



DEMOCRATIC REPUBLIC OF TIMOR-LESTE

Closing Remarks by the Prime Minister

Kay Rala Xanana Gusmão

Overall Discussion on the 2010 State General Budget

20 November 2009

Your Excellency the President of the National Parliament

Honourable Members of Parliament

Honourable Members of Government

Ladies and Gentlemen,

At the end of the general debate on the 2010 State General Budget, I must congratulate the Honourable Members of Parliament for the manner in which they have presented their criticisms, suggestions and recommendations in order for this Budget to be truly **a Budget for all Timorese citizens**.

The report presented by Commission C and the issues raised in it demonstrate that Timor-Leste may be young, and that its people may still be mostly poor, but that the Country has increasingly been consolidating its democracy, both in principle and in practical terms. The Government will consider this report when discussing the specific aspects of the Budget.

We refuse completely to accept that there is “democratic deficit” in the Country. Budget after Budget, since 2007, there have been significant improvements by both institutions – Government and the National Parliament – in regard to the interventions and recommendations by the Honourable Members of Parliament, as well as the presentation of Budget documents by the Government.

We often hear in this place that the Government does not respect the National Parliament. Instead, I say, that never in its seven years of existence has the National Parliament been able to use its competences and prerogatives as fully as in the past two years!

We have met the time limits set by Law; we have complied with the commitments presented and approved in the Program of the IV Constitutional Government; we have detailed, for the second time in a row, the amounts to be invested at district level; we have managed to reduce the 2010 Budget expenditure by 6.9% from 2009; we have presented a responsible and balanced budget, while still investing in productive sectors and in the most pressing of needs.

This is a Budget that invests in infrastructure, rural development, human resources, security, welfare, justice and stability. It is also a Budget that invests in the improvement of the living situation of every Timorese citizen!

Honourable Members of Parliament
Members of Government,

I say it again: **Goodbye Conflict, Welcome Development!**

I say it again: **We are ready to walk the road to prosperity and development!**

Timor-Leste has established the primary conditions that enable sustainable development. This is by no means the time for becoming despondent!

We have ensured peace and social stability, we have implemented vital reforms and we have achieved economic growth above 12% in 2008, an historic achievement for our Country.

As Head of the Government, I am proud to lead the team that is achieving such progress for the Country.

However, I am also disappointed by the constant negativity and pessimistic attacks from certain sectors of our society, namely the opposition.

Ladies and Gentlemen,

The Timorese People are not, and have never been, negative People!

Some political leaders still lack maturity and a constructive vision for the Country. Issues still need to be considered within a proper framework and with the perspective.

Democracy seeks to build a Country, not fracture and discredit it before its People and before the International Community.

Ladies and Gentlemen,

For those who still do not appreciate the efforts, dedication and investments by this Government, I would just like to say this: if we were to have general elections this year, or at the start of next year, the future Government, which would be the V Constitutional Government, would never have to face the obstacles and difficulties that the AMP Government has faced!

This new Government would inherit an atmosphere of Peace and Stability, in which the population trusts State Institutions. It would inherit the benefits from the financial, legal and technical reforms implemented by the AMP Government, as well as stable economic growth and the institutional memory of all the work done by this Government.

The AMP was not as fortunate. We did not inherit a Country already on the road to Peace and Prosperity. Our Government had to build that road first.

Honourable Members of Parliament

Ladies and Gentlemen,

The Timorese People have always shown humility. We cannot remain inward looking, as if there was no outside world.

Because there is an outside world. There is a serious international economic crisis, there are 1 billion people living in extreme poverty, there are countries that have been independent for many more years than Timor-Leste, and which still live in fear and in constant warfare.

Timor-Leste still has many challenges ahead, but at least we have willing leaders, courageous and integrated policies and People committed to providing a better future for their children. Further, we are also fortunate to have natural resources that, if used in a sound and sustainable manner, may turn our economy into a successful case.

This Government is humble enough to recognise that the challenges ahead are very demanding; that we have made some mistakes, which we immediately sought to correct; that we still lack skilled personnel to meet all our People's needs in the short term.

This Government wants to achieve our goals and can do more! Unfortunately, there are too many priorities for us to do everything at the same time. Therefore, the Budget must be balanced and well thought through – we cannot turn one of the poorest countries in Southeast Asia into a developed country in just two years. Still, we are much closer to achieving this aim than we were in the past...

Honourable Members of Parliament
People of Timor-Leste,

If we were to invest all the money into schools and education, we would have no money left to improve health services. If we were to invest all the money into agriculture, then we would have no money left to build roads.

We must be humble enough to understand that our financial resources are still very limited. For the time being, our State General Budget is funded largely by our Petroleum Fund, from which we can only use 3% every year – the sustainable income.

As such, the investment proposed in this Budget will not deal immediately with all the Country's needs. Still, it will enable us to do so gradually, as it invests in key sectors that are vital for human development and for generating employment and income.

Ladies and Gentlemen,

As I get near the end of my closing remarks, I would like to say a few words about two vital policies of this Government, policies which will contribute significantly to national development.

FIRST – The medium term plan for **Electrifying the Country**. This is groundbreaking, and will enable us to improve the living conditions of the population and to develop key sectors such as agriculture, industry and tourism, by providing electricity 24 hours a day through the entire territory.

I would also like to remind the Honourable Members of Parliament and the People of Timor-Leste that the reason why we still have frequent blackouts is because no previous Government had the courage to deal with this problem, which is something that must absolutely be overcome in order to enable economic growth over the long term.

Despite this Government's investments in generators, the existing distribution network has been deteriorating as a result of lack of maintenance and proper management in the past. The lack of inspection by previous Governments has also enabled the increase of illegal connections, thereby constraining an efficient power distribution.

Also, we should note that the consumption of electricity has increased from 9.181 KW/hour in 2007 to 16.968 KW/hour in the third quarter of 2009.

This increase in consumption is a positive indicator for the Country, but on the other hand it leads to an overload in the operation of the 21 generators in Comoro Central and of the 115 generators in the districts and sub-districts. There is no set of backup generators that ensures provision of power when the existing generators break down, or when they are switched off for maintenance purposes.

Thus the 2010 Budget included the acquisition of four 11.2 MW generators.

The work being done at present takes time and requires technical skills. We are replacing posts and cables as well as curbing illegal connections causing rotating power failures in Dili, particularly in line 3, so that the workers may do their jobs. This is an inconvenience to everyone, but it is something that we must endure in order to have a better power supply!

SECOND – The historical investment that this Government is undertaking in the development of the **Private Sector**, through engagement and debates with this sector to facilitate its growth; the improvement of administrative procedures; tax reforms; support for the creation of the Chamber of Commerce and Industry; and support for the establishment of a National Development Bank.

This Bank will contribute to the provision of access to credit by Timorese who have displayed the ability to start employment-generating businesses, as well as provide for fair competition between the national and international private sectors – enabling the increase of joint ventures that will transform the Timorese business sector in the future and for the future.

The creation of opportunities for the private sector through the Referendum Package, already in 2009, is a unique measure towards the participation of the private sector in the development of the Country's infrastructure, empowering local companies in the districts and sub-districts.

This is an innovative measure that will enable the Private Sector to grow, as well as to test and build its capacity, so that in the future it may become a Strategic Partner of the Government, increasing employment creation, national productivity and income generation in all rural areas.

The 2010 General Budget is, therefore, prudent and balanced, and seeks to support the continuation of economic growth in 2010.

Thank you very much!

Kay Rala Xanana Gusmão