



COA - Vol. 7



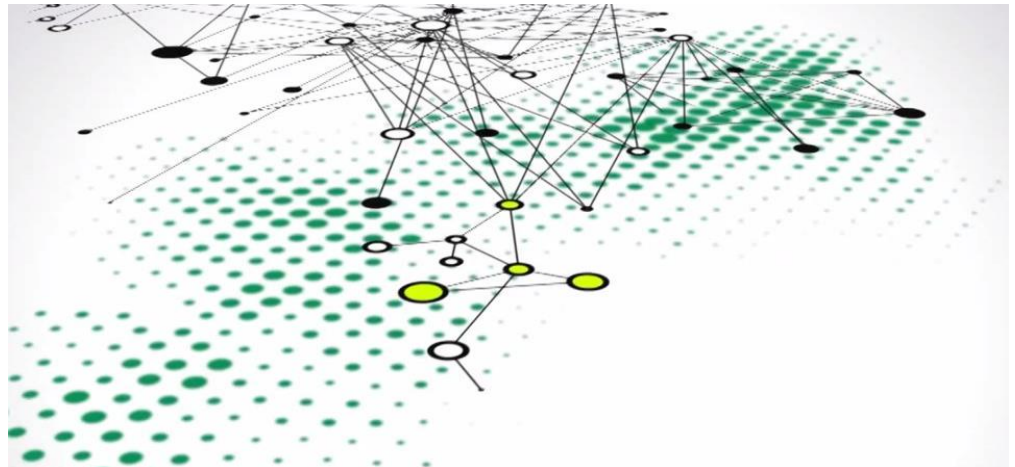
DEMOCRATIC REPUBLIC OF TIMOR - LESTE

Ministry of Finance

Quarterly Fiscal Bulletin

July – September 2014

Chart of Accounts (COA)



Executive Summary

By the 30th September 2014, the General Government of Timor-Leste (GGoTL) including the Petroleum Fund (PF) is running a surplus of \$1,201.5 million. This means that the Government can sustain its current level of operations and is investing its surplus on purchasing financial assets in the PF.

GENERAL DIRECTORATE STATE FINANCE
NATIONAL DIRECTORATE FOR ECONOMIC POLICY
DILI - 2014

FISCAL BULLETIN TIMOR-LESTE

CHART OF ACCOUNTS

1. Overall Fiscal Position (Oil and Non-oil)

Table 1. Overall Fiscal Position¹

Petroleum Fund and General Government				
	2014 Act Q1	2014 Act Q2	2014 Act Q3	Total Actual
A. Total Expenditure	110.3	307.0	352.3	769.6
Recurrent Expenditure	95.9	240.7	265.1	601.7
Capital Expenditure	14.4	66.3	87.2	167.9
B. Total Revenue	666.5	700.9	603.7	1,971.1
Non oil Revenue	35.5	40.1	36.7	112.3
Oil Revenue	631.0	660.7	567.0	1,858.8
<i>Petroleum Fund Gross Receipts</i>	<i>543.6</i>	<i>541.3</i>	<i>522.4</i>	<i>1,607.3</i>
<i>Investment Income</i>	<i>87.4</i>	<i>119.5</i>	<i>44.7</i>	<i>251.5</i>
Surplus of (A-B):	556.3	393.8	251.3	1,201.5
Financing	-556.3	-393.8	-251.3	-1,201.5
Foreign Loans	3.0	2.7	0.4	6.1
Net Purchase of Financial Assets	-627.9	-656.9	-221.7	-1,506.4
Use of Cash Balance*	68.6	260.3	-30.1	298.8

Total expenditures for the GGoTL and the PF reached \$769.6 million at the end of the third quarter of 2014. \$601.7 million was spent on recurrent expenditures, whilst \$167.9 million was spent on capital expenditures.²

At the close of the third quarter 2014, total revenues amounted to \$1,971.1 million. From petroleum revenues, \$1,858.8 million were recorded and \$112.3 million were obtained from non-oil revenues. PF revenues include PF gross receipts (taxes, royalties and second tranche petroleum) and investment income (dividends, interests and trust income, but exclude fair value gains and losses on profit/loss).³

Total surplus stood at \$1,201.5 million by the 30th September 2014, which is calculated as total revenue minus total expenditure. This means the GGoTL, including the PF, is in a strong fiscal position to make investments in financial assets.

Financing is broken down into three components. The GGoTL made use of \$298.8 million from the cash balance, \$6.1 was received from loans and \$1,506.4 million was used to purchase financial assets in the PF.

¹ All data in this document refers to unaudited accounts and is thus subject to change.

² This includes expenditure from loans under capital and development.

³ The reason for excluding gains and losses on profit/loss and on exchange rates is due to these items being accrued but not cashed.

FISCAL BULLETIN TIMOR-LESTE

CHART OF ACCOUNTS

2. General Government's Fiscal Position

Table 2. Non-Oil Fiscal Position

General Government						
	2014 Budget	2014 Act Q1	2014 Act Q2	2014 Act Q3	Total Actual	% Execution
Total Expenditure by Appropriation Category	1,500.0	107.1	303.2	347.0	757.3	50.5%
Recurrent	992.6	92.8	236.8	259.8	589.4	59.4%
Salary and Wages	176.8	35.2	37.6	42.0	114.7	64.9%
Goods and Services (inc. HCDF)	480.3	35.9	118.3	121.1	275.4	57.3%
Public Transfers	335.5	21.7	80.9	96.7	199.3	59.4%
Capital	507.5	14.4	66.3	87.2	167.9	33.1%
Minor Capital	52.1	0.1	4.6	8.2	12.8	24.6%
Capital and Development (inc. all Infrastructure Exp.)	455.4	14.3	61.8	79.1	155.1	34.1%
Domestic Revenue ***	166.1	35.5	40.1	36.7	112.3	67.6%
Non-Oil Fiscal Balance	-1,333.9	-71.6	-263.0	-310.3	-645.0	48.4%
Financing	1,333.9	71.6	263.0	310.3	645.0	48.4%
Estimated Sustainable Income (ESI)	632.3	0.0	0.0	340.0	340.0	53.8%
Excess Withdrawals from the PF	270.6	0.0	0.0	0.0	0.0	0.0%
Use of Cash Balance	400.0	68.6	260.3	-30.1	298.8	74.4%
Borrowing/Loans	31.1	3.0	2.7	0.4	6.1	19.7%

*Including HCDF.

**Including Infrastructure exp.

As seen in Table 2, by the 30th September 2014 the GGoTL, excluding the PF, had a non-oil deficit of \$645.0 million. \$340.0 million of this deficit was financed through the ESI, \$298.8 million was financed through the use of the cash balance and \$6.1 million was financed through loans.

2.1 General Government Expenditures

At the close of the third quarter of 2014, expenditures amounted to \$757.3 million, which represented. This was also 50.5% of total budgeted expenditures for the year.

FISCAL BULLETIN TIMOR-LESTE

CHART OF ACCOUNTS

2.1.1. Expenditure by Appropriation Category

Total expenditures are divided into recurrent and capital expenditures. Recurrent expenditures totalled \$589.4 million at the closing of the third quarter of 2014, which was an execution rate of 59.4%. In comparison, capital expenditures reached \$167.9 million by the 30th September 2014, which meant an execution rate of 33.1%.

Recurrent expenditures are divided into:

Salary and Wages totalled \$114.7 million at the close of the third quarter of 2014, reaching an execution rate of 64.9%. This is 16.8% higher than the \$98.1 million incurred in the same period of 2013.

Goods and Services reached \$275.4 million by the 30th September 2014 and was therefore the largest category of recurrent expenditures. Expenditures to date in 2014 represented an increase of 45.3% compared to the \$189.6 million spent in the same period of 2013. This increase was mainly due to growth in professional services (which grew by 80.5%), operational expenses (increased by 113.4%) and fuel for generators (grew 19.6%). Expenditures on human capital through the HCDF reached \$21.4 million, 22.6% more than those recorded in 2013.

Public Transfers totalled \$199.3 million by the end of the third quarter of 2014 and thus presented an execution of 59.4%. This expenditure was 63.7% higher than the \$121.8 million recorded by the 30th September 2013. This increase was mostly due to a rise in public grants, by 181.4% by the 30th September 2014.

Capital expenditures are composed of:

Minor Capital totalled \$12.8 million by the 30th September 2014, which represented an execution rate of 24.6%. Total minor capital expenditure by the end of the third quarter 2014 were 148.6% higher than those recorded by the same date of 2013. This was due to an increase in the purchase of vehicles by 77.0%.

Capital & Development was \$155.1 million by the end of the third quarter 2014, thus presenting an execution rate of 34.1%. Expenditure in the Infrastructure Fund in particular were 17.7% higher by the third quarter 2014, compared to the same period in 2013; reaching \$116.4 million by the 30th September 2014.

FISCAL BULLETIN TIMOR-LESTE

CHART OF ACCOUNTS

2.2 Non-oil Revenues

Table 3. Non-oil Revenues

General Government						
	2014 Budget	2014 Act Q1	2014 Act Q2	2014 Act Q3	Total Actual	% Execution
Total Domestic Non-oil Revenues	166.1	35.5	40.1	36.7	112.3	67.6%
Tax Revenue	120.0	25.5	27.0	26.8	79.4	66.1%
Taxes on commodities	70.5	14.6	16.9	15.4	46.9	66.5%
Taxes on income	45.1	10.0	9.4	10.7	30.0	66.5%
Service tax	4.1	0.9	0.8	0.8	2.5	60.3%
Other tax revenues	0.3	0.0	0.0	0.0	0.0	13.2%
Non tax Revenue (non-oil)	22.4	4.5	7.0	3.5	15.1	67.6%
Revenue Retention Agencies	23.8	5.5	6.1	6.3	17.9	75.1%

The Government has increased non-oil revenue in recent years and is planning further reforms to increase non-oil revenue collections going forward. Total domestic non-oil revenues were \$112.3 million by the 30th September 2014, which represented 67.6% of the total revenue, budgeted for the year. This was divided into:

Tax Revenue, which was the largest category and can be divided into:

Taxes on commodities was the largest tax category, reaching \$46.9 million at the closing of the third quarter of 2014 (12.2% higher than the \$41.8 million collected in the same period 2013). Within taxes on commodities, excise tax increased the most by 15.4%.

Taxes on income totalled \$30.0 million at the end of 2014, 11.5% higher than the \$26.9 million collected in the second third 2013. This was 66.5% of the total budgeted for the year.

Service tax decreased 6.1% lower than the \$2.6 million collected by the end of the third quarter 2013, totalling \$2.5 million by the 30th September 2014.

Non-tax revenue totalled \$15.1 million by the close of the second quarter of 2014, 67.6% of the total forecasted for the year.

Revenue Retention Agencies recorded 43.5% higher revenues than 12.4 million during the same period of 2013, reaching \$17.9 million at end of the third quarter of 2014.

FISCAL BULLETIN TIMOR-LESTE

CHART OF ACCOUNTS

3. Financing

Non-oil expenditures incurred by the GGoTL were financed through a combination of loans, ESI and use of the cash balance and totalled \$645.0 million. \$298.8 million was financed through the use of cash balance, \$340.0 was received from the PF and \$6.1 million through loans by the end of the third quarter 2014.