



GFS Vol. 9

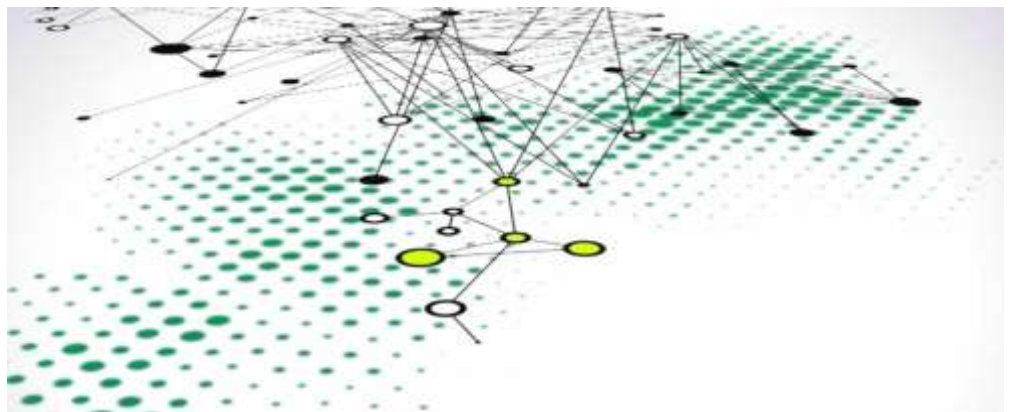


Democratic Republic of Timor-Leste
Ministry of Finance

QUARTERLY FISCAL BULLETIN

January- March 2015

Government Financial Statistics (GFS)



Executive Summary

At the close of the first quarter of 2015, the General Government of Timor-Leste (GGoTL), including the Petroleum (PF) and Donor fund (DF) ran a net operating balance of \$190.7 million and had a net lending capacity of \$185.7 million. Even though this net operating balance is positive, the GGoTL is still reliant on the PF to sustain its current level of operations, as without the PF and DF, the GGoTL ran a net operating balance of \$55.3 million.

General Directorate of State Finance
National Directorate for Economic Policy
Dili 2015

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1. Revenues

Total revenues for the GGoTL, PF and DF amounted to \$408.0 million by the 31st March 2015. This was divided into \$34.2 million from non-oil revenues, \$352.3 million from oil revenues and \$21.5 million from DF.¹

1.1. Non-oil Revenues

Non-oil revenues are composed of non-oil taxes, grants and other revenue:

Non-oil taxes are the greatest source of non-oil revenue for GGoTL (70.2% of total non-oil revenues) and totalled \$24.0 million at the close of the first quarter of 2015. These are divided into:

Taxes on income, profits and capital gains reached \$10.1 million at the end of the first quarter of 2015 and were 1.6% higher at the end of March 2015 than at the end of March 2014.

Taxes on goods and services were 12.4% lower than total collected during the first quarter of 2014, reaching \$11.3 million at the end of the first quarter of 2015.

Taxes on international trade and transactions amounted to \$2.5 million by the 31st March 2015. This was 19.5% lower at the end of the first quarter of 2015 than at the end of the same period in 2014.

Other taxes totalled \$0.03 million at the end of the first quarter 2015, compared to no revenues for this category collected during the first quarter of 2014. Other taxes correspond to any tax revenue that is not otherwise classified.

Grants: By the end of first quarter of 2015, \$215.0 million were received in transfers from the PF in the form of the ESI.

Other revenue totalled \$10.2 million by the end of the first quarter 2015, a 7.4% increase compared to other revenues obtained by the end of March 2014. This increase was mostly due to higher property rentals in 2015 compared to the same period of 2014.

1.2. Development Partner revenues

Revenues in the DF amounted to \$21.5 million at the close of the first quarter of 2015. These are obtained by means of grants received from all development partners.

1.3. Oil Revenues

Oil revenues are the major source of revenues in Timor-Leste (representing 86.3% of total oil and non-oil revenues at the end of first quarter). These are divided into:

Taxes totalled \$150.1 million in the first quarter of 2015, mostly due to income taxes recorded under taxes on income, profits and capital gains.

¹ Abstract : Petroleum Fund (PF), Donor Fund (DF), General Government of Timor - Leste (GGoTL)

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Other revenue totalled \$202.2 million by 31st of March 2015. This included profit from oil, first tranche petroleum, interest, and trust and dividend income and. Other oil revenues collected fell 49.4% compared to the end of the March 2014, mostly due to First Tranche Petroleum, which decreased by 61.5% compared to the same period of 2014.

2. Expenses

Expenses incurred by the 31st March 2015 amounted to \$217.3 million: The GGoTL which spent \$193.9 million, DF spent \$19.3 million whilst \$4.1 million were expenditures in the PF².

a. General Government Expenditures

Expenditure categories for GGoTL are composed of:

Compensation of Employees totalled \$42.2 million by the 31st March 2015, 17.3% higher than the \$35.9 million spent by the end of the first quarter 2014.

Use of Goods & Services increased 15.9% compared to the same period of 2014, reaching \$28.6 million by the end of the first quarter of 2015.

Social benefits totalled \$18.2 million in the end of the first quarter of 2015, 9.7% higher than was recorded in the same period of 2014. This was due to the payment of personal benefits, which increased 10.0% compared to the amount recorded during the first quarter of 2014.

Other expenses totalled \$105.0 million at the end of the first quarter of 2015, much higher than the \$5.9 million recorded in the same period of 2014. The increase was strongly affected by a rise in the transfer of public grants which reached \$101.7million by the end of the first quarter 2015.

b. Donor Fund Expenditures

DF expenditure was \$19.3 million by the end of the first quarter of 2015. This was divided into: \$4.8 million spent on compensation of employees; \$8.2 million spent on use of goods and services and \$6.3 million on other expenses.

c. Petroleum Fund Expenditures

Petroleum Fund expenses reached \$4.1 million on management fees by the end of the first quarter of 2015. In addition to this amount, \$215.0 were transfers to the GGoTL (in the form of the ESI).

3. Net Operating Balance

By the 31st March, the GGoTL, DF and the PF were running a net operating surplus of \$190.7 million. However petroleum revenues played a key role in the overall fiscal surplus, as the net operating balance for the GGoTL without PF and DF was \$55.3 million.

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

² The PF transferred \$215 million to the CFTL in grants on top of the \$4.1 million spent on management fees.

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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.

Total acquisition of non-financial assets for the GGoTL including DF and PF stood at \$5.0 million at the close of the first quarter of 2015. \$2.1 million was spent by DF and \$2.8 million was spent by the GGoTL (particularly on building and structures).

5. Net Lending/Borrowing

Net lending for the GGoTL with the PF and DF was \$185.7 million at the end of the first quarter of 2015, taking into account the combination of total revenue, expenditures and acquisition of non-financial assets (Net lending/borrowing is calculated as total expenditures minus revenues). This means that the GGoTL with the PF and DF incurred a surplus which is being invested in financial assets, but which was also affected by \$0.2 million from loan disbursements.

6. Net Acquisition of Financial Assets

The increase in the Government's holdings of financial assets is recorded under net acquisition of financial assets. In the case of Timor-Leste, the net lending capacity is being invested, mostly through the PF in a range of financial assets including shares, securities, currency and deposits, cash and other equities.

At the 31st March 2015, the net acquisition of financial assets for the GGoTL, DF and the PF was \$185.9 million. This was composed of two parts: \$52.7 million was added to the CFTL cash balance due to higher revenue than expenditure in the GGoTL (as revenues for GGoTL included the grants from the PF worth \$215 million) and \$133.3 million invested in financial instruments in the PF.

The unrealized market value of financial assets is recorded under Other Economic Flows and reached \$153.1 million by the end of 2015. This is recorded separately to the net acquisition of financial assets in table 5 of the annex, as it shows changes in value in PF investments.

7. Net Incurrence of Liabilities

Net incurrence of liabilities totalled \$0.2 million by the 31st March 2015. This shows the loan disbursements to date in the GGoTL.

8. Final Conclusion

By the 31st March 2015, the GGoTL including the PF and DF had a strong fiscal position: it ran a net operating balance of \$190.7 million and had a net lending capacity of \$185.7 million. This is mostly being invested in financial assets in the PF. However, the GGoTL is still strongly reliant on the petroleum sector as, without the PF and DF, it would only have a net lending capacity of \$52.5 million.

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Table 1. Accumulated All Statement of Government Operations (GGoTL, PF, DF, Transactions)

Data for 2015, in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
Revenue	1	408.0	-	-	-	408.0
Taxes	11	174.1	-	-	-	174.1
Taxes on income, profits, and capital gains	111	140.3	-	-	-	140.3
Taxes on goods & services	114	31.2	-	-	-	31.2
Taxes on international trade & transactions	115	2.5	-	-	-	2.5
Other taxes	116	0.03	-	-	-	0.0
Grants	13	21.5	-	-	-	21.5
Other revenue	14	212.4	-	-	-	212.4
Property income	141	203.9	-	-	-	203.9
Other	142-145	8.5	-	-	-	8.5
Expense	2	217.3	-	-	-	217.3
Compensation of employees	21	47.0	-	-	-	47.0
Use of goods & services	22	40.8	-	-	-	40.8
Consumption of fixed capital	23	-	-	-	-	-
Interest	24	-	-	-	-	-
Grants	26	-	-	-	-	-
Social benefits	27	18.2	-	-	-	18.2
Other expense	28	111.3	-	-	-	111.3
Gross operating balance [1-2+23]	GOB	190.7	-	-	-	190.7
Net operating balance [1-2]	NOB	190.7	-	-	-	190.7
Net acquisition of nonfinancial assets	31	5.0	-	-	-	5.0
Acquisition of nonfinancial assets	311	5.0	-	-	-	5.0
Buildings & Structures	3111	4.2	-	-	-	4.2
Machinery & Equipment	3112	0.8	-	-	-	0.8
Consumption of fixed capital [=23]	313	-	-	-	-	-
Net lending / borrowing [1-2-31 = 1-2M]	NLB	185.7	-	-	-	185.7
Net acquisition of financial assets	32	185.9	-	-	-	185.9
<i>by instrument</i>		-	-	-	-	-
Currency and deposits	3202	187.0	-	-	-	187.0
Securities other than shares	3203	(25.8)	-	-	-	(25.8)
Loans	3204	-	-	-	-	-
Shares and other equity	3205	(17.2)	-	-	-	(17.2)
Other accounts receivable	3208	41.9	-	-	-	41.9
Net incurrence of liabilities	33	0.2	-	-	-	0.2
Loans	3304	0.2	-	-	-	0.2
Other accounts payable	3308	-	-	-	-	-
Statistical discrepancy [32 - 33 - NLB-]	NLBz	(0.0)	-	(0.0)	-	(0.0)
<u>Memorandum item:</u>						
Total expenditure [2+31]	2M	222.3	-	-	-	222.3

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

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Table 2. Accumulated Statement of Government Operations for the GGoTL

Data for 2015, in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
Revenue	1	249.2	0.0	0.0	0.0	249.2
Taxes	11	24.0	0.0	0.0	0.0	24.0
Taxes on income, profits, and capital gains	111	10.1	0.0	0.0	0.0	10.1
Taxes on goods & services	114	11.3	0.0	0.0	0.0	11.3
Taxes on international trade & transactions	115	2.5	0.0	0.0	0.0	2.5
Other taxes	116	0.03	0.0	0.0	0.0	0.0
Grants	13	215.0	0.0	0.0	0.0	215.0
Other revenue	14	10.2	0.0	0.0	0.0	10.2
Property income	141	1.7	0.0	0.0	0.0	1.7
Other	142-145	8.5	0.0	0.0	0.0	8.5
Expense	2	193.9	0.0	0.0	0.0	193.9
Compensation of employees	21	42.2	0.0	0.0	0.0	42.2
Use of goods & services	22	28.6	0.0	0.0	0.0	28.6
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	0.0	0.0	0.0	0.0	0.0
Social benefits	27	18.2	0.0	0.0	0.0	18.2
Other expense	28	105.0	0.0	0.0	0.0	105.0
Gross operating balance [1-2+23]	GOB	55.3	0.0	0.0	0.0	55.3
Net operating balance [1-2]	NOB	55.3	0.0	0.0	0.0	55.3
Net acquisition of nonfinancial assets	31	2.8	0.0	0.0	0.0	2.8
Acquisition of nonfinancial assets	311	2.8	0.0	0.0	0.0	2.8
Buildings & Structures	3111	2.0	0.0	0.0	0.0	2.0
Machinery & Equipment	3112	0.8	0.0	0.0	0.0	0.8
Consumption of fixed capital [=23]	313	0.0	0.0	0.0	0.0	0.0
Net lending / borrowing [1-2-31 = 1-2M]	NLB	52.5	0.0	0.0	0.0	52.5
Net acquisition of financial assets	32	52.7	0.0	0.0	0.0	52.7
<i>by instrument</i>		0.0	0.0	0.0	0.0	0.0
Currency and deposits	3202	52.7	0.0	0.0	0.0	52.7
Securities other than shares	3203	0.0	0.0	0.0	0.0	0.0
Loans	3204	0.0	0.0	0.0	0.0	0.0
Shares and other equity	3205	0.0	0.0	0.0	0.0	0.0
Other accounts receivable	3208	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	33	0.2	0.0	0.0	0.0	0.2
Loans	3304	0.2	0.0	0.0	0.0	0.2
Other accounts payable	3308	0.0	0.0	0.0	0.0	0.0
Statistical discrepancy [32 - 33 - NLB-]	NLBz	0.0	0.0	0.0	0.0	0.0
Memorandum item:		0.0	0.0	0.0	0.0	0.0
Total expenditure [2+31]	2M	196.7	0.0	0.0	0.0	196.7

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

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Table 3. Accumulated Statement of Government Operations for the Donor Fund

Data for 2015, in millions of US dollars.	Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulate d Total
Revenue 1	21.5	-	-	-	21.5
Taxes 11	-	-	-	-	-
Taxes on income, profits, and capital gains	111	-	-	-	-
Taxes on goods & services	114	-	-	-	-
Taxes on international trade & transactions	115	-	-	-	-
Other taxes	116	-	-	-	-
Grants 13	21.5	-	-	-	21.5
Other revenue 14	-	-	-	-	-
Property income	141	-	-	-	-
Other	142-145	-	-	-	-
Expense 2	19.3	-	-	-	19.3
Compensation of employees	21	4.8	-	-	4.8
Use of goods & services	22	8.2	-	-	8.2
Consumption of fixed capital	23	-	-	-	-
Interest	24	-	-	-	-
Grants	26	-	-	-	-
Social benefits	27	-	-	-	-
Other expense	28	6.3	-	-	6.3
Gross operating balance [1-2+23] GOB	2.1	-	-	-	2.1
Net operating balance [1-2] NOB	2.1	-	-	-	2.1
Net acquisition of nonfinancial assets 31	2.1	-	-	-	2.1
Acquisition of nonfinancial assets	311	2.1	-	-	2.1
Buildings & Structures	3111	2.1	-	-	2.1
Machinery & Equipment	3112	-	-	-	-
Consumption of fixed capital [=23]	313	-	-	-	-
Net lending / borrowing [1-2-31 = 1-2M] NLB	0.0	0.0	0.0	0.0	0.0
Net acquisition of financial assets 32	-	-	-	-	-
<i>by instrument</i>	-	-	-	-	-
Currency and deposits	3202	-	-	-	-
Securities other than shares	3203	-	-	-	-
Loans	3204	-	-	-	-
Shares and other equity	3205	-	-	-	-
Other accounts receivable	3208	-	-	-	-
Net incurrence of liabilities 33	-	-	-	-	-
Loans	3304	-	-	-	-
Other accounts payable	3308	-	-	-	-
<i>Statistical discrepancy [32 - 33 - NLB]</i>	NLBz	0.00	0.0	0.0	0.0
<i>Memorandum item:</i>	-	-	-	-	-
Total expenditure [2+31] 2M	21.5	-	-	-	21.5

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

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Table 4. Accumulated Statement of Government Operations for the Petroleum Fund

Data for 2015, in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
Revenue	1	352.3	-	-	-	352.3
Taxes	11	150.1	-	-	-	150.1
Taxes on income, profits, and capital gain	111	130.2	-	-	-	130.2
Taxes on goods & services	114	19.9	-	-	-	19.9
Taxes on international trade & transaction	115	-	-	-	-	-
Other taxes	116	-	-	-	-	-
Grants	13	-	-	-	-	-
Other revenue	14	202.2	-	-	-	202.2
Property income	141	202.2	-	-	-	202.2
Other	142-145	-	-	-	-	-
Expense	2	219.1	-	-	-	219.1
Compensation of employees	21	-	-	-	-	-
Use of goods & services	22	4.1	-	-	-	4.1
Consumption of fixed capital	23	-	-	-	-	-
Interest	24	-	-	-	-	-
Grants	26	215.0	-	-	-	215.0
Social benefits	27	-	-	-	-	-
Other expense	28	-	-	-	-	-
Gross operating balance [1-2+23]	GOB	133.3	-	-	-	133.3
Net operating balance [1-2]	NOB	133.3	-	-	-	133.3
Net acquisition of nonfinancial assets	31	-	-	-	-	-
Acquisition of nonfinancial assets	311	-	-	-	-	-
Buildings & Structures	3111	-	-	-	-	-
Machinery & Equipment	3112	-	-	-	-	-
Consumption of fixed capital [=23]	313	-	-	-	-	-
Net lending / borrowing [1-2-31 = 1-2M]	NLB	133.3	-	-	-	133.3
Net acquisition of financial assets	32	133.3	-	-	-	133.3
<i>by instrument</i>		-	-	-	-	-
Currency and deposits	3202	134.4	-	-	-	134.4
Securities other than shares	3203	(25.8)	-	-	-	(25.8)
Loans	3204	-	-	-	-	-
Shares and other equity	3205	(17.2)	-	-	-	(17.2)
Other accounts receivable	3208	41.9	-	-	-	41.9
Net incurrence of liabilities	33	-	-	-	-	-
Loans	3304	-	-	-	-	-
Other accounts payable	3308	-	-	-	-	-
<i>Statistical discrepancy [32 - 33 - NLB-]</i>	NLBz	0.0	0.0	0.0	-	(0.0)
Memorandum item:		-	-	-	-	-
Total expenditure [2+31]	2M	219.1	-	-	-	219.1

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

Table 5. Analytical Framework for the Petroleum Fund

	2014				2015
	Q1	Q2	Q3	Q4	Q1
Opening Balance	14,952.1	15,670.7	16,633.7	16,584.5	16,538.6
Net Acquisition of Financial Assets	627.9	656.9	221.7	(112.4)	133.3
Other Economic Flows	92.4	311.6	(270.0)	67.7	153.1
Closing Balance	15,670.7	16,633.7	16,584.5	16,538.6	16,823.1
<i>Statistical discrepancy</i>	(1.7)	(5.5)	(0.9)	-1.16	-1.85

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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 incurrence of financial assets: transactions that increase a unit's holdings of financial assets (when taking into consideration the liabilities of financial assets). Financial assets are understood as financial claims, monetary gold, and Special Drawing Rights (SDRs) allocated by the IMF.

Net incurrence of liabilities: Transactions that increase net financial liabilities, where financial liabilities are defined as obligations to provide economic benefits to the units holding the corresponding financial claims.

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.