



COA - Vol. 8



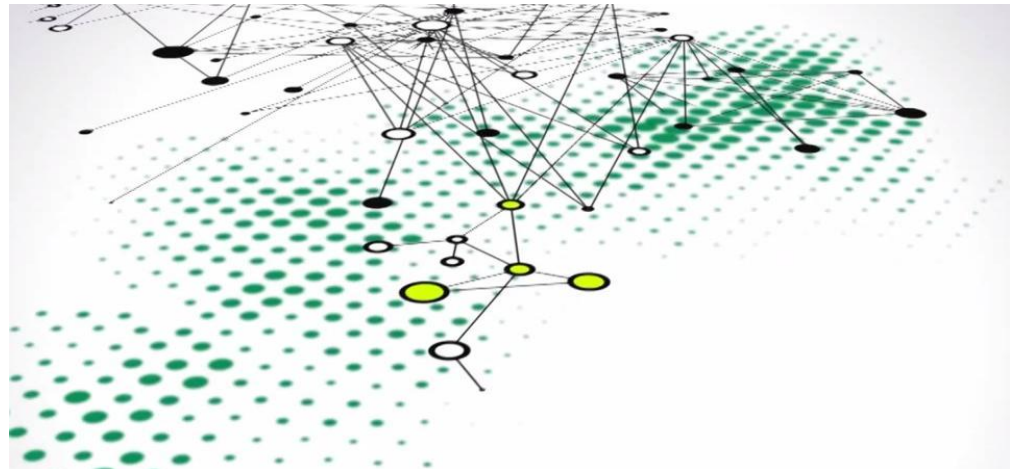
DEMOCRATIC REPUBLIC OF TIMOR - LESTE

Ministry of Finance

Quarterly Fiscal Bulletin

October - December 2014

Chart of Accounts (COA)



Executive Summary

The General Government of Timor-Leste (GGoTL) including the Petroleum Fund (PF) is running a surplus of \$927.3 million at the close of 2014. This surplus is being invested in financial assets and shows that the Government can sustain its current level of operations.

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

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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	2014 Act Q4	Total Actual
A. Total Expenditure	110.3	307.0	352.3	630.0	1,399.7
Recurrent Expenditure	95.9	240.7	265.1	332.4	934.1
Capital Expenditure	14.4	66.3	87.2	297.6	465.5
B. Total Revenue	666.5	700.9	603.7	355.8	2,326.9
Non oil Revenue	35.5	40.1	36.7	72.0	184.3
Oil Revenue	631.0	660.7	567.0	283.8	2,142.6
<i>Petroleum Fund Gross Receipts</i>	<i>543.6</i>	<i>541.3</i>	<i>522.4</i>	<i>209.7</i>	<i>1,817.0</i>
<i>Investment Income</i>	<i>87.4</i>	<i>119.5</i>	<i>44.7</i>	<i>74.1</i>	<i>325.6</i>
Surplus of (A-B):	556.3	393.8	251.3	-274.2	927.3
Financing	-556.3	-393.8	-251.3	274.2	-927.3
Foreign Loans	3.0	2.8	0.8	9.1	15.7
Net Purchase of Financial Assets	-627.9	-656.9	-221.7	112.4	-1,394.0
Use of Cash Balance*	68.6	260.3	-30.4	152.6	451.1

NB: Net Purchase of Financial Assets and Investment Income exclude the changes in market value of financial assets in the Petroleum Fund.

*Use of Cash Balance refers to the Government Accounts only.

** Negative Values represent cash coming out of the account. Positive values represent cash coming into the account.

At the close of 2014, total expenditures for the GGoTL and the PF reached \$1,399.7 million. \$465.5 million was spent on capital expenditures and \$934.1 million was spent on recurrent expenditures.²

The total revenues amounted to \$2,326.9 million by the 31st December 2014. \$2,142.6 million corresponded to petroleum revenues, whereas non-oil revenues were \$184.3 million. 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 is calculated as total revenue minus total expenditure and stood at \$927.3 million at the end of 2014. This means the GGoTL, including the PF, is in a strong fiscal position to make investments in financial assets.

As seen in table 1, financing for GGoTL and the PF (combined) is broken down into three components: use of the cash balance, net purchase of financial assets and loans. The GGoTL made use of \$451.1 million from the

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.

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cash balance, \$15.7 was received from loans and \$1,394.0 million was used to purchase financial assets in the PF.

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	2014 Act Q4	Total Actual	% Execution
Total Expenditure by Appropriation Category	1,500.0	107.1	303.2	347.0	625.8	1,383.1	92.2%
Recurrent	992.6	92.8	236.8	259.8	328.2	917.6	92.4%
Salary and Wages	176.8	35.2	37.6	42.0	47.7	162.4	91.8%
Goods and Services (including HCDF)	480.3	35.9	118.3	121.1	188.1	463.5	96.5%
Public Transfers	335.5	21.7	80.9	96.7	92.3	291.7	86.9%
Capital	507.5	14.4	66.3	87.2	297.6	465.5	91.7%
Minor Capital	52.1	0.1	4.6	8.2	43.6	56.4	108.3%
Capital and Development (including all Infrastructure Exp.)	455.4	14.3	61.8	79.1	254.0	409.1	89.8%
Domestic Revenue ***	166.1	35.5	40.1	36.7	72.0	184.3	111.0%
Non-Oil Fiscal Balance	-1,333.9	-71.6	-263.0	-310.3	-553.8	-1,198.8	89.9%
Financing	1,333.9	71.6	263.0	310.3	553.8	1,198.8	89.9%
Estimated Sustainable Income (ESI)	632.3	0.0	0.0	340.0	292.3	632.3	100.0%
Excess Withdrawals from the PF	270.6	0.0	0.0	0.0	99.7	99.7	36.8%
Use of Cash Balance	400.0	68.6	260.3	-30.4	152.6	451.1	112.8%
Borrowing/Loans	31.1	3.0	2.8	0.8	9.1	15.7	50.5%

*Including HCDF.

**Including Infrastructure exp.

As seen in Table 2, by the 31st December 2014 the GGoTL, excluding the PF, had a non-oil deficit of \$1,198.8 million. \$632.3 million of this deficit was financed through the ESI, \$99.7 million came from excess withdrawals, \$451.1 million was financed through the use of the cash balance and \$15.7 million was financed through loans.

2.1 General Government Expenditures

At the close of 2014, expenditures amounted to \$1,383.1 million, which was 92.2% of total budgeted expenditures for the year.

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2.1.1. Expenditure by Appropriation Category

Recurrent expenditures totalled \$917.6 million at the close of 2014, (92.4% execution rate). Contrastingly, by the end of 2014 capital expenditures reached \$465.5 million, which meant an execution rate of 91.7%.

Recurrent expenditures are divided into:

Salary and Wages reached an execution rate of 91.8% which totalled \$162.4 million at the close of 2014. This is 14.6 % higher than the \$141.7 million incurred in the same period of 2013.

Goods and Services was the largest category of recurrent expenditures, reaching \$463.5 million by the 31st December 2014. This meant an increase of 20.6% compared to the \$384.4 million spent in the same period of 2013. Expenditures on human capital through the HCDF reached \$35.5 million, 11.1% more than those recorded in 2013.

Public Transfers at the close of 2014 reached \$291.7 million, with an execution rate of 86.9%. This expenditure was 48.1% higher than the \$197.0 million recorded by the 31st December 2013. The increase was mostly due to a rise in public grants and the PNDS programme, which doubled and tripled respectively by the end of 2014 in comparison to 2013.

Capital expenditures are composed of:

Minor Capital reached \$56.4 million at the close of 2014 (with a 108.3% execution rate). Total minor capital expenditure by the end of 2014 was 39.8% higher than those recorded at the close of 2013. This was particularly due to an increase in EDP equipment, which rose 121.4%.

Capital & Development totalled \$409.1 million by the end of 2014, which translated into an execution rate of 89.8%. Expenditure in the Infrastructure Fund in particular was 56.1% higher by the end of 2014, compared to the same period in 2013; reaching \$330.4 million by the 31st December 2014.

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2.2 Non-oil Revenues

Table 3. Non-oil Revenues

General Government							
	2014 Budget	2014 Act Q1	2014 Act Q2	2014 Act Q3	2014 Act Q4	Total Actual	% Execution
Total Domestic Non-oil Revenues	166.1	35.5	40.1	36.7	72.0	184.3	111.0%
Tax Revenue	120.0	25.5	27.0	26.8	62.7	142.1	118.4%
Taxes on commodities	70.5	14.6	16.9	15.4	19.8	66.7	94.6%
Taxes on income	45.1	10.0	9.4	10.7	42.0	72.0	159.6%
Service tax	4.1	0.9	0.8	0.8	0.8	3.2	79.0%
Other tax revenues	0.3	0.0	0.0	0.0	0.1	0.1	42.8%
Non tax Revenue (non-oil)	22.4	4.5	7.0	3.5	3.1	18.2	81.3%
Revenue Retention Agencies	23.8	5.5	6.1	6.3	6.2	24.1	101.4%

Total domestic non-oil revenues were \$184.3 million by the 31st December 2014, which represented 111.0% 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 reached \$66.7 million at the closing of 2014. This was 9.5% higher than the \$60.9 million collected in the same period 2013. Within taxes on commodities, excise tax increased the most, by 14.3%.

Taxes on income were 159.6% of the total budgeted for the year, reaching \$72.0 million by the 31st December 2014. The high execution rate was due to the large amount of withholding tax collected during 2014.

Service tax totalled \$3.2 million by the 31st December 2014, 8.9% lower than the \$3.5 million collected by the end of the 2013.

Other tax revenues was 32.2% lower than the \$0.2 million registered in the same period of 2013 and totalled \$0.1 million, 32.2% at the close of 2014.

Non-tax revenue reached 81.3% of the total forecasted for the year and totalled \$18.2 million by the close of 2014.

Revenue Retention Agencies reached \$24.1 million at end of 2014, which was 25.2% higher than the \$19.2 million reached during the same period of 2013.

3. Financing

Non-oil expenditures incurred by the GGoTL reached \$1,383.1 million and were financed through a combination of loans, ESI, excess withdrawals and the use of the cash balance. From this total, \$451.1

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million was financed through the use of cash balance; \$732.0 was received from the PF and \$15.7 million through loans by the end of the 2014.