



DEMOCRATIC REPUBLIC OF TIMOR-LESTE

OFFICE OF THE PRIME MINISTER

ADDRESS

BY HIS EXCELLENCY THE PRIME MINISTER

KAY RALA XANANA GUSMÃO

**ON THE OCCASION OF THE CONFERENCE ON “THE
OBJECTIVE OF THE EXTERNAL CONTROL OF THE
PUBLIC FINANCE AND THE MODELS OF SUPERIOR
AUDIT INSTITUTIONS”**

Main Hall, Ministry of Foreign Affairs

18 March 2011

Your Excellency the President of the Portuguese Court of Auditors, Mr Guilherme d' Oliveira Martins

Your Excellencies,

Ladies and Gentlemen,

It is a pleasure for me to be here today to welcome all participants to this Conference, in particular our guests who came all the way from Portugal and Australia to share their vast experience with us.

Today's event represents another major step in the promotion of good governance, transparency, accountability, accuracy and efficiency in public financial management.

This Conference will widely discuss one of the most important projects of this Government, the development of a Superior Audit Institution in Timor-Leste. The Conference will also enable an informed debate on the objectives of such an Agency and discussions of different models that may be considered or adopted.

It was for this reason that a few years ago I told my dear friend, Mr d' Oliveira Martins, that I was interested in cooperating with the Portuguese Court of Auditors in order to create a similar agency to control public accounts in Timor-Leste. Since then, Mr d'Oliveira Martins has responded to my request in various ways, including with his presence here today. I am very thankful for everything he has done.

Ladies and Gentlemen,

Instilling accuracy and transparency in the management of public monies is no easy task. We are aware that throughout the world, including in the more developed countries, practices are often at odds with the good governance principles and include lack of transparency, waste and inefficiency in public sector spending. It is also common to hear of a generalised sense of impunity in such matters.

We are also aware that in Timor-Leste, where most people remain poor, it is even more imperative to manage public monies well and accurately. Therefore, the fight against waste and bad practise requires ongoing intervention and efforts, both by the Government and by the other Bodies of Sovereignty, as well as by State institutions, Public Administration and Civil Society in general.

And so, since this Government came to office in August 2007, we have been travelling a long road of State management reform, including the strengthening of Public Administration institutional capacity. The purpose has been to defend the best interests of the Country, to improve public service delivery and, of course, to promote good governance, including in regard to public accounts.

We have made significant progress through reforms in the area of Public Finance Management, which resulted in the increase of efficiency in the provision of services as well as greater decentralisation. Indeed, the reform and improvement process continues every day, as we build on the foundations we have already set.

Towards this objective, we established the Civil Service Commission and the Anti-Corruption Commission and we strengthened powers of the Inspectorate-General of the State and the Office of the Prosecutor-General of the Republic. Additionally, late last year, we also saw the Court of Appeal make statements for the first time on the 2009 State Accounts.

Timor-Leste has been moving up in the world transparency ranking, which is measured by the Corruption Perceptions Index (CPI): from 2009 to 2010 we moved up 19 places. In July 2010, we became only the third country in the world to be granted full compliance status with the Extractive Industries Transparency Initiative and in October last year we were recognised in the first ever Revenue Watch index as a Government with Comprehensive Revenue Transparency.

Furthermore, only two days ago we witnessed the launch of the Timor-Leste Transparency Portal, which will enable real time data on State expenditure to be accessed through a website by all the People. In August 2011, this goal of transparency and disclosure of public interest information to the People will be strengthened with the launch of the Procurement Portal.

One will only have to log on at home, at work or at any other place in Timor-Leste, or in the world, to consult data as important as the extent of State budget execution. Soon, it will also be possible to have access to processes regarding public procurement. We can say that we are making the most of technological evolution to instil a spirit of transparency in our society, along with public participation.

Your Excellencies

Ladies and Gentlemen,

After years of sacrifice by our People to achieve Independence for our Nation, we consider that the good management of public resources in Timor-Leste is not only necessary but also mandatory! And it must, of course, meet the collective needs of the Timorese.

It is up to the Government to meet this goal and it is up to the higher control agencies to ensure that the Government does so.

As you know, under our Constitution the Government drafts and executes the State budget and presents the respective annual accounts, with Parliament approving and verifying and with the judiciary (the High Administrative, Tax and Audit Court, to be created) verifying the legal and regular application of that execution, from a financial perspective, and promoting the validity of the State General Account.

This verification will include the assessment of the economy, efficiency and effectiveness of the financial resources used and the outcomes achieved, in an independent and technical perspective, which among other things will stimulate rigorous, transparent and accountable financial management.

As such, we are truly committed to developing the future Chamber of Accounts, which will provide greater protection against various types of fraud and corruption. We consider that the existence of such a body will undoubtedly contribute to the consolidation of financial democracy in our young country.

It was also in this sense that the Government, through the Ministry of Justice, prepared draft legislation in regard to the creation of the Chamber of Accounts. This proposed draft legislation has already been presented to, and discussed by, the Council of Ministers. Because of the importance of the initiative, and the need to meet the current financial control and public administration management requirements in Timor-Leste, and as a consequence of the development stage of our economy, the Council of Minister decided that broad discussion of the initiative was merited.

Today we have a unique opportunity to begin this debate, and we are privileged to be able to rely on specialists in this field. Together, we can address many of the doubts and issues

raised, so as to select the regime that is more adequate and adapted to the Timorese legal and financial reality, with the help and the contribution of all those in attendance here today.

As the Chamber of Accounts is an institution that will cover the entire public administration, I believe it is of the utmost importance for the respective reform to have broad consensus.

Another of my primary concerns, indeed one of the major challenges of this Government, is that Agencies established will only exist in form, and that in practical terms they will not exist in practice, because they will lack the means and the conditions to operate. The regular and correct operation of any entity must entail an understanding of the tasks to be performed and, particularly, the existence of trained human resources that are able to perform the tasks mandated to them.

This is surely one of the main challenges of Timor-Leste: to build the capacity of its human resources so that, with autonomy, technical know-how and independence, institutions may carry out the tasks given to them. This is essential in order to develop and to build the credibility of the future Chamber of Accounts and is also a valid consideration for any new entity to be created in the future.

Here we rely once more on the support provided by Mr D'Oliveira Martins and by the illustrious agency over which he presides. In close cooperation with the Minister of Justice, some young officers (and some not so young, since experience is always an asset), following a recruitment process that ended this week, will be starting their specific training in Portugal, so as to become proficient in this complex field of financial control.

I am also very happy, and obviously very pleased, because the Portuguese Court of Auditors agreed to host these officers within its own organisational structure so that they can receive training and acquire scientific and practical knowledge that will assist them in the difficult task they have waiting for them, namely auditing the Timorese public accounts.

Ladies and Gentlemen,

I cannot expect less than the creation of a Chamber of Accounts that becomes a credible, expert and a technically accurate agency, so as to truly become a driving engine in this important fight against waste in regard to public financial resources.

This will be undoubtedly one more step in this long road that all our State agencies have been walking in the fight against corruption, and consequently, in the reduction of poverty.

In this process, we who perform tasks at the various bodies of sovereignty, and at the various agencies of our Public Administration – we who are Civil Servants – have great responsibilities.

In regard to the financial management of public records, we must be able to criticise, with independence and technical accuracy, all acts and practises that deserve to be criticized. We must also be able to accept all criticisms, which should be constructive and accompanied by clear recommendations that will enable us to overcome detected flaws.

Therefore, the creation of the future Chamber of Accounts must be a goal of each and every one of us, since it is up to the Government to approve the final draft of the legislation proposal being discussed, while Parliament will have to draft the respective legislative procedure as soon as possible and present the approved law to the President of the Republic, who in turn must promote its promulgation.

If we all work hard, then perhaps on 29 June 2011, the date when we will celebrate here in Dili the 15 years of the Organisation of CPLP Higher Control Agencies, the only Portuguese speaking country without such an agency may, formally and materially, become a full fledged member of this Organisation, thereby leaving behind the status of mere Observer, under which we have been participating in its work and respective General Assemblies.

This would mark the closing of a cycle and the start of a new one, in which cooperation, namely in the field of human resources and experience exchange, would increase to new heights!

This is the challenge I leave to you, particularly to the holders of the Bodies of Sovereignty in attendance here today, to whom the Constitution grants such powers.

Before I finish, I would like to congratulate the Minister of Justice and her entire team for organising this important initiative, which confirms once more the commitment and dedication to this vital project for developing justice and particularly for promoting Good Governance in Timor-Leste.

Finally, I would like to thank once more my dear friend the President of the Portuguese Court of Auditors for being here today and for his collaboration and availability towards the achievement of this goal of ours.

I also thank Counsellor José Tavares, who will be sharing with us his expertise on the operation of the Portuguese Court of Auditors, as well as the experience that he has accumulated in the area of cooperation with the other Higher Control Agencies of CPLP.

Last but certainly not least, I want to thank the Australian Government for their collaboration, namely through the appointment of a specialist, Mr Emir Muir, to be here with us today and to present the Westminster model for this type of Agency, as being aware of the various models currently operating will enable us to make an informed selection of the one most adapted to the specific reality of Timor-Leste.

Thank you very much.

Kay Rala Xanana Gusmão

18 March 2011