

Press Release
FRETILIN Bench Political Statement (8 January 2016)

Unofficial translation from Tetum original, which is at
<http://www.laohamutuk.org/econ/OGE16/veto/Fretilindeclar8Jan2016te.pdf>

For more information on the 2016 State Budget in both English and Tetum, see
<http://www.laohamutuk.org/econ/OGE16/15OGE16.htm>

FRETILIN Bench Political Statement for Confirmation Vote regarding the Presidential Veto of the State Budget for 2016.

Confirmation Vote National Parliament no. 20/III (Extraordinary Plenary 8 January 2016)

By: President of the FRETILIN Bench Comrade Dr. Aniceto Guterres

Sr President of the National Parliament, and Dear Fellow Members of Parliament,
Sr Prime Minister and his Government,
Sr Advising Minister,
Political Party Leader and sitting members of Parliament,
Excellencies,

For the first time in the history of Timor-Leste as a sovereign state, the Head of State has made a political veto against a most important law regarding the General State Budget.

In a Democratic State under Rule of Law such as the Democratic Republic of Timor-Leste, which has opted for a system of Separation of Powers, and obedience to constitutional rules, a veto against any legal diploma whether a political veto or a veto on the basis of unconstitutionality, is something normal, as it is has its justification with its grounds.

However the political veto of the General State Budget, is something extraordinary. Extraordinary because previous Presidents of the Republic despite being in a situation of political and institutional crisis in 2006 and 2007 did not use their power to veto the budget, which in other countries is also said to be a “very rare” occurrence.

Certainly, because of this today, is a day which will be marked down in the history of the National Parliament, we all here, together with the representative organ of the entire people, at this extraordinary meeting, are here to respond, respond with maturity, to His Excellency the President of the Republic’s message which has been directed to the National Parliament.

Excellencies,

The General State Budget is a fundamental instrument for the normal functioning of the institutions or the machinery of the entire state, and an instrument for the economic and social interventions of the state.

Or better, the General State Budget has a very important role in the life of a state, particularly in the case of Timor-Leste whose economy, in the overwhelming majority depends upon public investment, if there is no General State Budget, even for just a short time, the economy of the country can be paralysed, with repercussions in various areas.

Because of this, all state organs that have been involved in the General State Budget, starting from the budget preparations, approval and promulgation of the budget law, whether, for the Government, or the National Parliament, or the Presidency of the Republic, must weigh properly, weigh calmly and with a sense of responsibility, weigh with great weighting, so that each of the state organs’ political positions or the decisions taken regarding the General State Budget truly reflect the interests of the state, the interests of all of the people for a better life, a life of stability and peace.

Excellencies,

We all, the entire State, are aware that the people want to improve the quality of their lives including: access to education and better health care, to have good nutrition, to have basic sanitation and clean water, to have a good home, to have justice and so forth.

It is true, more than 13 years of the process of state building and the development process, in which the state has made huge public investment, we must recognize that there are not yet meaningful outcomes in improving the living conditions of all Timorese.

However, it is very important for us Timorese to understand, that the process of State building is not an easy task. We cannot ignore that the process of development, to raise the people from poverty and suffering, to improve people's lives, is a global and integrated process, and long and winding process.

If we do not understand this, we will fall into a mentality of seeking quick and easy solutions, in which: adding to resources to solve problems, that leads us to budget policies that increase expenditures, increase a great deal of money in this sector, in that area, without looking and the individual and collective capacity to execute plans and undertake adequate management of the existing systems. In the end because of this desire to resolve (problems) in a short time, we become victims of our own willingness to respond to the problems of the people.

Therefore, it is not only money that determines, but we must also look to our own capacity.

Each Government obeys its politics of rationalization of the utilization of resources and clear definition of priorities in accordance with the capacity to execute plans, programs and projects. This principle has guided the 6th Constitutional Government to allocate funding to basic or priority sectors: including infrastructure, and also health, education and agriculture. In this context the Government has introduced and is implementing a range of reforms to raise the capacity of human capital in the public administration.

Thus, the National Parliament is also adhering to and advocating these policies.

Each year, during the discussions regarding the General State Budget, the greatest concern of the National Parliament, or the President of the Republic, and thus our own Government, or for us all, is, our public expenditures which are almost completely dependent on the Petroleum Fund, as more than 80% of the financing of expenditure comes from this Fund. We all, and thus also the Government, recognize that the domestic revenues or non-petroleum revenues remain small. The price of oil in the market has fallen strongly, the oil fields producing at present are almost dry, and the development of Greater Sunrise is not yet defined. This means that the greatest challenge that we face now and in the future, is how to free Timor-Leste from its dependence on petroleum money, and how to guarantee the sustainability of expenditure for the longer-term.

In order to break this dependence, like it or not we must increase the domestic revenues or non-petroleum revenues, but it will not be achieved from one day to the next. Any Government, from any party even if they govern alone with a qualified majority in the National Parliament, will not perform a miracle to turn this situation around.

Therefore, it will be done in accordance with the policies or strategies that each Government outlines for its governance.

There is no other way to increase domestic receipts. The path is economic diversification.

As has already been outlined in the Strategic Development Plan, we must diversify our economy, to become a competitive economy and to stimulate economic growth and manage a range of returns, including greater financial returns to the state coffers. In this context of diversification, infrastructure is something in which it is absolutely necessary to invest, as together with the investment in human capital, these investments will have a lasting effect on the economy.

Large scale projects such as are being undertaken at present like the Tasi Mane project, in addition to serving as pillars for development, are also a form of economic diversification for Timor-Leste.

Also, the Special Zone for the Social Market Economy –ZEESM, an integrated and holistic

development program for one territory or region, becomes a form of economic diversification, with the aim of being able to manage the national economy over the long-term, such as the experience of several countries in Asia, including China, Malaysia, Indonesia and others that have successfully developed their economies, through the development of special economic zones. Because of this, it is not fair that we confuse the ZEESM program and concept, when, after just two years we question the returns from this project, as if it was an ordinary project.

Excellencies,

The 6th Constitutional Government as a continuation of the previous government, is proceeding with the policy or strategy, called the Strategy of Frontloading, which defines the investment priorities as infrastructure and human capital. The General State Budget prepared by the Government and approved by the National Parliament, reflects this strategy and definition of priorities. It also reflects the balance between physical investments and social investments.

If we examine properly all of the information from the budget books and other sources of information, regarding the budget, for 2016, the majority of money which largely comes from the drawdown from the petroleum fund, is being placed into physical and social investments, until the same recurrent expenditures in the category of more goods and services and public transfers are investments, both physical and social. It is not all to finance the machinery of the state. Therefore, investment is not just capital expenditures and special funds: from the Infrastructure Fund and the Human Capital Development Fund, but also from other expenditure categories.

As an example, much expenditure, or 44% of the category of goods and services has been placed in investments to complement other investments to contribute to development. Of this percentage, \$116 million to support physical investment in particular in matching contributions, to purchase seeds for farmers, purchase fuel and provide maintenance of power plants, and \$75 million is social investments such as the school meals program, the purchase of medications and food for patients, printing of school materials, and others. As well as this there are expenditures as Public Transfers, \$458 million or 96% of the total expenditure of \$475 million is destined for physical and social investments.

Mr. President of the National Parliament and my Dear Fellow Members of Parliament,
Excellency,

As we all know, this National Parliament assumed its duties in accordance with the powers received from the Constitution of the Republic to approve the General State Budget for 2016, through lengthy discussions of both the generalities and the specialities for the budget which the Government had prepared. As the representative organ of the entire people, through the various existing mechanisms: contact with the electorate, public hearings, submissions and others, the Parliament has certainly heard the ideas and concerns of all parties regarding this budget.

The Government policies and strategies and all information regarding the General State Budget have been considered in the budget books. Thus during this discussion, the Government, in the person of the Prime Minister and other members of Government, has made great efforts to respond to and clarify all questions and concerns, which are not far from the concerns expressed in the message of His Excellency the President of the Republic to the National Parliament.

The responses and clarifications from this Government, have brought us already, we members of parliament, to take the decision to approve the 2016 General State Budget voting unanimously in favour.

The National Parliament shall assume responsibility before the people and the entire Nation for the political consequences that may arise from this decision.

Because of this, the FRETILIN Bench requests the National Parliament to make a confirmation of the vote for the 2016 General State Budget, and today immediately return the bill to the President of the Republic for promulgation, in accordance with article 88.2 of the Constitution of the Republic.

That is all, thanks for your attention!