

Letters accompanying the proposed State Budget for 2024
Unofficial translation by La'o Hamutuk

PRIME MINISTER

NO. 148/PM-GPM/XI/2023
Dili, November 23, 2023

Subject: Presentation of the 2024 State Budget Bill

Excellence,

Under the terms of Article 115(2)(a) and Article 145(1) of the Constitution of the Republic, and for the purposes of Article 52(1) and (3) of Law no. 2/2022 of February 10, Framework for the General State Budget and Public Financial Management, as amended by Law no. 17/2023, of August 29, I hereby present to you the Draft State Budget Law for 2024, approved by the Council of Ministers on November 21, 2023, accompanied, under the terms of article 40(2) and articles 41 to 43 of the aforementioned Law no. 2/2022, of February 10, by the Report, the Budgetary Developments and the Informative Elements.

I also forward, under the terms of article 8(a), (b) and (c) and article 9(1)(b), (c) and (d) of Law no. 9/2005, of August 3, the Petroleum Fund Law, as amended by Law no. 12/2011, of September 28 and by Law no. 2/2022, of February 10, the following documents^o 2/2022, of February 10, the following documents: (i) the Report with the estimated Sustainable Income for the fiscal year in which the transfer is made (2024) and for the previous fiscal year (2023); (ii) the Independent Auditor's Report certifying the amount of the estimated Sustainable Income; (iii) the Report with the estimated amount by which the Estimated Sustainable Income for subsequent fiscal years will be reduced, due to the transfer from the Petroleum Fund of an amount greater than the Estimated Sustainable Income; (iv) the Independent Auditor's Report certifying the estimates of the reduction in the Estimated Sustainable Income; and, (v) the justification for considering it to be in Timor-Leste's long-term interest to transfer an amount greater than the Estimated Sustainable Income from the Petroleum Fund.

Finally, I would like to ask you and the honourable Members of Parliament to ensure that the process of discussing and voting on the 2024 State Budget Proposal is organized as a matter of priority and urgency. In fact, considering that we are already at the end of November, as well as the fact that November 28 and December 7 and 8 are public holidays, and that the Christmas period is still approaching, examining the budget proposal without urgency would prevent the legislative process from being concluded before the end of this year, which would imply extending the validity of the 2023 State Budget Law into 2024 and the consequent application of the duodecimal regime.

Therefore, and in order to avoid this scenario, I ask you, under the terms of Rule 97 of the National Parliament's Rules of Procedure, that the National Parliament determine the urgency of the legislative process relating to the 2024 General State Budget Bill.

Please accept, Madam President, my most respectful compliments.

/s/

Kay Rala Xanana Gusmão

Prime Minister

Your Excellency
Maria Fernanda Lay
President of the National Parliament

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PRIME MINISTER

**Your Excellency,
Maria Fernanda Lay
President of the National Parliament**

Dili, November 23, 2023

**Subject: Proposed State Budget Law for 2024 and justification for making a transfer from the
Petroleum Fund above Sustainable Income**

Dear Excellency,

In compliance with the provisions of Article 145(1) of the Constitution of the Republic and for the purposes of Article 52(1) and (3) of Law no. 2/2022 of February 10, Framework for the General State Budget and Public Financial Management, as amended by Law no. 17/2023, of August 29, I hereby present to you, on behalf of the IX Constitutional Government, for your consideration and approval, the Draft Law on the General State Budget for 2024, accompanied, under the terms of article 40(2) of the aforementioned Law, by the Report, the Budgetary Developments and the Informative Elements, as well as the documents provided for

In addition, pursuant to the provisions of Article 9(1)(d) of Law No. 9/2005, of August 3, the Petroleum Fund Law, as amended by Law No. 12/2011, of September 28, and Law No. 2/2022, of February 10, I also submit to you the justification as to why I consider it to be in the long-term interests of Timor-Leste to make a transfer in an amount greater than the Estimated Sustainable Income of the Petroleum Fund.

Excellence,

The General State Budget for 2024 is the first presented by the IX Constitutional Government, which took office on July 1, 2023, and defines the government's priorities for 2024, under the slogan "*Building a Bridge to Tomorrow: Investing in the Productive Sector and Social Capital.*"

The 2024 State Budget Bill is based on the strategic objectives defined in the Program of the IX Constitutional Government: 1) Reaffirming the Rule of Democratic Law; 2) Investing in the Development of Social Capital; 3) Continuing with the Development of Essential Infrastructures; 4) Promoting the Development of the Economy; and 5) Betting on Government Consolidation, Good Governance and Combating Corruption.

With the General State Budget Proposal for 2024, the government has laid the foundations for achieving the central objectives set for the next five years, defining public investment in fundamental infrastructures and economic growth as the central and fundamental engine of national development as priorities.

The government has therefore identified three crucial areas for substantial investment in productive infrastructure. Firstly, the electricity sector, with an allocation of \$165.6 million, reflecting the strategic importance of guaranteeing a reliable and accessible energy supply for the population and businesses. Secondly, the infrastructure construction sector, with an allocation of \$153.5 million, underlining the importance of infrastructure development in promoting economic growth. And thirdly, the Oil and Natural Gas sector, with an investment of \$104.2 million, emphasizing the government's dedication to harnessing and optimizing the country's natural resources to promote sustainable economic development.

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With economic diversification and job creation being priorities for the IX Constitutional Government, the 2024 State Budget also marks the adoption of a series of priority and strategic initiatives and reforms set out in the Government Program, including the development of the South Coast, with the establishment of a supply base and a refinery to connect to the Greater Sunrise gas pipeline, with the aim of creating a national oil industry and providing quality jobs for the Timorese; finalizing the process of defining land and sea borders with Indonesia to guarantee full sovereignty over the national territory; completing the installation of the fibre optic cable to guarantee high quality and fast internet access for all citizens and throughout the national territory; reforming the justice sector, and reviewing state support for the elderly and disabled, increasing the social pension to ensure a decent income for all those who really need it. In addition, it puts into practice the government's commitment to investment in key sectors such as agriculture, fisheries, livestock, tourism and the promotion of small and medium-sized industries, with the aim of reducing dependence on imported goods by replacing them with products that can be manufactured domestically, promoting an increase in training opportunities and job creation.

Excellence,

In order to be able to adopt these strategic measures that are essential to meet the needs of the current generation and provide tools for future generations, to promote the well-being of each and every Timorese citizen, and to ensure the long-term sustainable development of the country, it is necessary to make a transfer from the Petroleum Fund above the Estimated Sustainable Income.

This transfer will not support current expenditure related to the running of the state administration.

The transfer of the Estimated Sustainable Income from the Petroleum Fund requested is intended to finance a series of essential measures and investments necessary for the country's long-term economic growth and development, in order to meet the needs of the current generation and generations to come. On the basis of the grounds set out above, we submit for the consideration of the National Parliament the approval of a transfer from the Petroleum Fund in excess of the Estimated Sustainable Income. In this regard, I submit to you, for the purposes of considering this request, the Report with the Estimated Sustainable Income for the fiscal year in which the transfer is made (2024) and for the previous fiscal year (2023), the independent auditor's report certifying the amount of the Estimated Sustainable Income, the Report estimating the amount by which the Estimated Sustainable Income for subsequent fiscal years will be reduced as a result of the transfer from the Petroleum Fund of an amount in excess of the Estimated Sustainable Income and the Independent Auditor's Report certifying the estimates of the reduction in the Estimated Sustainable Income required by Article 8(a), (b) and (c) and Article 9(1)(b) and (c) of the Petroleum Fund Law.

Please accept, Madam President, my most respectful compliments.

/s/

Kay Rala Xanana Gusmão

Prime Minister