



**P R I M E
M I N I S T E R**

**REMARKS BY HIS EXCELLENCY THE PRIME MINISTER OF THE
DEMOCRATIC REPUBLIC OF LESTE KAY RALA XANANA GUSMÃO
ADDRESSING THE BUSINESS AND INVESTMENT LUNCH HOSTED BY
DLA PIPER**

Melbourne

19 September 2014

Andrew Darwin, Chief Operating Officer and Managing Partner, Australia, DLA Piper

Stephen Webb, Partner, DLA Piper

The Honourable Harold Mitchell AC

Bishop Hilton Deakin

Justice John Dowd AO

Distinguished guests
Ladies and gentlemen,

Thank you all for coming. I would particularly like to thank Harold Mitchell for coming today, and for his friendship with Kirsty and myself over the last decade.

He may be half the man he was on the outside but Harold's heart is as big as it ever was!

While I am only going to speak briefly, as there are other speakers today, including the Timor-Leste Minister for Petroleum and Minerals Resources, my message today is that Timor-Leste is ready for foreign investment and that we want to invite more Australians to do business in Timor-Leste.

It is now 15 years since our people bravely voted for independence and we set out on our path of nation building. It has not always been easy, and we have had to overcome many challenges along the way.

We have had to work hard to heal the wounds of war in our nation and in our neighbourhood. We are now at peace in our country and our relationship with Indonesia is a model for international reconciliation. It was only last month that our good friend, the President of Indonesia, His Excellency Dr Susilo Bambang Yudhoyono, visited Timor-Leste and proclaimed that Indonesia and Timor-Leste now enjoy the best bi-lateral relationship in the region. And, more recently, a group of retired Indonesian generals and widows came to pay tribute to the victims of the war, to our national heroes in Metinaro and to the deceased Indonesian soldiers.

We still face the challenge of having to build our national infrastructure. We also started from scratch as most of our roads, bridges, schools, hospitals and other buildings had been destroyed. And we started with no institutions of State, we had no governing body with experience running a country and we had a legal vacuum with no functioning legal system. Being 12 years old, we are making progress, although there is still much to be done.

Ladies and gentlemen,

While we are a small nation of just over 1 million people we are fortunate to be rich in natural resources. This has helped to charge our economy and since 2007 we have enjoyed average non-oil GDP growth of over 10%.

To help realise our potential, and focus our nation building efforts, we produced a 20 year Strategic Development Plan in 2011 with a framework to transform our country from a low income nation to a country with upper-middle income levels with a healthy, well educated and prosperous population.

The Plan is based on the premise that to create jobs and build a sustainable future we need to develop a strong market economy and a diversified private sector.

To help achieve this goal we have set some of the lowest income and corporate tax rates in the world while having a very low cost base for doing business. We have also adopted an expansive fiscal policy to help relieve poverty and strengthen our human resources.

Our sovereign wealth fund, the Petroleum Fund, has grown from its opening balance of \$205 million in September 2005 to almost \$17 billion today. The Fund is growing everyday and underpins our economic growth and our capacity to support our people into the future. By diversifying the investment of the Fund beyond bonds, to around 50% in equities, we have achieved over the last 3 years a return of \$2.7 billion and, in the first 6 months of 2014 alone our return is around \$900 million.

We are investing in a large infrastructure program including a national port, airports and a national road network and we are looking for international partners who can join with us to build our nation.

We are also committed to major nation building projects. This includes developing our south coast into a regional petroleum sector hub which the Minister for Resources and Energy will talk more about shortly.

We have also established a Special Economic Zone in the district of Oe-cusse where we will provide incentives, a simple regulatory and tax environment and land to attract foreign investment in industries including tourism and finance.

Friends, we are part of the Asian growth story and we are on Australia's doorstep – Dili is only one hour from Darwin by air.

Timor-Leste provides a peaceful and beautiful place to oversee investments. We enjoy stability and one of the safest capital cities in the world.

With traditional emerging markets becoming crowded with competition, our country provides sophisticated investors with the opportunity for high returns across a wide range of industries. While we are part of the Asian growth story we also provide the chance for early entry into an economy with limited competition that is on Australia's doorstep.

And we have a culture Australians can relate to. Many of our people have deep connections to Australia and Victoria has the largest overseas Timorese population with over 10,000 Timorese Australians living in this State.

Timor-Leste also provides a great opportunity to invest to transform. Investments can have national significance and make a substantial contribution to improving the lives of the Timorese people.

Ladies and gentlemen,

I know we have focused on business today but I want to share with you another important part of the relationship between Timor-Leste and Australia, and that is between our veterans. Our countries share a military history that goes back to the Second World War. And recently, through the invitation of the National President of Australian RSL, the Timorese

veterans from the resistance struggle came to Australia and marched under the RSL banner on ANZAC Day. More than that, they saw how Australia respects and treats its veterans and they came back to Timor-Leste incredibly impressed.

And so, I invited representatives of Australian veterans to Timor-Leste who attended FALINTIL Day, our veterans day, and we were all moved when our Timorese children's choir sang Waltzing Matilda in perfect 'Australian' at a function at the President's Palace. This relationship is now strong and we look forward to further exchanges and building this relationship of solidarity.

Ladies and gentlemen,

Timor-Leste has established a tolerant and peaceful society with a vibrant democracy that upholds the rule of law.

With our open economy, expansive fiscal policy, large infrastructure program, low tax rates and strong government support we have established a platform for sustained economic growth.

We are looking for international partners to work with us to build our economy and help us provide a better future for our people.

Thank you for coming today, I hope we meet next in Timor-Leste.

19 September 2014
Kay Rala Xanana Gusmão