

Government Criticised for Prioritising Oil Projects over Clean Water

The watchdog says the govt's \$300m savings in its revised budget were made "without regard for the nation's needs and priorities"

January 17, 2020



La'o Hamutuk is calling for the government to scrap funding for the Tasi Mane oil and gas project and restore funds to infrastructure such as clean water access. (Image/Antonio Gonçalves)

DILI, 13 January 2020 (TATOLI) – The US \$300 million in savings made by the Timor-Leste government in its revised 2020 general budget (OJE) proposal have fallen disproportionately on essential services, according to watchdog La'o Hamutuk.

LH said the new, \$1.67 billion OJE retains spending on big ticket items such as the Tasi Mane development project on the south coast at the expense of basic infrastructure, such as sanitation.

In a heavily-critical submission to parliament, LH has called for a drastic rethink of the budget.

“Rather than cutting basic services and funding for productive economic sectors, we suggest suspend[ing] all funding for the Tasi Mane project until there has been an independent study of its costs, benefits and risks, and to cancel funding for participation in the Dubai Expo,” the submission reads.



Dubai World Expo will feature 192 country exhibitions, but LH says the \$2m bill is one TL cannot afford (Image/Expo Dubai)

The Council of Ministers approved the new proposal last month, two weeks after withdrawing the previous (\$1.96b) budget from parliament. The size of the overall spending program had led to criticism among MPs.

La’o Hamutuk’s submission said the NGO “appreciates” the effort to reign in spending in the revised OJE, but “we remain concerned that the total of \$1.7 billion still threatens Timor-Leste’s financial sustainability.”



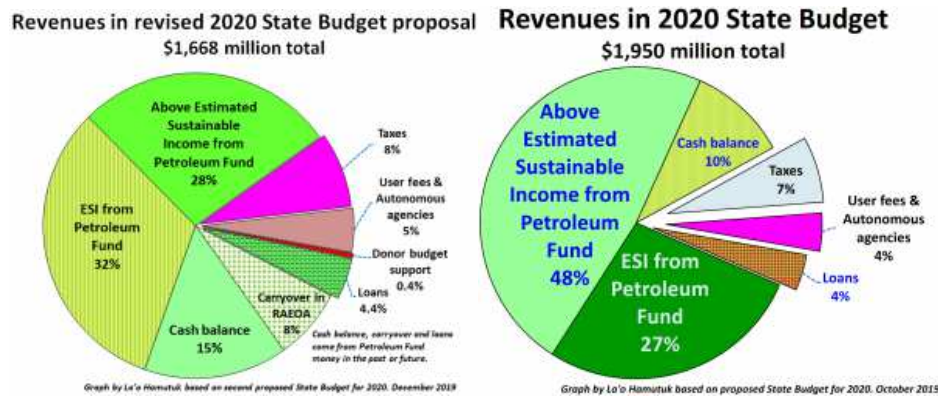
Deputy Opposition FRETILIN leader, Antoninho Bianco (Image/TATOLI)

LH estimates 83 per cent of the budget is funded by the FP, once carry-over loans are taken into account. Deputy Opposition leader, Antoninho Bianco, told reporters during a break in budget talks today the government must seek other revenue sources.

“Revenues that are to sustain this state are most important. The revenue source we rely on [is from] oil, because we export oil, but the revenues from Bayu Undan [will decline]

from about 2022... but that revenues will vanish from 2022 to 2024, and then zero revenue from petroleum.”

“[By then] we will rely only on previous interest and investment diversification as well as interest in the bank,” he said.



The revised OJE significantly reduces the government’s withdrawals from the FP — from \$1.46b to \$960m. Image/La’o Hamutuk

Government priorities and revenue

A key argument of LH’s submission is that the \$300m reduction between the first and second drafts of the budget were made “without regard for the nation’s needs and priorities.”

LH questions the maintenance of major funding for the Tasi Mane (south coast) oil and gas project (\$16.45m) and public transfers to majority state-owned oil company TimorGap (\$74.9m). But the submission questions where the savings were achieved, including:

- Sanitation infrastructure: from \$1.5m to \$300,000 (-82%)
- National Directorate of Sanitation: from \$1.34m to \$114,000 (-92%)
- Farmer subsidies to take goods to market: from \$962,000 to \$86,000 (-91%)
- Education infrastructure: from \$29.2m to \$8m (-73%)

Signs of recovery and growth: PM

The delay in implementing the 2019 OJE was the major reason for sluggish economic growth in the first quarter of last year, according to a report by the World Bank. But Prime Minister Taur Matan Ruak said this situation is different this year, with GDP forecast to grow six per cent in 2020, after and four per cent lift in 2019.

“We can see signs of recovery and acceleration in economic growth, especially for the constant growth of gross domestic product (GDP), and real growth in non-petroleum [sectors],” he said in Dili yesterday.



Prime Minister, Taur Matan Ruak (Image/Antonio Gonçalves)

Tuar Matan Ruak said he accepts the budget negotiations have attracted some criticism.

“I consider [this] a legitimate political debate, which is honest and democratic. [But it doesn’t stop me] expressing my satisfaction and pride for the many results that this government has achieved during the fiscal year which just ended,” he highlighted.

Parliament passes stop-gap funding for January

On Monday, the Council of Ministers approved a \$116.4 million temporary budget allocation to fund basic services of government for the month of January. Parliament approved the measure the following day.

The Ministry of Finance has distributed \$116.4 million (DOT) for January 2020 to all the institutions and ministries yesterday (Tuesday).

Director-General of Planning and Budgets at the Ministry of Finance, Januário da Gama, said the money will be available soon.



Robert Baird
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#TimorLeste's council of ministers has approved a "temporary budget appropriation" for the month of January, worth US \$116.4m. It covers basic govt expenses, but no capital works.

The 2020 general budget was supposed to be implemented by now. Talks continue tomorrow. #tatoli



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“[Once] the Ministry of Finance updates the GRP system (Government Resource Plan), the ministries and institutions can begin to execute the[ir] temporary budget regime,” he said.

At the same time, Parliament has completed its first day of final discussions for OJE 2020

The final parliamentary vote on the OJE will take place between January 20 and 30, [the government said in a press release](#), with the final wording expected to be sent to the President of the Republic on the January 31.

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