

**RDTL National Parliament
PUBLIC FINANCE COMMITTEE**

Your Excellency,
President of the National Parliament
Dr. Aniceto Longuinhos Guterres Lopes

Date: 28 April 2022

Reference no.: 81/V/4th/Committee C

Subject: Report and Opinion on the urgency request of PPL n. 38/V(4a) and tentative calendar on the hearings for this PPL.

Mr. President,

The Public Finance Committee has the honor to send you the Report and Opinion on the urgency request of PPL no. 38/V(4a) -First amendment to Law no. 1/2022, of January 3, approving the General State Budget for 2022, second amendment to Law no. 3/2008, of June 30, Tax Law, and creation of the National Liberation Combatants Fund, and the tentative schedule on the hearings of this bill.

Documents of the Report and Opinion and tentative schedule are attached.

Please accept, Your Excellency, the assurances of my high esteem and consideration,

The President of the Committee

/s/

Deputy Maria Angelica da Cruz dos Reis

Opinion relative to the request for priority and urgency transmitted to Parliament

Reporter: Deputy Maria Angelina Lopes Sarmiento

Proposed Law No. 38/V/4th - First amendment to Law No. 1/2022, of January 3, approving the State Budget for 2022, second amendment to Law No. 8/2008, of June 30, " Tax Law, and creation of the National Liberation Combatants Fund.

Approved at a meeting of the Committee on April 28, 2022.

Contents:

PART I - INTRODUCTION	2
PART II - REQUEST FOR PRIORITY AND URGENCY	3
PART III - OPINION	4

PART I - INTRODUCTION

1.1 Introduction and legal framework.

The Government has presented to the National Parliament the Proposed Law no. 38/V/4th which proceeds with the first amendment to Law no. 1/2022, of January 3, which approved the General State Budget for 2022 (OGE 2022), the second amendment to Law no. 8/2008, of June 30, Tax Law, and the creation of the National Liberation Combatants Fund, under the provisions of Article 97.1(c) and Article 115.2(a) of the Constitution.

The Government has, in accordance with the aforementioned constitutional provisions, competence to submit the proposed law, and the National Parliament has exclusive competence to approve it under Articles 95.3(d) and 145.1 of the Constitution.

In the Explanatory Memorandum accompanying the proposed law the Government requires and justifies its request for priority and urgency, pursuant to Article 97 of the Rules of Procedure of the National Parliament.

The legislative initiative under consideration was received in the National Parliament at 17H10 on April 27, 2022, having promptly returned to the Committee on Public Finance (Committee C) at 18H20 on the same day for consideration of the request for priority and urgency, by order of His Excellency the President of the National Parliament.

As the Committee C is the competent committee in terms of matter for the preparation of its opinion on the relevance of urgency claimed by the Government, I must submit the same within 24 hours, as provided for in Article 91 of the Rules of Procedure of the National Parliament.

The Committee C appointed Mrs. Maria Angelina Lopes Sarmento as rapporteur for this opinion, which was discussed and voted on 28 April 2022.

1.2 Subject matter, content and motivation of the initiative.

The Proposed Law No. 38/V/4th is the first amendment to Law No. 1/2022 of January 3 approving the State Budget for 2022, and the second amendment to Law No. 8/2008 of June 30, Tax Law, and the creation of the National Liberation Combatants Fund.

The first proposed amendment to the 2022 State Budget Law contemplates a set of additional measures for the year 2022, at an approximate cost of \$1.129 billion, of which we highlight

- Allocation of a thirteenth month for each family (except civil servants);
- Project *Uma Kbiit Laek Plus*;
- Scholarship for the best students in elementary and high school;
- Creation of the Veterans' Fund
- Administrative Posts Workforce Program;
- Construction of the Martial Arts and Ritual Arts Headquarters;
- Homeschooling Program;
- Free internet in schools
- Employment for top university students;

- Establishment of the Secretariat of State for the Affairs of Workers Abroad and the Timorese Community in Diaspora;
- Revitalization of coffee and subsidy for the *Lakuten* coffee;
- Housing subsidy for PNTL and FDTL;
- Payment of the difference in remuneration of the PNTL, with the new salary regime.

In article 3, the draft law aims to make amendments to the Tax Law, increasing the excise tax for various goods, considered harmful to health or luxury products, specifying the changes in annex II of this draft law.

Finally, the PPL under analysis also creates the National Liberation Combatants Fund, abbreviated to FCLN, with the nature of an autonomous fund, endowed with administrative, financial and patrimonial autonomy, whose purpose is to finance support programs for National Liberation Combatants, namely in the areas of social support, education, health, employment, access to credit, and income generating activities.

PART II - REQUEST FOR PRIORITY AND URGENCY

The PPL was presented with a request for priority and urgency, pursuant to Article 97 of the Rules of Procedure of the National Parliament of the Democratic Republic of Timor-Leste.

The Government, in the Explanatory Memorandum, justifies the request due to the "rapid deterioration of the international economic situation and the substantial increase in the rate of inflation requires the immediate adoption of the measures proposed to mitigate its impact on the economy, preserving workplaces and helping the most vulnerable people and families. Delaying the discussion and approval of this proposed law, at a time when several countries have already quickly approved measures in the same direction, may mean that Timor-Leste is especially affected by the deteriorating international economic situation and the substantial increase in the rate of inflation."

It ends by concluding that "it is of utmost importance that the discussion and approval of the present draft law can take place as soon as possible, and that the benefits resulting from the proposed expenditures can be felt by the population as soon as possible."

Under the rules, the Government is empowered to request that the PPL be submitted with urgency, and it is up to the National Parliament, after reasoned opinion of the competent Committee, to decide on the urgency or otherwise.

Let us analyze the request for urgent processing of the proposed PPL.

From the justification of the draft law in the explanatory memorandum formulated by the Government it is possible to infer the grounds for the request for urgent parliamentary processing. On the one hand, the rapid deterioration of the international economic situation and the substantial increase in the inflation rate. On the other, the urgency in adopting measures capable of mitigating the effects of this situation such as those listed above.

However, although the explanatory memorandum seeks to clarify this, it is difficult to justify, and therefore the Committee C cannot fail to emphasize the existence of such a pressing need for the Government to approve a first amendment to the GSB 2022, less than four months after the entry into force of the law of the GSB 2022 and when the Budget Transparency Portal managed by the Ministry of Finance shows a level of budget execution of only 16.2%, with expenditures of 318.8 million. Moreover, the 2022 State Budget Law, for the first time, attributed to the Government the

power to make the necessary budgetary changes between programs of the same Ministry or Secretary of State or within the same program in the budget of the Central Administration, which gives the Government a wide margin to make the necessary budgetary changes.

However, there seems to be no doubt that the application of procedural deadlines required for the analysis and discussion of a General State Budget should not apply in this case and that the request for priority and urgency is justified.

It was with these situations in mind that the legislature chose to assign, regimentally, a prerogative foreseen in article 170 of the Rules of Procedure of the National Parliament. We recall that it allows, in itself and without even the need for analysis of the urgency required, to adapt the procedural deadlines to specific cases of submission of amending budgets.

Finally, it should be noted that the assessment of an urgent procedure request does not, by its nature, deal with the merit and adequacy of the content of a proposed law and may, in the limit and after considering the content of the proposal, at a later stage, decide to reject the PPL at issue here. The thorough analysis of the content of the PPL, and any hearings to be held to analyze the content of the proposal, will inform much of the Parliament's decision on the content of the proposed law, in the sense of its approval, amendment or rejection.

PART III - OPINION

For these reasons, it is the OPINION of this Committee that the request for urgent procedure of the Proposed Law No. 38/V/4th - First amendment to the Law No. 1/2022, January 3, approving the state budget for 2022, second amendment to the Law No. 8/2008 of June 30, Tax Law, and creation of the National Liberation Combatants Fund should deserve a favorable vote.

Attached is a proposed schedule for the discussion and voting process, to be voted on separately.

This opinion was voted on in a meeting of the Public Finance Committee, on 28 April 2022, and was approved with seven votes in favor, two abstentions, and three votes against.

National Parliament, April 28, 2022.

The President,

/s/

Deputy Maria Angelica da Cruz dos Reis

The Rapporteur,

/s/

Deputy Marta Angelina Lopes Sarmiento