
- Airport drainage system.
- Perimeter road, security fences and gates.
- Service road connecting the new airside perimeter road to the new approach light area, and new DVOR/DME including associated civil and M&E works, and shelter facilities
- New Aeronautical Ground Lighting (AGL) system and Precision Approach Path Indicator (PAPI), including new control and monitoring system, and all associated secondary and primary cables, transformers, CCR, etc.
- New Simple Approach Lights (SAL) including all associated secondary and primary cables, transformers, etc.
- Apron flood lighting and apron edge lighting for the new parking apron area, including all associated secondary and primary cables, transformers, CCR, etc
- New DVOR/DME and associated equipment building.
- New Airfield Fire Rescue Services (AFRS) station vehicle bays as per International Civil Aviation Organization (ICAO) Category IV, including direct access between AFRS and the runway.
- New metrology station and farm.
- New air traffic control tower including communication aids (Commaids) and radio equipment, and new DCA administration office including all required power supply and utilities.
- Runway, taxiway and apron markings, and airport movements guide signs.
- Demolition and relocation of any affected existing superstructures, substructures and other sundry structures attached to or adjacent thereof.



On 28 October 2013, the Procurement Commission issued a [clarification](#) for the airport supervision tender, followed two weeks later by an [Addendum](#) and the [minutes from the pre-bid meeting](#).

Jurutera Perunding Zaaba Sdn Bhd was awarded two more contracts for Consulting Services to supervise the Suai airport project: [\\$1.0 million in September 2014](#) and [\\$0.8 million in May 2015](#).

The proposed [2014 State Budget](#) included \$65 million for Suai airport, including \$20 million to be spent during 2014.

In November 2014, [Timor-Leste allocated \\$2.8 million to BNCTL](#) to compensate people displaced by the airport project.

The [2015 State Budget](#), enacted in December 2014 and modified in April 2015, anticipates the expenditures at right for Suai airport, in millions of dollars.

2012	2013	2014	2015	2016	2017	2018	2019	Total
0.9	0	18.5	13.0	25.8	13.9	6.8	0	78.9



[TimorGAP's 2014 Annual Report](#) describes their current vision of this project: "This district airport will be upgraded to provide for expanded passenger and freight services for the petroleum industry. The airport runway will be expanded (1,500m), a new terminal building and a hangar shelter for helicopters will be built. ... The new airport will mainly benefit the companies working on oil and gas platforms, the Tasi Mane project, and communities living in the south coast." The report shows a seven-hectare "new resettlement area" for Suai airport (left and right).

In late 2015, Government and Parliament enacted the state [budget for 2016](#), envisioning the following expenditures for Suai Airport. It does not explain why the project cost has increased by 18%. According to the Budget Execution Portal accessed on 20 June 2016, executed spending on Suai airport during 2015 was [\\$9.47 million](#), less than the \$13 million anticipated in the budget books a few months earlier. Only \$2.6 million was spent by mid-June in 2016.

2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
0.9	0	13.8	13.0	15.0	4.9	22.8	18.0	5.0	93.4

La'o Hamutuk hopes that the information on this website will enable better informed discussion on the Suai Supply Base and the Tasi Mane project, which will help enhance Timor-Leste's development in more realistic, sustainable and inclusive directions. We welcome information and ideas from everyone.

Documents from Government and TimorGAP

Most procurement-related documents are in the text, and are not repeated here

- TimorGAP Annual Reports for [2011-2012](#), [2013](#), [2014](#) and [2015](#) (every June)
- [TimorGAP Testimony to Parliament on 2016 State Budget](#) (11/15)
- [Decree-Law No. 36/2014](#) on land compensation for the Suai Supply Base (12/14)
- [TimorGAP Testimony to Parliament on 2015 State Budget](#) (11/14)
- [Government Resolution 20/2014](#) setting maximum amounts to compensate landowners displaced by the Suai Supply Base and airport (8/14)
- [Government Resolution 19/2014](#) rescheduling the Suai Supply Base project to use its port for the Betano refinery (7/14)
- [TimorGAP Testimony to Parliament on 2014 State Budget](#) (11/13)
- [Speech by Prime Minister Xanana Gusmão to Thomson Reuters Asia Petroleum Lunch](#), Singapore (6/13)
- [Invitation for Prequalification](#) and [Tender Documents](#) for Suai Supply Base construction tender (5/13)
- [Request for Proposals](#) to supervise Suai-Fatucai Highway construction (5/13)
- [Invitation to Bid](#), [Bill of quantities](#), [Bid evaluation criteria](#), [Scope of Works](#), [General considerations](#) and [pre-bid meeting notes](#) for Suai-Fatucai Highway construction tender (4/13)
- [Invitation to Bid](#), [Tender Contents](#), [Specification Contents](#) and [pre-bid meeting notes](#) for Suai Airport construction tender (1/13)
- Presentation [Suai Supply Base status](#) by Vicente Lacerda, TimorGAP Suai project director (11/12)
- Presentation [Breves Informasaun SSB Project](#) by Vicente Lacerda, TimorGAP (Tetum) (10/12)
- Presentation [Libertasaun Rai ba SSB & Nova Suai](#) by Vicente Lacerda, TimorGAP (Tetum) (10/12)
- Presentation [Dezenvolvimentu Costa Sul ba Corredor Indústria Minarai no Gas](#) by Alfredo Pires, Minister of Petroleum and Mineral Resources (Tetum) (9/12)
- **Final Strategic Environmental Impact Assessment for Tasi Mane project** (6/12): [Executive Summary](#) (4MB), as well as
 1. [Part A](#) (18 MB, including executive summary, introduction, regulatory and environmental context, project descriptions, Betano EIA and management)
 2. [Part B](#) (14 MB, including Beacu EIA and management, environmental management framework, conclusions and recommendations, references)
 3. [Part C](#) (6 MB, including 12 Appendices)
 4. [Attachments](#) (11 MB, including Terrestrial Flora and Fauna Technical Report, Marine Environment Technical Report)
- **Final Environmental Impact Assessment for Suai Supply Base** (5/12): [Executive Summary](#) (3MB), as well as
 1. [Part A](#) (14 MB, including executive summary, introduction, regulatory and project context, consultation, climate, land use, topography, geology, air, noise, water, land and marine ecology)
 2. [Part B](#) (6 MB, including social and economic values, land transport, waste management, environmental management framework, conclusions and recommendations, references)
 3. [Attachments](#) (8 MB, including Terrestrial Flora and Fauna Technical Report, Marine Ecology and Fisheries Technical Report and Tasi Mane Project Strategic Environmental Management Plan)
- [Draft Environmental Impact Assessment for Suai Supply Base](#) (9MB) by WorleyParsons (3/12). **This has been superseded by the Final EIA immediately above.**
 - Also [draft Environment Management Plan](#) and technical reports on [Marine Environment](#) and terrestrial [Flora and Fauna \(5MB\)](#) (3/12).
- Presentation [Supply Base no Auto Estrada SBB Impaktu Ambiental](#) by Alfredo Pires, Secretary of State for Natural Resources (Tetum) (10/11)
- [Tasi Mane Project pages from the National Strategic Development Plan](#) (7/11)
- Budget Books on Infrastructure Fund for state budgets for [2011](#), [2012](#), [2013](#), [2014](#), [2015](#), [2016](#).

Additional commentary

- [Dispossession and Impoverishment in Timor-Leste: Potential Impacts of the Suai Supply Base](#) by Meabh Cryan for ANU (12/15)
- [Submisaun husi La'o Hamutuk ba Prezidente relasiona ho Dekretu Lei Transmissão de Direitos sobre Bens Imoveis no projecto Suai Supply](#)

[Base](#) (10/14)

- [Faktus Informasaun kona ba Suai Supply Base](#) husi Luta Hamutuk (1/14)
- [Projetu Suai Supply Base: Dezenvolvimentu ka Ameasa?](#) report by Fundasaun Mahein (8/13)
- [Projetu Tasi Mane Versus Projetu Seluk](#) by Estanislau Saldanha, DIT (6/13)
- [Questions over East Timor land for petroleum development](#), Radio Australia (5/13)
- [Suai Supply Base: boon or boondoggle?](#) on La'o Hamutuk's Blog is a condensed version of this web page (5/13)
- [Parliament Committee C report on proposed General State Budget for 2013](#) (also [Portuguese](#)) (1/13)
- La'o Hamutuk submissions to Parliament on State Budgets which include analysis of Tasi Mane: [General State Budget 2011](#), [GSB 2012](#) (also to [President](#)), [Mid-Year budget 2012](#), and [GSB 2013](#)
- [The Lack of Proportion and Rationality of Megaproject Tasi Mane](#), by Vicente Maubocy in *Tempo Semanal* (12/12)

Links

- La'o Hamutuk's web pages on [Tasi Mane project](#), [TimorGAP](#), [Sunrise LNG](#), [2013 General State Budget](#)
- [TimorGAP website](#)

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