

# Quarterly GFS Fiscal Bulletin

## July-September 2013

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#### *July-September 2013*

### Government Finance Statistics (GFS)

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#### **Executive Summary**

*At the end of September 2013, the General Government of Timor Leste (GGoTL), including Petroleum<sup>1</sup> and Donor Funds is running a net operating balance of \$2,338.4 million. Consequently it has a net lending capacity of \$2,185.0 million and is able to sustain its current level of operations.<sup>1</sup>*

*Without the Petroleum and Donor Funds, the GGoTL is running a net operating deficit of \$111.9 million. This highlights the fact that the government still relies on the Petroleum Fund and on the use of the cash balance to finance its expenditures and maintain its current level of operations.*



## 1. Revenues

By the end of the third quarter in 2013, total revenues for the GGoTL, Petroleum and Donor funds amount to \$2,854.4 million. Non-oil revenues amount to \$96.7 million<sup>1</sup>, oil revenues comprise the largest revenue category reaching \$2,624.6 million and revenues from donors equal \$133.1 million<sup>2</sup>.

### 1.1 Non-oil Revenues

Non-oil revenues are divided into taxes, grants and other revenues:

Non-oil taxes comprised 76% of non-oil revenues, reaching \$73.1 million during the third quarter of 2013. Non-oil tax is divided into:

**Taxes on income, profits and capital gains** has slightly decreased by the end of the third quarter in 2013 (\$26.9 million) compared to the same period in 2012 (\$28.6 million). This has been due to a reduction in collection of withholding tax, which was only partly offset by an increase in corporate tax and individual income tax collection.

**Taxes on goods and services** are the major source of tax revenue, totalling \$37.3 million, 8% higher than those collected by the end of the third quarter of 2012 (\$34.4 million). This increase has been mostly due to the increase in the collection excise tax collection, which contrasted with the fall of sales throughout 2012 and 2013.

**Taxes on international trade and transactions** have reduced 6.3% compared to the same period in 2012, reaching \$8.7 million in 2013. This is due to a decrease in the collection of import duties.

**Other taxes** reached \$0.19 by the end of September 2013.

Other revenue stands at \$23.6 million by the end of the third quarter in 2013, 5% lower than the \$24.8 million incurred in the same period in 2012. The reduction in collections from electricity fees and charges is the main reasons behind this decrease.

### 1.2 Oil Revenues

Oil revenues are divided into:

**Taxes** collected by the end of the third quarter 2013 amount to \$932.6 million, mostly due to taxes on income profits and capital gains.

**Other revenue** is the major revenue source for the Petroleum Fund, amounting to \$1,692.1 million by the end of the third quarter in 2013.

### 1.3 Donor Fund Revenues

The Donor Fund incurs revenues through grants received from all development partners. At the 30<sup>th</sup> September 2013, this amount totals \$133.1 million.

## 2. Expenses

For the GGoTL, including the Petroleum and Donor Funds, expenses amount to \$516.0 million at the end of the third quarter 2013. The GGoTL alone incurred most of these expenses throughout 2013, totalling \$388.6 million. The Petroleum Fund incurred a significantly smaller amount of expenditures (\$186.2 million). Finally the Donor Fund spent \$121.2 million.

### 2.1 General Government Expenditures

Expenditure categories for GGoTL comprise:

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<sup>1</sup> \$96.7 million is obtained by subtracting total oil grants (\$180.0 million) from total domestic revenues (\$276.7 million).

<sup>2</sup> This means that oil revenues represent 99% of total revenues, whilst non-oil revenues comprise only 1% of total revenues.

**Compensation of Employees** has reached \$98.1 million at the end of the third quarter in 2013, 12% higher than \$87.7 million incurred for the same period in 2012.

**Use of Goods & Services** comprises the largest expenditure category (44% of total expenses) in September 2013. Its value has decreased 16% totalling \$171.2 million, compared to the \$203.9 million spent during the same period of 2012. This fall has been brought about mostly by reductions in fuel for generators and staff training overseas.

**Grants** total \$1 million for the third quarter in 2013. These Grants correspond to contributions to quotas in international organizations which increased in 2013 compared to previous years.

**Social benefits** add up to \$78.2 million throughout the first three quarters in 2013. This is 26% lower compared to the same period in 2012. In particular the Ministry of Social Solidarity reduced social transfers in 2013 compared to 2012, partly due to the unexpected natural disasters which occurred in 2012 and which required more emergency funds last year.

**Other expenses** reach \$40.1 million compared to \$39.9 million in 2012. This is mostly due to higher public grant expenditures.

## 2.2 Petroleum Fund Expenditures

Petroleum Fund expenses are determined by management costs and transfers to the GGoTL. Total expenses at the 30<sup>th</sup> September 2013 in this fund reach \$186.2 million. Grants transferred to the GGoTL amount to 99% of total expenses, whilst the remaining 1% is management fees: by the 30<sup>th</sup> September 2013 \$6.2 million correspond to management fees, whereas transfers to the GGoTL total \$180 million.

## 2.3 Donor Fund Expenditures

Total Donor Fund expenditures reach \$121.2 million in the end of the third quarter of 2013. These are divided into Compensation of Employees (\$6.16 million), Use of Goods and Services (\$50.29 million) and Other Expenses (\$64.7 million).

## 3. Net Operating Balance

The net operating balance shows the Government's ability to sustain its current level operations, given revenues and expenses.<sup>3</sup> The net operating balance is calculated as revenues minus expenses.

At the end of September 2013, the General Government of Timor Leste (GGoTL), including Petroleum and Donor Funds is running a net operating balance of \$2,338.4 million. However the government still relies on the Petroleum Fund and use of the cash balance to finance its expenditures and maintain its current level of operations<sup>4</sup>.

## 4. Net Acquisition of Non-Financial Assets

Net Acquisition of Non-Financial Assets records transactions that change GGoTL's holdings of non-financial assets. It is broadly equivalent to capital expenditure as recorded in the Charter of Accounts in Timor Leste.

At the end of September 2013 total acquisition of financial assets stands at \$153.4 million. The GGoTL has undergone net acquisition of non-financial assets worth \$141.5 million (59% lower than the \$344.7 million spent by the same date in 2012). The Petroleum Fund did not record any expense under this category and the Donor Fund spent \$11.9 million.

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<sup>3</sup> In Timor Leste, Gross and Net Operating Balance are the same, as there is no inventory for depreciation of fixed capital to date.

<sup>4</sup> The GGoTL is running a net operating deficit of \$111.9 million without the Petroleum and Donor Funds.

## 5. Net Lending/Borrowing

Net Lending/Borrowing is total expenditure minus revenue. Net Lending in particular means the GGoTL (with the Petroleum and Donor Funds) is maintaining a strong financial position and has the capacity to invest those resources which are not being used in the economy.

The combination of total revenue (particularly oil revenue), expenditures and acquisition of non-financial assets make net lending for the GGoTL with the Petroleum and Donor Funds \$2,185 million at the end of the third quarter in 2013.

## 6. Net Acquisition of Financial Assets

Net acquisition of financial assets records an increase in government's holdings of financial assets. Net lending in Timor Leste is being invested in financial assets ranging across shares, securities, deposits, cash and other equities, particularly within the Petroleum Fund.

During the first three quarters of 2013 net acquisition of financial assets for the GGoTL, Petroleum and Donor Funds is \$2,530.6 million: -\$253.4 million in the GGoTL and \$2,784.1 million in the Petroleum Fund, as no financial assets were acquired within the Donor Fund. Total acquisition of financial assets is larger than net lending because it includes the unrealized market value of financial assets; which is recorded under Other Economic Flows and reaches \$599.1 million at the end of September 2013. Moreover the reason for the negative value in net acquisition of financial assets for the GGoTL (without the Petroleum and Donor Funds), is that it requires a net borrowing of \$253.4 and obtains it by withdrawing it from the CFTL cash balance (recorded under currency and deposits in the tables in the annex).

## 7. Financial Conclusion

At the 30<sup>th</sup> September, the GGoTL including Petroleum and Donor Funds has a strong fiscal position with a net operating balance of \$2,338.4 million and a net lending capacity of \$2,185.0 million. Total net lending capacity is then being invested in financial assets. However, efforts must continue to ensure GGoTL<sup>5</sup> maintains a stronger fiscal position without the Petroleum Fund. Increasing domestic non-oil revenues and constraining the growth in expense are two possibilities which the GGoTL can work towards to contribute to fiscal sustainability in coming years.

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<sup>5</sup> GGoTL without Petroleum and Donor Funds is still running a net operating balance of -\$111.9 million.

## Annex: Statement of Total Government Operations

Figure 1. Accumulated Statement of Government Operations for the First Three Quarters in 2013

Data for 2013, in millions of US dollars.

		Consolidated Fund, Infrastructure Fund and Human Capital Fund	Petroleum Fund	Donor Funds	Operations Between Government Units	Total
<b>Revenue</b>	<b>1</b>	<b>276.7</b>	<b>2624.6</b>	<b>133.1</b>	<b>-180.0</b>	<b>2854.4</b>
<b>Taxes</b>	<b>11</b>	<b>73.1</b>	<b>932.6</b>	<b>36.2</b>	<b>0.0</b>	<b>1041.9</b>
Taxes on income, profits, and capital gains	111	26.9	919.7	0.0	0.0	946.6
Taxes on goods & services	114	37.3	12.8	0.0	0.0	50.2
Taxes on international trade & transactions	115	8.7	0.0	0.0	0.0	8.7
Other taxes	116	0.2	0.0	0.0	0.0	0.2
		0.0	0.0	0.0	0.0	0.0
<b>Grants</b>	<b>13</b>	<b>180.0</b>	<b>0.0</b>	<b>133.1</b>	<b>-180.0</b>	<b>133.1</b>
<b>Other revenue</b>	<b>14</b>	<b>23.6</b>	<b>1692.1</b>	<b>0.0</b>	<b>0.0</b>	<b>1715.6</b>
Property income	141	2.9	1683.8	0.0	0.0	1686.7
Other	142-145	20.7	8.3	0.0	0.0	29.0
<b>Expense</b>	<b>2</b>	<b>388.6</b>	<b>186.2</b>	<b>121.2</b>	<b>-180.0</b>	<b>516.0</b>
Compensation of employees	21	98.1	0.0	6.2	0.0	104.3
Use of goods & services	22	171.2	6.2	50.3	0.0	227.6
Consumption of fixed capital	23	0.0	0.0	0.0	0.0	0.0
Interest	24	0.0	0.0	0.0	0.0	0.0
Grants	26	1.0	180.0	0.0	-180.0	1.0
Social benefits	27	78.2	0.0	0.0	0.0	78.2
Other expense	28	40.1	0.0	64.7	0.0	104.9
<b>Gross operating balance [1-2+23]</b>	<b>GOB</b>	<b>-111.9</b>	<b>2438.5</b>	<b>11.9</b>	<b>0.0</b>	<b>2338.4</b>
<b>Net operating balance [1-2]</b>	<b>NOB</b>	<b>-111.9</b>	<b>2438.5</b>	<b>11.9</b>	<b>0.0</b>	<b>2338.4</b>
<b>Net acquisition of nonfinancial assets</b>	<b>31</b>	<b>141.5</b>	<b>0.0</b>	<b>11.9</b>	<b>0.0</b>	<b>153.4</b>
Acquisition of nonfinancial assets	311	141.5	0.0	11.9	0.0	153.4
Buildings & Structures	3111	138.6	0.0	0.2	0.0	138.8
Machinery & Equipment	3112	2.9	0.0	0.0	0.0	2.9
		0.0	0.0	0.0	0.0	0.0
Consumption of fixed capital [=23]	313	0.0	0.0	0.0	0.0	0.0
<b>Net lending / borrowing [1-2-31 = 1-2M]</b>	<b>NLB</b>	<b>-253.4</b>	<b>2438.5</b>	<b>0.0</b>	<b>0.0</b>	<b>2185.0</b>
<b>Net acquisition of financial assets</b>	<b>32</b>	<b>-253.4</b>	<b>2784.1</b>	<b>0.0</b>	<b>0.0</b>	<b>2530.6</b>
by instrument		0.0	0.0	0.0	0.0	0.0
Currency and deposits	3202	-253.4	141.5	0.0	0.0	-112.0
Securities other than shares	3203	0.0	1822.6	0.0	0.0	1822.6
Shares and other equity	3205	0.0	771.0	0.0	0.0	771.0
Other accounts receivable	3208	0.0	49.0	0.0	0.0	49.0
<b>Net incurrence of liabilities</b>	<b>33</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Loans	3304	0.0	0.0	0.0	0.0	0.0
Other accounts payable	3308	0.0	0.0	0.0	0.0	0.0
<b>Statistical discrepancy [32 - 33 - NLB-]</b>	<b>NLBz</b>	<b>0.0</b>	<b>345.6</b>	<b>0.0</b>	<b>0.0</b>	<b>345.6</b>
<b>Memorandum item:</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Other Economic Flows</b>		<b>0.0</b>	<b>345.6</b>	<b>0.0</b>	<b>0.0</b>	<b>345.6</b>
<b>Total expenditure [2+31]</b>	<b>2M</b>	<b>530.1</b>	<b>186.2</b>	<b>133.1</b>	<b>0.0</b>	<b>849.4</b>

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

Figure 2. Statement of government operations until the 3rd quarter 2013- Timor Leste (GGoTL, Petroleum and Donor Funds)

Data for 2013, in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
<b>Revenue</b>	<b>1</b>	<b>1,090.7</b>	<b>934.8</b>	<b>828.8</b>		<b>2,854.4</b>
<b>Taxes</b>	<b>11</b>	390.6	356.8	<b>294.6</b>		1,041.9
Taxes on income, profits, and capital gains	111	372.3	300.2	274.1		946.6
Taxes on goods & services	114	15.6	17.0	17.6		50.2
Taxes on international trade & transactions	115	2.6	3.2	2.9		8.7
Other taxes	116	0.1	0.1	0.0		0.2
		0.0	0.0	0.0		
<b>Grants</b>	<b>13</b>	<b>64.3</b>	<b>36.2</b>	<b>32.6</b>		<b>133.1</b>
<b>Other revenue</b>	<b>14</b>	<b>635.9</b>	<b>578.1</b>	<b>501.7</b>		<b>1,715.6</b>
Property income	141	620.1	570.5	496.1		1,686.7
Other	142-145	15.8	7.6	5.6		29.0
<b>Expense</b>	<b>2</b>	<b>124.6</b>	<b>195.2</b>	<b>196.2</b>		<b>516.0</b>
Compensation of employees	21	32.7	33.8	37.8		104.3
Use of goods & services	22	60.0	78.5	89.1		227.6
Consumption of fixed capital	23	0.0	0.0	0.0		0.0
Interest	24	0.0	0.0	0.0		0.0
Grants	26	0.0	0.0	1.0		1.0
Social benefits	27	13.5	42.0	22.7		78.2
Other expense	28	18.4	40.9	45.6		104.9
<b>Gross operating balance [1-2+23]</b>	<b>GOB</b>	<b>966.1</b>	<b>739.7</b>	<b>632.7</b>		<b>2,338.4</b>
<b>Net operating balance [1-2]</b>	<b>NOB</b>	<b>966.1</b>	<b>739.7</b>	<b>632.7</b>		<b>2,338.4</b>
<b>Net acquisition of nonfinancial assets</b>	<b>31</b>	<b>22.6</b>	<b>38.8</b>	<b>91.9</b>		<b>153.4</b>
Acquisition of nonfinancial assets	311	22.6	38.8	91.9		153.4
Buildings & Structures	3111	12.3	37.4	89.0		138.8
Machinery & Equipment	3112	0.0	0.0	2.9		2.9
		0.0	0.0	0.0		0.0
Consumption of fixed capital [=23]	313	0.0	0.0	0.0		0.0
<b>Net lending / borrowing [1-2-31 = 1-2M]</b>	<b>NLB</b>	<b>943.5</b>	<b>700.8</b>	<b>540.7</b>		<b>2,185.0</b>
<b>Net acquisition of financial assets</b>	<b>32</b>	<b>1,152.3</b>	<b>485.7</b>	<b>892.6</b>		<b>2,530.6</b>
by instrument		0.0	0.0	0.0		0.0
Currency and deposits	3202	-6.9	-123.6	18.5		-112.0
Securities other than shares	3203	827.9	412.5	582.2		1,822.6
Shares and other equity	3205	317.2	178.0	275.7		771.0
Other accounts receivable	3208	14.1	18.7	16.1		49.0
<b>Net incurrence of liabilities</b>	<b>33</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
Loans	3304	0.0	0.0	0.0		0.0
Other accounts payable	3308	0.0	0.0	0.0		0.0
<b>Statistical discrepancy [32 - 33 - NLB-]</b>	<b>NLBz</b>	<b>208.8</b>	<b>-215.1</b>	<b>351.9</b>		<b>345.6</b>
Memorandum item:		0.0	0.0	0.0		0.0
<b>Other Economic Flows</b>	<b>10</b>	<b>208.8</b>	<b>-215.1</b>	<b>351.9</b>		<b>345.6</b>
<b>Total expenditure [2+31]</b>	<b>2M</b>	<b>147.2</b>	<b>234.0</b>	<b>468.1</b>		<b>849.4</b>

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

Figure 3. Accumulated statement of Government operation (GGoTL)

Data for 2013. in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
<b>Revenue</b>	<b>1</b>	<b>29.9</b>	<b>35.2</b>	<b>211.6</b>		<b>276.7</b>
<b>Taxes</b>	<b>11</b>	21.0	26.9	<b>25.3</b>		<b>73.1</b>
Taxes on income, profits, and capital gains	111	6.7	11.2	9.0		26.9
Taxes on goods & services	114	11.6	12.4	13.3		37.3
Taxes on international trade & transactions	115	2.6	3.2	2.9		8.7
Other taxes	116	0.1	0.1	0.0		0.2
<b>Grants</b>	<b>13</b>	<b>0.0</b>	<b>0.0</b>	<b>180.0</b>		<b>180.0</b>
<b>Other revenue</b>	<b>14</b>	<b>9.0</b>	<b>8.3</b>	<b>6.3</b>		<b>23.6</b>
Property income	141	1.4	0.7	0.7		2.9
Other	142-145	7.5	7.6	5.6		20.7
<b>Expense</b>	<b>2</b>	<b>68.7</b>	<b>158.1</b>	<b>161.7</b>		<b>388.6</b>
Compensation of employees	21	30.4	32.8	34.9		98.1
Use of goods & services	22	24.8	63.5	82.9		171.2
Consumption of fixed capital	23	0.0	0.0	0.0		0.0
Interest	24	0.0	0.0	0.0		0.0
Grants	26	0.0	0.0	1.0		1.0
Social benefits	27	13.5	42.0	22.7		78.2
Other expense	28	0.0	19.9	20.2		40.1
<b>Gross operating balance [1-2+23]</b>	<b>GOB</b>	<b>-38.8</b>	<b>-122.9</b>	<b>49.8</b>		<b>-111.9</b>
<b>Net operating balance [1-2]</b>	<b>NOB</b>	<b>-38.8</b>	<b>-122.9</b>	<b>49.8</b>		<b>-111.9</b>
<b>Net acquisition of nonfinancial assets</b>	<b>31</b>	<b>12.3</b>	<b>37.4</b>	<b>91.7</b>		<b>141.5</b>
Acquisition of nonfinancial assets	311	12.3	37.4	91.7		141.5
Buildings & Structures	3111	12.3	37.4	88.8		138.6
Machinery & Equipment	3112	0.0	0.0	2.9		2.9
		0.0	0.0	0.0		0.0
Consumption of fixed capital [=23]	313	0.0	0.0	0.0		0.0
<b>Net lending / borrowing [1-2-31 = 1-2M]</b>	<b>NLB</b>	<b>-51.1</b>	<b>-160.4</b>	<b>-41.9</b>		<b>-253.4</b>
<b>Net acquisition of financial assets</b>	<b>32</b>	<b>-51.1</b>	<b>-160.4</b>	<b>-41.9</b>		<b>-253.4</b>
by instrument		0.0	0.0	0.0		0.0
Currency and deposits	3202	-51.1	-160.4	-41.9		-253.4
Securities other than shares	3203	0.0	0.0	0.0		0.0
Shares and other equity	3205	0.0	0.0	0.0		0.0
Other accounts receivable	3208	0.0	0.0	0.0		0.0
<b>Net incurrence of liabilities</b>	<b>33</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
Loans	3304	0.0	0.0	0.0		0.0
Other accounts payable	3308	0.0	0.0	0.0		0.0
<i>Statistical discrepancy [32 - 33 - NLB-]</i>	<i>NLBz</i>	0.0	0.0	0.0		0.0
Memorandum item:		0.0	0.0	0.0		0.0
<b>Other Economic Flows</b>	<b>10</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
<b>Total expenditure [2+31]</b>	<b>2M</b>	<b>81.1</b>	<b>195.6</b>	<b>253.5</b>		<b>530.1</b>

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

Figure 4. Accumulated Statement of Government Operation for the GGoTL

Data for 2013. in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
<b>Revenue</b>	<b>1</b>	<b>29.9</b>	<b>35.2</b>	<b>211.6</b>		<b>276.7</b>
<b>Taxes</b>	<b>11</b>	<b>21.0</b>	<b>26.9</b>	<b>25.3</b>		<b>73.1</b>
Taxes on income, profits, and capital gains	111	6.7	11.2	9.0		26.9
Taxes on goods & services	114	11.6	12.4	13.3		37.3
Taxes on international trade & transactions	115	2.6	3.2	2.9		8.7
Other taxes	116	0.1	0.1	0.0		0.2
<b>Grants</b>	<b>13</b>	<b>0.0</b>	<b>0.0</b>	<b>180.0</b>		<b>180.00</b>
<b>Other revenue</b>	<b>14</b>	<b>9.0</b>	<b>8.3</b>	<b>6.3</b>		<b>23.6</b>
Property income	141	1.4	0.7	0.7		2.9
Other	142-145	7.5	7.6	5.6		20.7
<b>Expense</b>	<b>2</b>	<b>68.7</b>	<b>158.1</b>	<b>161.7</b>		<b>388.6</b>
Compensation of employees	21	30.4	32.8	34.9		98.1
Use of goods & services	22	24.8	63.5	82.9		171.2
Consumption of fixed capital	23	0.0	0.0	0.0		0.0
Interest	24	0.0	0.0	0.0		0.0
Grants	26	0.0	0.0	1.0		1.0
Social benefits	27	13.5	42.0	22.7		78.2
Other expense	28	0.0	19.9	20.2		40.1
<b>Gross operating balance [1-2+23]</b>	<b>GOB</b>	<b>-38.8</b>	<b>-122.9</b>	<b>49.8</b>		<b>-111.9</b>
<b>Net operating balance [1-2]</b>	<b>NOB</b>	<b>-38.8</b>	<b>-122.9</b>	<b>49.8</b>		<b>-111.9</b>
<b>Net acquisition of nonfinancial assets</b>	<b>31</b>	<b>12.3</b>	<b>37.4</b>	<b>91.7</b>		<b>141.5</b>
Acquisition of nonfinancial assets	311	12.3	37.4	91.7		141.5
Buildings & Structures	3111	12.3	37.4	88.8		138.6
Machinery & Equipment	3112	0.0	0.0	2.9		2.9
		0.0	0.0	0.0		0.0
Consumption of fixed capital [=23]	313	0.0	0.0	0.0		0.0
<b>Net lending / borrowing [1-2-31 = 1-2M]</b>	<b>NLB</b>	<b>-51.1</b>	<b>-160.4</b>	<b>-41.9</b>		<b>-253.4</b>
<b>Net acquisition of financial assets</b>	<b>32</b>	<b>-51.1</b>	<b>-160.4</b>	<b>-41.9</b>		<b>-253.4</b>
<i>by instrument</i>		0.0	0.0	0.0		0.0
Currency and deposits	3202	-51.1	-160.4	-41.9		-253.4
Securities other than shares	3203	0.0	0.0	0.0		0.0
Shares and other equity	3205	0.0	0.0	0.0		0.0
Other accounts receivable	3208	0.0	0.0	0.0		0.0
<b>Net incurrence of liabilities</b>	<b>33</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
Loans	3304	0.0	0.0	0.0		0.0
Other accounts payable	3308	0.0	0.0	0.0		0.0
<i>Statistical discrepancy [32 - 33 - NLB-]</i>	<i>NLBz</i>	0.0	0.0	0.0		0.0
Memorandum item:		0.0	0.0	0.0		0.0
<b>Other Economic Flows</b>	<b>10</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
Total expenditure [2+31]	2M	81.1	195.6	253.5		530.1

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory



Figure 5. Accumulated statement of government operation for the Petroleum Fund

Data for 2013, in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
<b>Revenue</b>	<b>1</b>	<b>996.5</b>	<b>863.5</b>	<b>764.7</b>		<b>2,624.6</b>
<b>Taxes</b>	<b>11</b>	369.6	293.7	<b>269.3</b>		932.6
Taxes on income, profits, and capital gains	111	365.6	289.1	265.1		919.7
Taxes on goods & services	114	4.0	4.6	4.3		12.8
Taxes on international trade & transactions	115	0.0	0.0	0.0		0.0
Other taxes	116	0.0	0.0	0.0		0.0
						0.0
<b>Grants</b>	<b>13</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
<b>Other revenue</b>	<b>14</b>	<b>626.9</b>	<b>569.8</b>	<b>495.4</b>		<b>1,692.1</b>
Property income	141	618.6	569.8	495.4		1,683.8
Other	142-145	8.3	0.0	0.0		8.3
<b>Expense</b>	<b>2</b>	<b>1.9</b>	<b>2.3</b>	<b>182.0</b>		<b>186.2</b>
Compensation of employees	21	0.0	0.0	0.0		0.0
Use of goods & services	22	1.9	2.3	2.0		6.2
Consumption of fixed capital	23	0.0	0.0	0.0		0.0
Interest	24	0.0	0.0	0.0		0.0
Grants	26	0.0	0.0	180.0		180.0
Social benefits	27	0.0	0.0	0.0		0.0
Other expense	28	0.0	0.0	0.0		0.0
<b>Gross operating balance [1-2+23]</b>	<b>GOB</b>	<b>994.6</b>	<b>861.2</b>	<b>582.6</b>		<b>2,438.5</b>
<b>Net operating balance [1-2]</b>	<b>NOB</b>	<b>994.6</b>	<b>861.2</b>	<b>582.6</b>		<b>2,438.5</b>
<b>Net acquisition of nonfinancial assets</b>	<b>31</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
Acquisition of nonfinancial assets	311	0.0	0.0	0.0		0.0
Buildings & Structures	3111	0.0	0.0	0.0		0.0
Machinery & Equipment	3112	0.0	0.0	0.0		0.0
		0.0	0.0	0.0		0.0
Consumption of fixed capital [=23]	313	0.0	0.0	0.0		0.0
<b>Net lending / borrowing [1-2-31 = 1-2M]</b>	<b>NLB</b>	<b>994.6</b>	<b>861.2</b>	<b>582.6</b>		<b>2,438.5</b>
<b>Net acquisition of financial assets</b>	<b>32</b>	<b>1,203.4</b>	<b>646.1</b>	<b>934.5</b>		<b>2,784.1</b>
<i>by instrument</i>		0.0	0.0	0.0		0.0
Currency and deposits	3202	44.2	36.8	60.5		141.5
Securities other than shares	3203	827.9	412.5	582.2		1,822.6
Shares and other equity	3205	317.2	178.0	275.7		771.0
Other accounts receivable	3208	14.1	18.7	16.1		49.0
<b>Net incurrence of liabilities</b>	<b>33</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
Loans	3304	0.0	0.0	0.0		0.0
Other accounts payable	3308	0.0	0.0	0.0		0.0
<i>Statistical discrepancy [32 - 33 - NLB-]</i>	<i>NLBz</i>	<i>208.8</i>	<i>-215.1</i>	<i>351.9</i>		<i>345.6</i>
<i>Memorandum item:</i>		0.0	0.0	0.0		0.0
<b>Other Economic Flows</b>	<b>10</b>	<b>208.8</b>	<b>-215.1</b>	<b>351.9</b>		<b>345.6</b>
<b>Total expenditure [2+31]</b>	<b>2M</b>	<b>1.9</b>	<b>2.3</b>	<b>182.0</b>		<b>186.2</b>

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

Figure6. Accumulated statement of government operation for the Donors Fund

Data for 2013, in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
<b>Revenue</b>	<b>1</b>	<b>64.3</b>	<b>36.2</b>	<b>32.6</b>		<b>133.1</b>
<b>Taxes</b>	<b>11</b>	0.0	36.2	0.0		<b>36.2</b>
Taxes on income, profits, and capital gains	111	0.0	0.0	0.0		0.0
Taxes on goods & services	114	0.0	0.0	0.0		0.0
Taxes on international trade & transactions	115	0.0	0.0	0.0		0.0
Other taxes	116	0.0	0.0	0.0		0.0
						0.0
<b>Grants</b>	<b>13</b>	<b>64.3</b>	<b>36.2</b>	<b>32.6</b>		<b>133.1</b>
<b>Other revenue</b>	<b>14</b>	0.0	0.0	0.0		<b>0.0</b>
Property income	141	0.0	0.0	0.0		0.0
Other	142-145	0.0	0.0	0.0		0.0
<b>Expense</b>	<b>2</b>	<b>54.0</b>	<b>34.8</b>	<b>32.4</b>		<b>121.2</b>
Compensation of employees	21	2.2	1.0	2.9		6.2
Use of goods & services	22	33.4	12.8	4.1		50.3
Consumption of fixed capital	23	0.0	0.0	0.0		0.0
Interest	24	0.0	0.0	0.0		0.0
Grants	26	0.0	0.0	0.0		0.0
Social benefits	27	0.0	0.0	0.0		0.0
Other expense	28	18.4	21.0	25.3		64.7
<b>Gross operating balance [1-2+23]</b>	<b>GOB</b>	<b>10.3</b>	<b>1.4</b>	<b>0.2</b>		<b>11.9</b>
<b>Net operating balance [1-2]</b>	<b>NOB</b>	<b>10.3</b>	<b>1.4</b>	<b>0.2</b>		<b>11.9</b>
<b>Net acquisition of nonfinancial assets</b>	<b>31</b>	<b>10.3</b>	<b>1.4</b>	<b>0.2</b>		<b>11.9</b>
Acquisition of nonfinancial assets	311	10.3	1.4	0.2		11.9
Buildings & Structures	3111	0.0	0.0	0.2		0.2
Machinery & Equipment	3112	0.0	0.0	0.0		0.0
		0.0	0.0	0.0		0.0
Consumption of fixed capital [=23]	313	0.0	0.0	0.0		0.0
<b>Net lending / borrowing [1-2-31 = 1-2M]</b>	<b>NLB</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
<b>Net acquisition of financial assets</b>	<b>32</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
<i>by instrument</i>		0.0	0.0	0.0		0.0
Currency and deposits	3202	0.0	0.0	0.0		0.0
Securities other than shares	3203	0.0	0.0	0.0		0.0
Shares and other equity	3205	0.0	0.0	0.0		0.0
Other accounts receivable	3208	0.0	0.0	0.0		0.0
<b>Net incurrence of liabilities</b>	<b>33</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
Loans	3304	0.0	0.0	0.0		0.0
Other accounts payable	3308	0.0	0.0	0.0		0.0
<i>Statistical discrepancy [32 - 33 - NLB]</i>	<i>NLBz</i>	0.0	0.0	0.0		0.0
<i>Memorandum item:</i>		0.0	0.0	0.0		0.0
<b>Other Economic Flows</b>	<b>10</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		<b>0.0</b>
<b>Total expenditure [2+31]</b>	<b>2M</b>	<b>64.3</b>	<b>36.2</b>	<b>32.6</b>		<b>133.1</b>

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

## Key Terminology

**Compensation of employees** are remuneration in cash or kind, payable to an employee in return for work done and social insurance contributions made by a general government unit on behalf of its employees. Compensation of employees is incurred on a monthly basis in Timor Leste.

**Expenses** include all transactions that decrease the net worth of the general government sector. Expenditures are financed from the ESI, excess withdrawals from the Petroleum Fund, loans or the use of cash balance.

**General Government of Timor Leste** is the combination of the Consolidated Fund (CFTL), Human Capital and Development Fund (HCDF) and the Infrastructure Fund in Timor Leste.

**Grants:** are non-compulsory current or capital transfers from one government unit to another government unit or an international organization. These are divided into estimated sustainable income (ESI) and excess withdrawals.

**Gross Operating Balance** is the revenue minus expenses other than consumption of fixed capital. It indicates whether the government is able to sustain its current level of operations and ideally should portray a surplus. However consumption of fixed capital is not measured in Timor Leste, therefore Gross Operating Balance is equal to Net Operating Balance.

**Net lending/borrowing** is a balancing item defined as the net acquisition of all financial assets less the net incurrence of all liabilities from transactions. It is thus a summary measure indicating the extent to which GGoTL is either putting financial resources at the disposal of other sectors in the economy or utilizing the financial resources generated by other sectors.

**Net Operating Balance** is equal to revenue minus expenses and indicates whether the government is able to sustain its current level of operations.

**Other Revenue** includes a variety of forms of revenue earned by GGoTL including property income, sales of goods, fines & penalties and other miscellaneous revenue.

**Revenues** are all transactions that increase the net worth of general government sector and exclude domestic and external borrowing. Revenues tend to increase during the last period of the year, due to the collection of accumulated taxes.

**Social benefits** are current transfers to households to provide for needs arising from events such as sickness, unemployment, retirement, housing or family circumstances.

**Taxes on goods & services** are taxes levied on the production, extraction, sale, transfer, leasing or delivery of goods and rendering of services.

**Taxes on income, profits, and capital gains** are composed of corporate taxes in Timor Leste.

**Taxes on international trade & transactions** include sales tax and other import duties in Timor Leste.

**Transactions in financial assets and liabilities** record financial transactions. I.e. they record transactions that change a government's holdings of financial assets and liabilities. In Timor Leste financial assets are all composed of currency and deposit.

**Transactions in nonfinancial assets** and liabilities record transactions that change a government's holdings of nonfinancial assets. In Timor Leste these assets are classified as Buildings & Structures and Machinery & Equipment.

**Use of goods & services** includes total value of goods and services purchased by the general government sector for use in a production process or acquired for resale less the net change in inventories of those goods and services.