

FRENTE REVOLUCIONÁRIA DO TIMOR-LESTE INDEPENDENTE
FRETILIN
MEDIA RELEASE

Dili, 16 November 2008

**Timor Leste budget crisis:
AMP Government appears determined to breach court ruling**

Timor Leste's de facto government appears determined to try to thwart the Court of Appeal's decision against its failed 2009 budget, FRETILIN's parliamentary leader Aniceto Guterres warned today.

The collective made up of three Court of Appeal judges on November 13 unanimously ruled against the budget's two key pillars – the US\$240 million so-called “Economic Stabilization Fund” (an unconstitutional slush fund) and the illegal transfer of US\$290.7 million from the Petroleum Fund to the budget.

Speaking in Dili, Aniceto Guterres said: “The court's decision was, and I paraphrase its own words, to:

a) Declare the unconstitutionality, with the force of general compliance, the following provision:

The provision in line o), of no. 3 of article 1 of law No. 12/2008 of 5 August, whereby the amount of 240 million US dollars is allocated to the Economic Stabilization Fund.

b) Declare the illegality, with the force of general compliance, the following provision:

The provision 3 of article 1 of Law No. 12/2008 of 5 August, whereby it stipulates the amount of transfers from the Petroleum Fund for 2008, in an amount in excess of \$396,100,000 (three hundred and ninety six million one hundred thousand) US dollars.

”This is clear for all to read. However in a media release dated 14 November 2008, the spokesperson for the AMP de facto government contradicted the court decision, declaring that *‘the Economic Stabilisation Fund is in accordance with the Constitution of the Republic of Timor-Leste and is compliant with the law’*.

”This is simply untrue and indicates their intent to thwart the court's ruling which severely embarrasses the de facto government,” Guterres said.

“The AMP spokesperson's media release also said: *‘While the decision is not published in the Official Gazette, the Government does not have official knowledge of the decision made by the Court of Appeal’*, adding that the court decision *‘limits the “unconstitutionality” and the “illegality” to the period after the publication of the judgement in the Official Gazette. Which means that, whatever the amount that has already been withdrawn from the Petroleum Fund thus far, it would never be unconstitutional nor illegal.’*

“This interpretation is self-serving and false,” Guterres said.

“On page 51 of its decision the court said:

‘In the face of the previously stated, it is decided to limit the effects of this declaration of unconstitutionality and illegality, as a means of safeguarding the acts of a financial and budgetary nature, undertaken up to the date of the communication of this decision to the National Parliament.’

“The court has declared these budget measures illegal and unconstitutional while limiting the effect of its declaration, because of the impact it would have on the state. These acts have not been forgiven or sanctioned, the government has merely been given a reprieve from having to reinstate or pay restitution to the state.

“This is an act of good faith by the court to maintain stability in the financial system and society. It does not diminish the fact that they were illegal and unconstitutional acts for which this government and the majority in the parliament have to account for.

“The statement by the spokesperson for the government shows they intend to find any way to circumvent and thwart the court’s ruling against them. FRETILIN will take further legal action to seek legal remedies for any contravention of the court’s decision.

“We warn the de facto government against rushing to pay out amounts of money on the ludicrous basis that they are not formally notified of the court’s decision until the Official Gazette publishes the decision. Given that the government controls the Official Gazette (Jornal da Republica) and the timing of its publication, this would be the ultimate in cynicism and bad faith.

‘We call on the government, especially the Prime Minister and his Minister of Finance to come to the Parliament and explain to the people’s representatives what the exact budget situation is. We need to know exactly how much cash has been paid to the 13th of November 2008, what amount is pending as partial remaining payments and what agreements the government is not at this stage obligated to pay, and therefore according to the court decision should not be paid from the amount in excess of US\$396.1 million drawn from the Petroleum Fund in breach of the constitution.

“It is important that the administration does this, so that we are all certain that no more illegal or unconstitutional acts are perpetrated.”

“We call on the government to exercise good faith and stop the slide into an institutional and potentially constitutional crisis,” Guterres concluded.

For further information contact Jose Teixeira on +670 728 7080