

## **Excerpts from JSMP National Parliamentary Bulletin** **relating to mid-year budget rectification**

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### **Summary of Parliamentary Activities during the months of May and June 2010**

Members of parliament fully participated in discussion on the amended budget as well as members of the AMP government, and this was broadcast live to the people of Timor-Leste through RTL and TVTL. The details of the draft law are as follows:

Draft Law No. 37/II which supersedes *Law No. 15/2009 23 December 2010* and was approved pursuant to the 2010 State Budget for the Democratic Republic of Timor-Leste (debated on 7-8, 14-18, 21-25 June 2010); the law was approved by the following vote: 39 in favor, 17 against and 3 abstain.

#### **d. Analysis of the Amended Budget 2010**

The amended budget of 2010 totaling US\$ 837.981 million was debated for nine days between 22 June – 2 July 2010 and in the end it was approved by Parliament, voting with 39 in favor, 17 against and 3 abstain. The Fretilin party chose not to agree to the amended budget. All members of AMP agreed with the amended budget while PUN and PPT-KOTA chose to abstain.

During the discussion there were amendments made to goods and services and minor capital transfers or additions to development capital, however there were no significant changes to the total value of the proposed budget. This is because 1.752 million from the goods and services section under No. 0.022 from minor capital was added to development capital. This means that no change was made to the amended budget from the government.

Based on JSMP monitoring at the Parliament, approximately 10 amendments were made to the budget after the discussion and debate, however this did not change the total value as amendments were made to individual items, as mentioned above.

The 10 amendments were based on requests made by members of AMP, with a request made from Mr. Duarte Nunes from the CNRT bench and Mr. Domingos Mesquita from PUN, and another 5 requests were made by the opposition, namely from Ms. Fernanda Borges-PUN, Cipriana Pereira-Fretilin and Antoninho Bianco-Fretilin, Francisco Branco-Fretilin and Arsénio Paixao Bano-Fretilin.

While conducting its parliamentary monitoring JSMP noted that 126 amendments were requested during the specific discussion of the 2010 amended budget. However most of these proposals were not approved because the majority of members of parliament are affiliated to AMP and they defended the draft amended budget put forward by Prime Minister Kay Rala Xanana Gusmão and Minister of Finance Emilia Pires during the plenary discussion in parliament.

JSMP values the hard work and progress achieved by the members of parliament during the aforementioned two month period. JSMP hopes that in the future these representatives of the people will continue to improve their work arrangements, so that the community can truly see the development and progress being achieved in this newly independent nation.

## **2. JSMP analysis on activities of the national parliament during the last two months**

### **c. Analysis of the 2010 Amended Budget**

As set out in Article 145.1 of the RDTL Constitution, the State Budget shall be prepared by the Government and approved by the National Parliament. Furthermore, Article 145.2 states that the Budget law shall provide, based on efficiency and effectiveness, a breakdown of the revenues and expenditures of the State, as well as preclude the existence of secret appropriations and funds.

There are two pieces of legislation that deal with budget issues:

- Law No. 8/2007 on the budgetary period. Article 1 of this law states that the budgetary period shall commence on 1 January and end on 31 December of every year. This means that the state budget should only be debated and approved once a year.
- Another law is Law 13/2009 on Budget and Financial Administration. Article 34 of this Law specifies that the government may present amendments to the government budget in force whenever circumstances require. Article 34.2 states that the structure and content of laws concerning budget changes comply with the provisions of the present law, the terms of which are applicable thereto with the necessary amendments.

On 22 June Committee C submitted a report or opinion to the chair of the Parliament. Committee C recommended that only US \$ 52.3 million be approved for new expenditure from the US \$ 178 million proposed by the government. According to Committee C, the government could only justify a total of US \$ 52.3 million, not US \$ 178 million. On the next day in front of the plenary, the Prime Minister said in English “*bullshit*” which for English speaking communities is a term that is very disrespectful to others, and is never used in formal communications or debates at this level. Nevertheless, JSMP also values the honesty and humility of the Prime Minister who then apologized to the members of the council and also to the people of Timor-Leste for using inappropriate language. Then on 24 June the Parliament voted on the passing of the Draft Amended Budget in a full plenary session and rejected the draft proposed budget from Committee C.

JSMP believes that this incident can be understood as an event that threatens the democratic process in parliament. JSMP noted that ideally there should only be one period of debate on the budget each year, and the budget should only be increased in extraordinary circumstances, because this increase will be part of a new program. JSMP is concerned that perhaps the government is trying to use this amendment process like they use debate on the state budget. JSMP believes that if there are two separate budgeting processes in Parliament this will prevent the members of parliament from carrying out their other core activities, such as debating and approving laws which is also part of their mandate.

JSMP also believes that the Parliament and government should also consider recommendations from Committee C, because this Committee has specific knowledge about state finances.