



REPÚBLICA DEMOCRÁTICA DE TIMOR-LESTE
Office of the Prime Minister

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**Media Release: Timor-Leste government launches public consultation
on Petroleum Fund.**

The Timor-Leste Government is today starting a period of public consultation on key issues related to the establishment of a Petroleum Fund for Timor-Leste. A discussion paper has been prepared to provide a basis for the public debate.

Prime Minister Mari Alkatiri said today: “Our aim is that the Petroleum Fund will be a tool that can contribute to the wise management of Timor-Leste’s petroleum resources, to the benefit of both current and future generations”.

“Experiences from other countries show that petroleum wealth can easily become a curse instead of a blessing. In order for Timor-Leste to ensure the petroleum resources are well managed, it is important that people are well informed and that we can establish a strategy with as broad an agreement as possible.”

The public consultation discussions will focus on the establishment of a Petroleum Fund as a savings instrument. The proposed Petroleum Fund builds on Norway’s successful experiences, but adds additional transparency and information features. It is currently referred to as the “Norway Plus” model.

Discussions will also address the related, but separate, question of what is the preferred savings policy. The Government has adopted a savings policy that keeps constant the real value of the petroleum wealth. Over the medium term, this policy would allow for an increase in government expenditures from today’s levels.

Prime Minister Alkatiri said today: “Increased spending should be used wisely to invest in key government services and infrastructure, which can deliver stronger economic growth and contribute to poverty reduction. This policy would at the same time ensure

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that sufficient financial savings are deposited in the Petroleum Fund so that in later years we are able to maintain the same level of expenditures.”

Government officials will hold public consultations in a number of districts including the capital Dili, in the coming weeks. Prime Minister Alkatiri further said ”we encourage all the people of Timor-Leste and interested parties to participate in these discussions on the Petroleum Fund to provide constructive comments on issues raised.”

On the basis of this public consultation, the Timor-Leste Government intends to put forward a draft law on the Petroleum Fund for public consultation early next year. Subject to the approval by Parliament and promulgation by the President, the Petroleum Fund can then be operational from 1 July 2005, which is the start of the 2005-2006 fiscal year.

Comments related to the issues raised in the discussion paper should be submitted by 30 November 2004 to the Ministry of Planning and Finance.

For questions regarding the Petroleum Fund and the public consultation, please contact Mr Cristino Gusmao, Macroeconomics Unit, Ministry of Planning and Finance (cgusmao@mopf.gov.tp) or tel +670 723 0127).

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