

## **THE TACI MANE PROJECT WILL BRING BIG FINANCIAL DISASTER TO THE STATE OF EAST TIMOR**

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Diario National, Dili, October 17, 2012, pages 4 and 5

First of all, I wish to thank his Excellency Senhor Alfredo Pires, for stepping onto the public stage and giving the public the opportunity to understand whether the Taci Mane project is about truth or about lies.

The Taci Mane Project is Sr. Alfredo Pires's "big dream", which would enable him to become the new hero in the History of East Timor. Alfredo's vanity demands that in this phase of development his name be famous both nationally and internationally. Alfredo knows perfectly well that great names such as Horta, Xanana, Belo, celebrated since the time of the Resistance, will slowly fade from the stage of publicity. For this reason, if new names such as Alfredo or Amelia Pires are to appear as those of new heroes they will need to use an "instrument" such as Taci Mane.

Because of the limited space available in these pages, I will limit myself to describe the questions I have about the Petroleum Minister's sabotage of the CNG Gas Transportation Project, his Supply Base and the LNG Plant in Beaco.

The analysis and commentary regarding the Refinery Complex, the Four Lane Divided Toll Road, the 40,000 jobs to be created, will be developed in the next article.

I purposefully attempt to provoke a strong reaction in you, Sr. Petroleum Minister, until you state one thing or another about the matters I am writing about.

The first article was like an electric shock designed to wake you up. In the next I challenged the technical and political arguments used to support the viability of the Taci Mane project and of the Pipeline in the national public media.

The public will be made the "judge" to defend itself, to forbid the waste of resources and the "criminal" misappropriation of billions of dollars. Sr. Alfredo, do you think I conceived the foundation of your actions to justify the attribute of "opportunist and criminal", or that I only want to defame you?

I called you an opportunist because you fooled around with the figure of our Older Brother, Xanana, and a criminal because many people die of starvation and sickness and because you waste our resources and money. Sr. Alfredo, as the Portuguese say: "as verdades chocam e as mentiras contentam" (truth shocks but lies please). Sr. Alfredo,

you must be reminded that “plans must be based on facts and research rather than on intuitions and subjective ideas”.

Sr. Alfredo’s plan for the Taci Mane Project is based substantially on “intuition and subjective ideas”, not on “facts and research”. Because of this it will turn into a mess. You don’t know where to start from. Because you don’t have a clearly defined plan you did not even manage to execute the first \$50 million budget.

Sr. Alfredo, the priority of priorities is to put food in our people’s stomachs, to spend for housing, education, health care, basic infrastructure, in order to support the lives of our people, not a Taci Mane project which doesn’t create even minimum benefits for the lives of our people, except for Sr. Alfredo and his cronies.

Sr. Alfredo, for the sake of comparison, just compare the benefits of wasting \$5 billion for the Taci Mane Project with building 100,000 houses for the population, at a unit cost of \$50,000 (*\$20,000 buys a nice house in East Timor*). Which option has more value for you? Let’s have a referendum about the issue: will the people vote for Taci Mane, or will the people vote for the 100,000 houses?

The objective of economic development is not to spend lavishly on projects without any kind of sustainability, it is mostly to save our resources.

The Taci Mane Project, Sr. Alfredo, until this day has not shown any evidence of a future financial return, be it at short, medium, or long term. What kind of benefits do you have in mind? A leader who would talk first of the “benefits” of a project would be thought of as irrational or stupid. If prudent and rational, he would first consider “costs and risks”. It will be up to the public to decide whether Sr. Alfredo is “clever or stupid”.

Here are some of my questions for his Excellency the Petroleum Minister:

1. Sr. Minister, do you think the CNG Gas Transportation Project, with its effect of lowering the cost of the kWh from 35 to 6 cents, will contribute towards the national development, or not?
2. The CNG Gas Transportation Project, with its proprietary and patented technologies, is a privately funded project. Don’t you think it is a good project and why are you trying to block it? For information, an MOU endorsing the project has been signed by both the Secretary of State for Electricity and the Prime Minister Xanana.
3. Because of monopolistic views and exclusive business interests, have you and your cronies tried to sabotage the project, or not? You can hide your face. You need to be ashamed of yourself, Sr. Alfredo.

4. All that you and your group desire is to dominate the gas business in East Timor, so that you can also dominate its lives. You want to control East Timor's poor. Is this attitude in any way in defense of the national interest?
5. You wanted 50% of the CNG business, but without any corresponding investment. Monteiro wanted the business to be at the same time private but government controlled. Does this make any sense?
6. At this time, the current installed electrical power of 50 MW requires fuel spendings of \$70 million a year. When all the generators including in Betano will be in operation, the power will be 250 MW, and the fuel requirement will be  $250 / 50 \times 70 = \$350$  million. The cost for the CNG gas would be \$80 million annually. This means savings of \$270 million. Is this not to benefit the people and the nation, Sr. Minister? Who will contribute more to the well-being of the nation? Alfredo or Maubocyc?
7. The CNG Gas Transportation Project needs a guaranteed 3 years to start operating. If you plan to supply gas from Sunrise, when in the future do you envision starting supplying gas to the generators? How many years will we have to wait?
8. You need to confirm the actual budget required to complete your dream, the Taci Mane Project.
9. What will the expenditure for the Supply Base be? How many years until the project is completed? Where will the money come from? The Petroleum Fund or a foreign loan?
10. Which raw material will you be processing at the Refinery Complex? How many years before it starts operations?
11. How much will the Four Lane Divided Toll Road cost? How many years to build? Which traffic will use it?
12. How much will the LNG Plant in Beaco cost? How many years before it can start production?
13. Sr. Minister, please provide the detailed synopsis of the return on investment for Taci Mane, and its completion schedule.
14. Please provide all detailed projections of the marine traffic at the Supply Base. How many boats will enter or sail from the base daily? From where and to where? How much revenue will be generated per day?
15. If during the installation phase there is a failure of the pipeline, there will be no recourse. How will you justify the multi millions already spent?
16. According to the Greater Sunrise International Unitization Agreement (IUA) signed on March 6, 2003, East Timor has a legal right to 20.1% of the field. Mr. Alfredo, which is your legal base for forcing the issue with Australia and its right to 79.9%? I have my doubts, Your High Excellency.

Now, let's shift to the subject of the Supply Base.

A supply base, in fact, is a port with warehouses and a sufficient space to store equipment. I am very surprised, Sr. Alfredo, that for this project you should seize land from the population to the extent of 1,316 hectares, 1,113 hectares for the Supply Base and 213 for the port of Novo Suai.

Are you some Savior from Heaven, or are you sent from Hell by the Devil to destroy the lives of the Timorese?

A Supply Base of course requires a port. The conditions in Kamenasa are such that there is no natural protection. It is totally open to the wind and the waves from the Southeast, and so requires breakwaters to the tune of \$1 billion.

Sr. Alfredo, as you seem to be quite ignorant about port issues, I will humbly share my information with you. Sr. Alfredo, you need to improve your knowledge of History, otherwise you will be responsible for much absurdity and you will spend the money of the people in a useless way. Spend some time reading, for heaven's sake, instead of only thinking about the 10% administration or management fee, or later you will suffer much stress and frustration!

For Sr. Alfredo's information, the island of Timor had one good natural port, in Kupang. The Portuguese occupied it until 1859 when the Dutch appropriated it. The Portuguese had taken their fleet to Oekusi, but because of the lack of protection from wind and waves, eventually moved to Dili.

Now, why did they establish a port in Dili, and not elsewhere, Sr. Alfredo? Do you know, or don't you? There must be some sort of logical justification, Sr. Ministro. The reason is that the port of Dili is naturally protected from the East, the West, the South, all points except true Northwest, a direction from which the wind is seldom strong. Also there is sufficient depth to allow ships to anchor.

Now, what about the ports in Suai and Kamenasa? There is absolutely no protection, so you will need to build breakwaters to protect against strong wind and waves. How much will the breakwaters cost? Sr. Alfredo has a plan to build 4 kilometers of breakwaters with a height going from 6 to 26 meters, with earthmoving totaling 3,500,000 m<sup>3</sup> including dredging, at a cost of 3,500,000 x \$200 = \$700 million.

Sr. Alfredo, where will you take the rocks you will need to build the port? Did you calculate the mobilization fees yet? How much will be required to acquire the 1,113 hectares of land? How much will you spend on the platforms and port structure? Sr. Alfredo, the surveys have shown that soft mud is 80 meters deep there. How about driving piles? Impossible.

To whom will the Supply Base deliver goods and services? Kitan is nearly over and the future of Sunrise is uncertain and has no definite solution.

Try defining a market for the Supply Base. Its purpose is the Sunrise pipeline. If the pipeline is uncertain, what is the Supply Base meant for again?

Sr. Petroleum Minister, I have humbly done some research and calculation about the kind of surface area used by ports around the world. Surabaya port occupies 225 ha (Perak 1 and Perak 2); Jakarta 424 ha; Singapore 436 ha; Hong Kong 217 ha; Melbourne 260 ha; Sydney Botany Bay 204 ha.

Sr. Alfredo, I don't find data about a port with a surface area of 1,113 ha anywhere in the world. Hong Kong, Singapore and Jakarta, put together, seem to be equivalent to your Supply Base. For which function will you need to occupy this huge tract of land, Sr. Alfredo? The population will need to relinquish their land, rice paddies and cattle for Sr. Petroleum Minister. Sr. Alfredo, you'd better first seek psychiatric advice because your brain is not operating normally. I sadly grieve for you.

### **The LNG Plant in Beaco**

The Metocean survey for the LNG plant in Beaco is not completed yet. A simple contract that was supposed to take a few months is still not finalized after two years. How are you going to manage very large projects, Your Excellency Petroleum Minister?

The total surface area of the Beaco LNG Plant is 360 hectares. You will need to "cut-and-fill" 45 million cubic meters to an elevation of 14 meters. Cost 45 million x \$20 = \$900 million. Sr. Alfredo, how are you going to mobilize the heavy equipment in Beaco? The road Dili to Viqueque does not allow moving any large equipment, and there is still no port there. Do you plan on having Monteiro carry it on his back?

You will need to mobilize excavators and loaders by the hundreds, fifteen-ton trucks by the thousands and it will take you 10 years. You will need a 50 tons capacity electric shovel, which weighs 1,000 tons. It will take you a minimum of four years just to carry out this last task.

I don't know, Sr. Minister, if you have allocated any budget for pre-engineering and detailed engineering. These activities will take a long time. The relocation of the population also will take a long time. I calculate that it will be 10 years before the LNG plant is completed.

At this rate, Sr. Alfredo, you will need 10 Petroleum Ministers to complete your dream of Taci Mane. If you're not a minister in 2017 any longer, will the project continue along the same path?

Sr. Minister, do you know about IUA 2003, or not (International Unitization Agreement)? According to the agreement, signed on March 6<sup>th</sup>, 2003, East Timor controls or owns 20.1% of Sunrise. Sr. Alfredo, how are you going to force Australia, which controls 70.9%?

The worst scenario would be for the Australian Government to say: *"Sr. Alfredo Pires, you can take your 20.1% share to East Timor. For our 70.9% share we will use an FLNG"*.

Do you realize the situation you are about to face? Sr. Alfredo, think about the saying *"these two things cannot eat from the same plate"*. Don't you realize how complex and problematic the Taci Mane project is?

Sr. Alfredo, do you know how much of the State's money you will waste, through irrationality and irresponsibility?

The money will not originate in your sweat nor will it be inherited from your parents? Right or wrong? If the money does not originate in your sweat, you should perhaps be utterly careful about how you are going to spend it. One question is: are you lying in order to convince our Older Brother, Xanana?

As Prime Minister Xanana only gets his information from one source, he is easily influenced or manipulated.

Sr. Alfredo, inform the Prime Minister that the survey indicates there are major risks associated with the pipeline. As a good friend, have the honesty to disclose the risks that come with the pipeline. The Portuguese say: *"quem te avisa teu amigo é"* (he who warns you is your friend). If you inform him, very good. If you don't inform him, will the eventual result be any different?

Prime Minister Xanana trusts you. Will you in the end betray him?

In conclusion: who is the Big Liar, Opportunist and Criminal?