



DEMOCRATIC REPUBLIC OF TIMOR - LESTE

Ministry of Finance

Quarterly Fiscal Bulletin

Chart of Accounts (CoA)

July–September 2015

Executive Summary

By the 30th September 2015, the General Government of Timor-Leste (GGoTL), including the Petroleum Fund (PF), is running a surplus of \$328.5 million. This compares to a surplus of \$1,201.5 million during the same period in 2014. For the individual quarter, a deficit of \$15.4 million was recorded, which is historically unusual for Q3. This shows that oil revenues are declining whilst spending is continuing to grow.

GENERAL DIRECTORATE STATE FINANCE
NATIONAL DIRECTORATE FOR ECONOMIC POLICY
DILI - 2015

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				
	2015 Act Q1	2015 Act Q2	2015 Act Q3	Total Actual
A. Total Expenditure	217.4	257.2	349.8	824.3
Recurrent Expenditure	214.0	209.9	284.1	708.0
Capital Expenditure	3.4	47.3	65.7	116.4
B. Total Revenue	386.5	431.9	334.4	1,152.9
Non oil Revenue	34.2	41.6	37.5	113.3
Oil Revenue	352.3	390.3	296.9	1,039.6
<i>Petroleum Fund Gross Receipts</i>	<i>273.2</i>	<i>294.7</i>	<i>218.3</i>	<i>786.2</i>
<i>Investment Income</i>	<i>79.1</i>	<i>95.6</i>	<i>78.6</i>	<i>253.4</i>
Surplus of (A-B):	169.1	174.8	-15.4	328.5
Financing	-169.1	-174.8	15.4	-328.5
Foreign Loans	0.5	5.8	4.0	10.3
Net Purchase of Financial Assets	-133.3	-156.3	-98.9	-388.4
Use of Cash Balance*	-36.4	-24.3	110.2	49.6

Note: Recurrent Expenditure was divided into Salary, Goods and Services, and Public Transfers

By the end of the third quarter of 2015, total expenditures for the General Government of Timor-Leste (GGoTL) and the Petroleum Fund (PF) reached \$824.3 million. \$708.0 million was spent on recurrent expenditures while \$116.4 million was spent on capital expenditures.²

At the close of the third quarter of 2015, total revenues amounted to \$1,152.9 million. From petroleum revenues, \$1,039.6 million were recorded and \$113.3 million were obtained from non-oil revenues. PF revenues include PF gross receipts (taxes, royalties and first tranche petroleum) and investment income (dividends, interest and trust income, but excludes fair value gains and losses on profit/loss).³

Total surplus stood at \$328.5 million by the 30th September 2015, which is calculated as total revenue minus total expenditure. This compares to a surplus of \$1,201.5 million during the same period in 2014. For the quarter, a deficit of \$15.4 million was recorded, which is historically unusual for Q3. This shows that oil revenues are declining whilst spending is continuing to grow.

Financing is broken down into three components. The GGoTL made use of \$49.6 million from the cash balance, \$10.3 million was received from loans and \$388.4 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.

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2. General Government's Fiscal Position

Table 2: Non-Oil Fiscal Position

General Government						
	2015 Budget	2015 Act Q1	2015 Act Q2	2015 Act Q3	Total Actual	% Execution
Total Expenditure by Appropriation Category	1,570.0	213.3	253.1	345.3	811.7	51.7%
Recurrent	1,147.8	209.9	205.9	279.6	695.3	60.6%
Salary and Wages	177.5	41.9	38.7	42.3	122.9	69.3%
Goods and Services (including HCDF)	515.8	45.0	86.0	107.1	238.0	46.1%
Public Transfers	454.5	123.0	81.2	130.2	334.4	73.6%
Capital	422.3	3.4	47.3	65.7	116.4	27.6%
Minor Capital	31.0	0.9	4.7	4.2	9.8	31.7%
Capital and Development (including all Infrastructure Exp.)	391.3	2.5	42.5	61.5	106.5	27.2%
Domestic Revenue ***	170.4	34.2	41.6	37.5	113.3	66.5%
Non-Oil Fiscal Balance	-1,399.6	-179.1	-211.5	-307.8	-698.4	49.9%
Financing	1,399.6	179.1	211.5	307.8	698.4	49.9%
Estimated Sustainable Income (ESI)	638.5	215.0	230.0	194.0	639.0	100.1%
Excess Withdrawals from the PF	689.9	0.0	0.0	0.0	0.0	0.0%
Use of Cash Balance	2.1	-36.4	-24.3	109.7	49.1	NA
Borrowing/Loans	70.0	0.5	5.8	4.0	10.3	14.8%

As seen in Table 2, by the 30th September 2015 the GGoTL, excluding the PF, had a non-oil deficit of \$698.4 million. \$639.0 million of this deficit was financed through the ESI, \$49.1 million was financed through the use of the cash balance and \$10.3 million was financed through loans.

2.1 General Government Expenditures

At the close of the third quarter of 2015, expenditures amounted to \$811.7 million, which represented 51.7% of total budgeted expenditures for the year.

2.1.1. Expenditure by Appropriation Category

Total expenditures are divided into recurrent and capital expenditures. Recurrent expenditures totalled \$695.3 million at the closing of the third quarter of 2015, which was an execution rate of 60.6%. In comparison, capital expenditures reached \$116.4 million by the 30th September 2015, which meant an execution rate of 27.6%.

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Recurrent expenditures are divided into:

Salary and Wages totalled \$122.9 million at the close of the third quarter of 2015, reaching an execution rate of 69.3%. This is 7.2% higher than the \$114.7 million incurred in the same period of 2014.

Goods and Services reached \$238.0 million by the 30th September 2015, representing an execution rate of 46.1%. Expenditures to date in 2015 decreased by 13.6% compared to the \$275.4 million spent in the same period of 2014. This was mainly due to a decrease in Fuel for Generators (23.3% decrease), Operational Material and Supplies (32.9% decrease) and Vehicle Operation Fuel (40.9% decrease). Expenditures on human capital through the HCDF reached \$21.4 million, 37.3% more than those recorded in 2014.

Public Transfers totalled \$334.4 million by the end of the third quarter of 2015 and was therefore the largest category of recurrent expenditures. This total represented an execution of 73.6%. This expenditure was 67.8% higher than the \$199.3 million recorded by the 30th September 2014. This increase was mostly due to a rise in public grants, which doubled by the 30th September 2015 compared to the same period in 2014.

Capital expenditures are composed of:

Minor Capital totalled \$9.8 million by the 30th September 2015, which represented an execution rate of 31.7%. Total minor capital expenditure by the end of the third quarter 2015 was 23.4% lower than those recorded by the same date of 2014. This was due to a decrease in the purchase of vehicles by 52.2%.

Capital & Development was \$106.5 million by the end of the third quarter of 2015, thus presenting an execution rate of 27.2%. Expenditure in the Infrastructure Fund in particular was 30.1% lower by the third quarter of 2015, compared to the same period in 2014, reaching \$81.3 million by the 30th September 2015.

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2.2 Non-oil Revenues

Table 3: Non-oil Revenues

General Government						
	2015 Budget	2015 Act Q1	2015 Act Q2	2015 Act Q3	Total Actual	% Execution
Total Domestic Non-oil Revenues	170.3	34.2	41.6	37.5	113.3	66.5%
Tax Revenue	125.5	23.4	26.2	25.6	75.3	60.0%
Taxes on commodities	76.1	12.5	13.1	14.3	40.0	52.5%
Taxes on income	45.7	10.1	12.3	10.5	32.9	72.1%
Service tax	3.6	0.7	0.7	0.8	2.2	62.1%
Other tax revenues	0.2	0.03	0.1	0.1	0.2	81.6%
Non tax Revenue (non-oil)	37.2	9.3	13.8	10.3	33.4	89.8%
Revenue Retention Agencies	7.6	1.6	1.5	1.5	4.6	61.0%

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 \$113.3 million by the 30th September 2015, which represented 66.5% 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 \$40.0 million at the closing of the third quarter of 2015 (14.7% lower than the \$41.8 million collected in the same period 2014). This is mainly due to the decrease in the international price of oil and the appreciation of the US dollar, which have resulted in lower sales tax and import duty collections.

Taxes on income totalled \$32.9 million at the end of 2015, 9.7% higher than the \$26.9 million collected in the third quarter of 2014. This was 72.1% of the total budgeted for the year.

Service tax decreased by 9.0% from the \$2.5 million collected by the end of the third quarter 2014, totalling \$2.2 million by the 30th September 2015.

Non-tax revenue totalled \$33.4 million by the close of the third quarter of 2015, 89.8% of the total budgeted for the year.

Revenue Retention Agencies recorded 74.3% lower revenues than 17.9 million during the same period of 2014, reaching \$4.6 million at end of the third quarter of 2015.

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 \$698.4 million. \$49.1 million was financed through the use of cash balance, \$639.0 was received from the PF and \$10.3 million through loans by the end of the third quarter 2015.