



COA - Vol. 13



DEMOCRATIC REPUBLIC OF TIMOR - LESTE

Ministry of Finance

Quarterly Fiscal Bulletin

January - March 2016

Chart of Accounts (COA)

Executive Summary

By the 31st March 2016, the General Government of Timor-Leste (GGoTL) including the Petroleum Fund (PF) ran a deficit of \$13.4 million. This compares to a surplus of \$169.3 million during the same period in 2015. This deficit is a result of declining oil revenues.

**GENERAL DIRECTORATE FOR STATE FINANCE
NATIONAL DIRECTORATE OF ECONOMIC POLICY
DILI - 2016**

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		
	2016 Act Q1	Total Actual
A. Total Expenditure	261.0	261.0
Recurrent Expenditure	254.8	254.8
Capital Expenditure	6.22	6.2
B. Total Revenue	247.7	247.7
Non oil Revenue	37.6	37.6
Oil Revenue	210.1	210.1
<i>Petroleum Fund Gross Receipts</i>	<i>125.3</i>	<i>125.3</i>
<i>Investment Income</i>	<i>84.8</i>	<i>84.8</i>
Surplus of (A-B):	-13.4	-13.4
Financing	13.4	13.4
Foreign Loans	4.41	4.4
Net Purchase of Financial Assets	-104.9	-104.9
Use of Cash Balance*	113.8	113.8

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

Total expenditures for the GGoTL and the PF reached \$261.0 million at the end of the first quarter of 2016. \$254.8 million was spent on recurrent expenditures, whilst \$6.2 million was spent on capital expenditures.²

At the first quarter of 2016, total revenues amounted to \$247.7 million. From petroleum revenues, \$210.1 million were recorded and \$37.6 million were obtained from non-oil revenues. PF revenues include PF gross receipts (taxes, royalties and first tranche petroleum) and investment income (dividends, interests and trust income, but exclude fair value gains and losses on profit/loss).³

The total deficit stood at \$13.4 million by 31st March 2016, which is calculated as total revenue minus total expenditure. This compares to a surplus of \$169.3 million during the same period in 2015. This deficit is a result of declining oil revenues.

Financing is broken down into three components. The GGoTL made use of \$113.8 million from the cash balance, \$4.4 million was received from loans and \$104.9 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				
	2016 Budget	2016 Act Q1	Total Actual	% Execution
Total Expenditure by Appropriation Category	1,562.2	255.9	255.9	16.4%
Recurrent	1,106.9	249.7	249.7	22.6%
Salary and Wages	181.9	43.6	43.6	24.0%
Goods and Services (including HCDF)	449.0	36.3	36.3	8.1%
Public Transfers	476.0	169.8	169.8	35.7%
Capital	455.3	6.22	6.2	1.4%
Minor Capital	18.8	0.010	0.01	0.1%
Capital and Development (including all Infrastructure Exp.)	436.5	6.21	6.2	1.4%
Domestic Revenue	171.4	37.6	37.6	22.0%
Non-Oil Fiscal Balance	-1,390.8	-218.2	-218.2	15.7%
Financing	1,390.8	218.2	218.2	15.7%
Estimated Sustainable Income (ESI)	544.8	100.0	100.0	18.4%
Excess Withdrawals from the PF	739.0	0.0	0.0	0.0%
Use of Cash Balance	0.0	113.8	113.8	NA
Borrowing/Loans	107.0	4.4	4.4	4.1%

As seen in Table 2, by the 31st March 2016 the GGoTL, excluding the PF, had a non-oil deficit of \$218.2 million. \$100.0 million of this deficit was financed through the ESI, \$4.4 million was financed through loans, and \$113.8 million was used from the Cash Balance.

2.1 General Government Expenditures

At the first quarter of 2016, expenditures amounted to \$255.9 million, which represented 16.4% 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 \$249.7 million at the first quarter of 2016, which was an execution rate of 22.6%. In comparison, capital expenditures reached \$6.2 million by the 31th March 2016, which meant an execution rate of 1.4%.

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Recurrent expenditures are divided into:

Salary and Wages totalled \$43.6 million at the first quarter of 2016, reaching an execution rate of 24.0%. This is 4.1% higher than the \$41.9 million incurred in the same period of 2015.

Goods and Services reached \$36.3 million by the 31st March 2016 with an execution rate of 8.1%. Expenditures to date in 2016 represented a decrease of 19.3% compared to the \$45.0 million spent in the same period of 2015. Expenditures on human capital through the HCDF reached \$3.8 million, 2.9% more than those recorded in 2015.

Public Transfers totalled \$169.8 million by the first quarter of 2016 and was therefore the largest category of recurrent expenditures. This expenditure was 38.0% higher than the \$123.0 million recorded by the 31st March 2015. This increase was mostly due to a rise in public grants, which reached \$147.8 million by the first quarter of 2016.

Capital expenditures are composed of:

Minor Capital totalled \$0.01 million by the first quarter of 2016, which represented an execution rate of 0.1%. Total minor capital expenditure by the end of first quarter of 2016 were 98.8% lower than those recorded by the same date of 2015.

Capital & Development spending was \$6.2 million by the first quarter of 2016, thus presenting an execution rate of 1.4%. Expenditure in the Infrastructure Fund in particular was 14.8% lower by the end of the first quarter of 2016, compared to the same period in 2015, reaching \$1.7 million.

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2.2 Non-oil Revenues

Table 3. Non-oil Revenues

General Government				
	2016 Budget	2016 Act Q1	Total Actual	% Execution
Total Domestic Non-oil Revenues	171.4	37.6	37.6	22.0%
Tax Revenue	116.4	27.7	27.7	23.8%
Taxes on commodities	61.1	16.9	16.9	27.6%
Taxes on income	52.3	9.9	9.9	19.0%
Service tax	2.8	0.8	0.8	27.0%
Other tax revenues	0.2	0.17	0.2	84.0%
Non tax Revenue (non-oil)	46.4	9.9	9.9	21.3%
Revenue Retention Agencies	8.6	0.0	0.0	0.0%

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 \$37.6 million by the first quarter of 2016, which represented 22.0% 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 was the largest tax category, reaching \$16.9 million at the first quarter of 2016 (35% higher than the \$12.5 million collected in the same period in 2015). Within taxes on commodities, excise tax increased the most by 49%.

Taxes on income totalled \$9.9 million at the first quarter of 2016, 2.0% lower than the \$10.1 million collected in the 2015.

Service tax totalled \$0.8 million by the end of the first quarter of 2016, an increase of 9.4% over the \$0.7 million collected by the first quarter 2015.

Non-tax revenue totalled \$9.9 million by the first quarter of 2016, 21.3% of the total forecasted for the year.

Revenue Retention Agencies recorded no revenues in the first quarter of 2016. This is due to an administrative change in the way revenues are transferred to the individual agencies. It is expected that revenue from revenue retention agencies will be reported in the next quarterly bulletin.

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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 \$218.2 million. \$100.0 million of this deficit was financed through the ESI, \$4.4 million was financed through loans, and \$113.8 million was used from the Cash Balance.