Unofficial translation by La'o Hamutuk of LUSA article in Portuguese
The original is at http://noticias.sapo.tl/portugues/info/artigo/1477397.html

Government will approve rectification budget for infrastructure projects

LUSA, June 17, 2016, 12:24

In coming weeks, the Council of Ministers will discuss a rectification budget for 2016, which will mainly be used to finance ongoing infrastructure projects, the Vice-Minister of Finance told LUSA today.

Hélder Lopes explained that the rectification budget was made after an analysis by the National Development Agency (ADN) and the Ministry of Planning and Strategic Investment which "determined that it requires more money at the end of the year for the infrastructure projects underway."

"We need more money for ongoing projects. I do not want to speculate about the total amount of course. We are still working on the final amount. We hope to have completed the data to present to the Council of Ministers in the next two weeks," he said.

The Vice-Minister explained that the rectification budget will include about $130 million related to the contribution of the Government under the public-private partnership contract signed this month with the French Bolloré for the new Port of Tibar.

"We need the rectification because the Government has signed the contact for Tibar Port and the contribution of the Government will be $130 million. We will include this in the rectification because next year our spending ceiling is too low and will not have room to include this," he said.

The rectification does not cover the decision to increase salaries in the employees of the general civil service which was recently approved by the Government because the measure only applies from 1 January 2017, that is, with the state budget for next year.

It is recalled that in the middle of last month, at the Budget Conference, the Timorese Ministry of Finance proposed a maximum expenditure of $1.2 billion in the 2017 state budget, the most expensive of the three options presented, which would involve significant withdrawal from the Petroleum Fund.

The accounts are made taking into account the sum of projected [domestic] revenues and withdrawal from the Petroleum Fund of the Estimated Sustainable Income (ESI), that is, the amount that would not touch the capital of the fund itself, but only its revenues.

The cheapest "but also more difficult" scenario in terms of expenditure is to limit the budget to only $702 million, the sum of the expected non-oil revenues plus ESI.

In the second scenario, the fiscal ceiling would rise to one billion dollars, which would require an additional $317 million, which could be obtained through excess withdrawal from the Petroleum Fund or loans.

Finally, in the largest scenario, the Ministry of Finance proposed a maximum ceiling of $1.2 billion, which would imply an additional withdrawal (or loans) totaling more than $517 million.