

Revisions to the Budget Law proposed by the ad-hoc Committee, 14 February 2013

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~~V CONSTITUTIONAL GOVERNMENT~~ NATIONAL PARLIAMENT

Single substitute text approved by the ad hoc Committee to Collect and Analyze Proposed Consensus Amendments to the 2013 State Budget

Proposed Law No. ____ of ____ PPL 2/III (I)

[As submitted to Parliament on 18 December 2012 and amended on 14 February 2013.]

General State Budget for 2013

The General State Budget for 2013 covers all revenue and expenditure of the State of Timor-Leste.

Annex I of the General State Budget Law for 2013, hereinafter GSB, establishes the estimated total revenue of GSB January to December 2013 from all sources: petroleum, non-petroleum, tax revenue, non-tax revenue and borrowing. The estimated total revenues are \$2,987.8 million U.S. dollars.

Annex II of the General State Budget Law establishes all budget appropriations, systematized as follows:

1. ~~\$160.257~~\$160.531 million for Salaries and Wages;
2. ~~\$461.744~~\$441.530 million for Goods and Services;
3. ~~\$236.473~~\$238.985 million for Public Transfers;
4. ~~\$47.150~~\$49.696 million for Minor Capital;
5. ~~\$891.895~~\$756.877 million for Capital Development.

Excluding autonomous funds and services, special funds, special funds and borrowing, total appropriations are ~~\$862.047~~\$877.547 million.

The State Treasury account includes all revenue and expenses from autonomous funds and services, including Electricity of Timor-Leste (EDTL), the Airport and Air Navigation Administration of Timor-Leste (ANATL), the Port Authority of Timor-Leste (APORTIL - Including the Berlin-Nakroma), the Institute of Equipment Management (IGE) and Administrative Service for Medicines and Medical Equipment (SAMES). Revenues from these categories are included in budget lines for their own receipts from autonomous funds and services in Annex I, with the budget of proposed expenditures listed in Annex III.

The total estimated expenditure for the self-financed autonomous funds in 2013 is ~~\$140.147~~\$123.147 million, of which ~~\$117.302~~\$100.302 million will be transferred from the state budget in order to subsidize expenses exceeding their own receipts.

The total budget appropriation for the Infrastructure Fund, including Loans, is ~~\$752.877~~\$604.377 million and ~~\$709.289~~\$560.789 million excluding loans. The balance carried over from the year 2012, under the law, is \$444.351 million.

The total budget appropriation for the Human Capital Development Fund is \$42.448 million, of which the value of \$8.549 million corresponds to the balance carried over from the year 2012, according to the law.

The total estimated expenditure of the GSB is ~~\$1,797.519~~\$1,647.519 million.

The maximum total approved for public borrowing, in 2013, is \$43.6 million.

Non-petroleum revenues are estimated at \$146.3 million.

Thus, the fiscal deficit is ~~\$1,651.2~~\$1,501.219 million, of which ~~\$1,197.8~~\$787 million will be financed from the Petroleum Fund \$43.6 million from public borrowing, ~~and~~ \$409.8 million in the balance carried forward from Special Funds ~~and~~ \$260.8 million from the balance in the Treasury Account.

The ~~Government presented to the~~ National Parliament decrees, under the terms of Articles ~~97.1(c)~~95.3(d)

and 145.1 of the Constitution of the Republic, ~~with the value of law, the following~~ **the following Proposed Law:**

Chapter 1

Definitions and approval

Article 1

Definitions

For the purposes of this Act, the following definitions apply:

“Expenditure Category” - "The expenditure are grouped under the following five categories: Salaries and Wages; Goods and Services, Public Transfers; Minor Capital and Capital Development, in which:

- i) **“Salaries & Wages”** - "The amount a Body can spend with Salaries and Wages for holders of political office, and permanent, temporary and part-time civil servants;
- ii) **“Goods and Services”** - The amount a Body can spend to acquire Goods and Services;
- iii) **“Public Transfers”** - "The amount a Body can spend on public grants and consigned payments;
- iv) **“Minor Capital”** -The amount a Body can spend on acquisition of Minor Capital goods;
- v) **“Capital Development”** - The amount a body can spend on Capital Development projects.

“Expenses paid by Revenues” - Expenses supported by the revenues of autonomous funds and services, provided that the amount does not to exceed the total revenues that were received in the relevant Treasury accounts;

“Budget Appropriation” - Maximum amount specified in the GSB for a body towards the payment of a designated expenditure;

“Body / Bodies” - The generic term adopted in budgeting to indicate the public administration sector under budget discipline, according to the Classification into titles such as: Office of President of the Republic, National Parliament, Government (Office of the Prime Minister, Presidency of the Council of Ministers, Ministries and Secretaries of State), Courts and Attorney General of the Republic, as well as other institutions listed in Annex II;

“Expenditure Items” - The individual expenditure items within each category of expense, based on the structure of coding of expenditure accounts maintained by the Treasury.

Article 2

Approval

This Law approves the General State for the period from 1 January 2013 to 31 December 2013, as well as:

- a) Total revenues by groups including the revenues of autonomous funds and services, special funds and borrowing, listed in Annex I to this law, of which it is an integral part

The total expenditure by groups including the amounts to be transferred from the General State Budget for autonomous funds and services in 2013, listed in Annex II to this law, of which it is an integral part;

The total expenditure of autonomous funds and services to be funded from their own revenues and subsidies from the General State Budget are listed in Annex III to this law, of which it is an integral part;

The total expenditure corresponding to appropriations for the Fund for Infrastructure, for 2013, including balances carried forward and expenditure financed with resources from public borrowing, are listed in Annex IV to this law, of which it is an integral part;

The total expenditure corresponding to appropriations for the Human Capital Development Fund for 2013, including balances brought forward are listed in Annex V to this law, of which it is an integral part.

Chapter II

Revenues

Article 3

Taxes ~~and fees~~

During 2013, the Government is authorized to collect taxes and ~~other tributary impositions~~fees as included in tax legislation currently in force.

Chapter III

Authorization to transfer from the Petroleum Fund and use of the Treasury Balance

Article 4

Authorized limit for credit to the GSB and use of the Treasury Balance

1. Under the terms and for the purposes of Article 7 of Law no. 9/2005 of 3 August, as amended by Law no. 12/2011 of September 28, the Petroleum Fund Law, the amount of withdrawals from the Petroleum Fund for 2013 shall not exceed ~~\$1,197.8~~\$787 million and will be carried out in compliance with Articles 8 ~~and 9~~ of the aforementioned law.
2. After having executed \$1,386.7 million of the budget, the Government may use, in whole or in part, the balance in the Treasury Account, having previously informed the National Parliament.

Chapter IV

Constitution of Public Debt

Article 5

Maximum Amount of Authorized Debt

1. In order to meet financing needs related to construction of strategic infrastructure for the development of the country, the Government is hereby authorized, in accordance with Article 20 of Law no. 13/2009 of 21 October and Article 3 of Law no. 13/2011 of 28 September, to resort to concessional external borrowing up to the maximum amount of \$223.5 of millions, with a maximum term of 40 years.
2. Without prejudice to the provisions of the previous article, in 2013, funding from loans shall not exceed \$43.6 million.

Chapter V

Budget Execution

Article 6

Payment of Taxes on Imports by Government

The Treasury is authorized to establish and implement an accounting mechanism for registering and controlling revenues and expenses, corresponding to the payment of taxes on imports done by Bodies or on their behalf.

Article 7

Whole of Government Appropriations

According to clear and precise criteria established for public expenditures, the Government specifies in the budget the following expenditures as Whole of Government, to be managed by the Ministry of Finance:

- a) Counterpart Fund;
- b) External Audit;
- c) Contingency Reserve;
- d) International Organization Membership Fees;
- e) Payment of pensions to former office holders and former members of organs of Sovereignty;
- f) Construction of Integrated Border Posts;
- g) Fund contributed to Institutions of Social Character;
- h) Provision for the g7 +;
- i) Provision for Regulation of Telecommunications;

- j) Service for Business Registration and Verification;
- k) Provision for the Impact of Special Regimes;
- l) Major Project Secretariat;
- m) Provision for Legal Services;
- n) Timor-Leste Cooperation Agency.

Chapter VI Autonomous Services and Funds and Special funds

Article 8 Their Own Revenues

1. The anticipated revenue to be collected by Autonomous Services and Funds are set out in Annex I.
2. Expenses resulting from transfers from the Government to Autonomous Services and Funds, as well as their anticipated expenses, are set out in Annex II.
3. The budgets for Expense Categories related to Autonomous Services and Funds that are financed by their own revenues are set out in Annex III.
4. The appropriations from the Infrastructure Fund are set out in Annex IV.
5. The appropriations from the Human Capital Development Fund are set out in Annex V.
6. Expenditure Authorization Notices in favor of Autonomous Services and Funds, from their own revenues may only be authorized after the state receives the respective revenues, and such authorizations must be of equal or lesser value.

Chapter VII Final Provisions

Article 9 Funding through independent donors

1. Each Body can establish agreements with independent donors to provide additional or complementary resources to the funding in the budget allocations of this Law, after the mandatory advice from the Minister for Finance.
2. This funding must be managed in accordance with the directives issued by the Ministry of Finance and with donor requirements.

Article 10 Responsibility

1. Unsuitable contracts signed by political office-holders generate political, financial, civil and criminal responsibility, under Article 46 of Law No 13/2009 of 21 October on Budget and Financial Management.
2. For the purposes of carrying out the financial responsibility under the preceding paragraph, it is considered that the office-holder comes to an undue payment, subject to condemnation in replacement of the corresponding amount. under Article 44 and the following of Law No. 9/2011 of 17 August, which approved the organic structure of the High Administrative, Tax and Audit Court.

Article 11 Entry into force

This law shall enter into force on the day following its publication, with effect from January 1, 2013.

Approved by

The President of the National Parliament

Vicente da Silva Guterres

Promulgated by

To be published.

The President of the Republic

Taur Matan Ruak

~~the Council of Ministers on December 10, 2012.~~

~~The Prime Minister,~~

~~/S/~~

~~Kay Rala Xanana Gusmão~~