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República Democrática de Timor-Leste

**Eventual Committee for the Collection and Analysis of Proposals for Amending Proposed
Law No. 47/III (5th) - General State Budget for 2017**

**FINAL REPORT OF THE EVENTUAL COMMITTEE FOR THE COLLECTION AND
ANALYSIS OF PROPOSALS FOR CONSENSUAL AMENDMENTS TO THE
PROPOSAL FOR THE GENERAL STATE BUDGET FOR 2017**

1. Introduction

The Eventual Committee for the Collection and Analysis of Proposals for Amendments to Act No. 47/III (5) - General State Budget for 2017, hereinafter referred to as the Committee, was constituted through a resolution of the National Parliament approved on November 25, 2016.

In accordance with the guidelines for discussion and voting on the General State Budget for 2017, approved by the Conference of Representatives of the Parliamentary Benches on November 18, 2016, the period from November 30 to December 3, 2016 was assigned for the work of Committee.

Due to the scheduling of the discussion and voting in the generality of the proposed law no. 49/III (5th) - Social Security Budget for 2017, for the afternoon of November 30, 2016, and to the request by the Government for time to consider the tabled amendments, it was determined that the Committee would begin its work on December 1, 2016 at 4 pm.

By decision of the Plenary of the National Parliament approved on November 30, 2016, the Committee was given the authority to evaluate the proposed law No. 49/III (5) - Social Security Budget for 2017 and to prepare a single substitute text to integrate into a single law the General State Budget for 2017 and the Social Security Budget for 2017, respecting the autonomy of each of the budgets.

The Committee met in the Noble Hall of the Ministry of Foreign Affairs and Cooperation in Dili on December 1, 2 and 5, 2016.

The meetings of the Committee were chaired by the President of the National Parliament, Adérito Hugo da Costa. The Vice-President of the National Parliament, Duarte Nunes and the Secretary of the National Parliament's Bureau, Maria Fernanda Lay, also joined the panel. Vice-President Eduardo de Deus Barreto DUSAE participated in the work on December 5.

During the three days of meetings, the representatives of the four parliamentary benches, the members of the Public Finance Committee and the chairs of the other permanent specialized committees participated in the work of the Committee.

The meetings of the Committee also included the participation of Acting Prime Minister Dr. Dionísio Babo, Minister Counselor and Minister of Planning and Strategic Investment, Kay Rala Xanana Gusmão, Minister of Finance, Dr. Santana Cardoso, Vice-Minister of Finance Dr. Hélder



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Lopes, and other members of the Government, who participated in the work in the scope of the discussion of the proposals related to their areas of supervision.

On 1 and 2 December, the Committee considered and discussed the amendments tabled.

On December 2, the Government presented a summary of the payment of debts related to emergency projects.

On December 5, the Committee approved the single substitute text, which integrates the State Budget for 2017 and the Social Security Budget for 2017 into a single law, keeping both budgets autonomous, as well as the changes to be made to the General Budget of the State for 2017 and in the Social Security Budget for 2017, agreed by the Committee, to be submitted to the Plenary of the National Parliament for consideration.

2. Proposals submitted to appreciation of the Committee

They were submitted to the Bureau of the National Parliament **80** proposals for amendments to the State Budget (OGE) for 2017 and **1** amendment to the Social Security Budget (OSS) for 2017 identified in the table in Annex I to this report.

All proposals were accepted and submitted to the Government for an opinion. In the course of the preparatory work of the Committee, there were repeated proposals. Thus, the following 6 proposals were considered without effect and were not examined: 48, 58, 64, 69, 72 and 73.

2.1. Appreciation by the Government

In the examination of the proposals accepted, as transmitted by the Acting Prime Minister to the Committee, the Government considered the following principles:

1. The total value of budget spending for 2017 (including loans) proposed by the Government to Parliament, amounting to \$1,386,286,000, cannot be exceeded;
2. No funds can be transferred from capital development category to the category of goods and services;
3. The appropriation for the Infrastructure Fund cannot be reduced;
4. The amount allocated to appropriations for whole of Government, specifically to the provision for legal services, tax reform and external audit, cannot be reduced.



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2.2. Proposals which merited a favorable review from Government

The following were the proposals on which the Government agreed:

- **Annex II OGE 2017 - Proposals 34, 35, 45, 46 and 79**

Justice ministry

Proposal 34 - Increase the budget of the Public Defender in the category of goods and services, amounting to \$ 528,000, to add to the amount for contracting international technical assistance.

Proposal 35 - Increase the budget of the National Directorate for Administration and Finance, in the category of goods and services, amounting to 1,716 to add to the amount for contracting international technical assistance for the Courts and Public Prosecutors.

Courts

Proposal 45 - Increase the budget for the Court of Appeal, in the category of goods and services, amounting to \$ 300,000, to reinforce the budget for hiring three international auditors for the Audit Chamber.

Proposal 46 - Increase the budget for the Court of Appeal, in the category of wages and salaries in the amount of \$ 851,000 to cover the increase in the remuneration of expected judges in PPL approving the 1st amendment to the Statute on Remuneration of Judges, and Salaries of administrative officials and new justice officials.

Ministry of Social Solidarity - National Directorate of Contributory Social Security

Proposal 79 - Changing the amount of \$ 89,200 from the category of goods and services to the category of transfers to allow transfer such amount to the National Social Security Institute.

- **Articulated - Proposals 30, 31, 51 and 80**

Article 3 - Taxes and fees

Proposal 30 - Delete the reference to scholarships as payment subject to withholding tax, since by their nature they are exempt income.

Article 10 - Multiannual commitments

Proposal 31 - Extending the list of entities that can sign public contracts which are multi-year commitments to all entities covered by the budget, without limitation which the Government had foreseen.



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Article 9 - Complementary rules for the implementation of the General State Budget

Proposal 51 - Authorize the Government to establish accounting rules of the commitments made by the State resulting from public-private partnerships.

Proposal 80 - Extend the possibility of recourse to the contingency reserve to the municipal authorities and administrations, services and autonomous funds and agencies with administrative and financial autonomy without own revenue.

- **OSS 2017 - Proposal 1-a**

Table I - Social Security global revenues and Table II - Revenues from the Contributory Social Security Scheme

Include in the social security contributions the contributions of ZEEMS and RAEOA workers and their employer.

With regard to Proposals 34, 35, 45 and 46, the Government agreed with the proposed increase but proposed that funding be made from a reduction applied to budget lines other than those referred to in the proposals.

Following a debate, in which the proponents justified the proposals submitted and the Government gave the reasons for their assent to the proposed amendments, the Committee agreed to incorporate them in the single substitute text of the General State Budget for 2017 and The Social Security Budget for 2017.

On the basis of the abovementioned principles for the consideration of the amendments tabled, the Government expressed its disagreement with the other proposals.

2.3. Proposals not considered by the Committee for the debate

In view of the principles set out by the Government, on the basis of which there was disagreement on the amendments tabled, the Committee decided not to consider for a discussion the proposed amendments which proposed a reduction in the allocation for the Infrastructure Fund. The following proposals were therefore rejected by consensus: 1, 2, 4, 19, 53, 54, 55, 56, 57, 59, 60, 61, 62, 63, 65, 66, 67, 68, 70, 74, 75 and 76.

Likewise, proposal 3, which proposed an increase in funding with implications for the budget ceiling, was also rejected.

The description of the proposals is given in Annex I to this report.

2.4. Proposals subject to debate

The proposals for amendments, with the exception of those which were endorsed by the Government and those which were rejected by the Committee, were discussed.



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In the course of the debate the proponents justified the proposals submitted and the Government gave the reasons for their disagreement.

During the debate the following proposals were withdrawn:

- Proposal **7** on the SAMES and Ministry of Health;
- Proposals **26, 27, 28** and **29** relating to the National Parliament;
- Proposal **9** for adding a new Article No. 9a – Conditions for implementing contracts by direct award, the body of the State Budget 2017;
- Proposal **18** for reinforcing the funds allocated to the State Minister, Coordinator of Social Affairs.

For proposals **6, 13, 14, 15, 22, 23, 24, 25, 32, 36, 38, 49, 52, 77** and **78**, the Government proposed to carry out an internal management exercise to accommodate the objectives underlying the amendments, without changing the budget lines for which a reduction was proposed.

The Committee expressed its agreement with the Government's proposal. The Committee therefore accepted the aforementioned proposals and amendments to the budget appropriations as proposed by the Government.

In the end, the following proposals were finally rejected: **5, 8, 10, 11, 12, 16, 17, 20, 21, 33, 37, 39, 40, 41, 42, 43, 44, 47** and **50**.

A description of all the above proposals is given in Annex I to this report.

The changes made in the table with the budget appropriations for 2017, as a result of the management exercise carried out by the Government, are described in the following point. Proposals 6, 22, 23, 24 and 25 did not give rise to any change in the table with the budgetary appropriations for 2017.

3. Changes introduced in the 2017 State Budget

The following are the changes that were agreed to by the Committee for recommendation to the Plenary, introduced in OGE 2017:

- **Annex II**

Changing the allocations to five expenditure categories as a result of the increases and transfers of funds, without changing the total expenditure in the amount of **\$1,386,826 thousand:**

- a. Salaries and benefits **209,701;**
- b. Goods and services: **395,047;**
- c. Public Transfers: **420,964;**



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- d. Minor capital: **12,075**;
 - e. Development capital: **349,039 (unchanged)**.
2. Reduction of the total expenditure of for services without administrative and financial autonomy and autonomous agencies without their own revenue, as a result of transferring dollars to UNTL (worth 450,000), passing the figure of **982,747**;
 3. Total increase in spending of Services and Autonomous Funds (including expenditure financed by loans) as a result of increased appropriation for UNTL, passing the figure of **376,879**.

	Wages and Salaries	Goods and services	Public Transfers	Minor Capital	Development Capital	Total Expenses
Total OGE Expenses Including Loans	209,701	395,047	420,964	12,075	349,039	1,386,826
Total OGE Expenses Excluding Loans	209,701	395,047	420,964	12,075	247,213	1,285,000
Total Expenses for Services without Administrative and Financial Autonomy, Services and Autonomous Funds and Non-Owned Organs	209,701	367,847	420,964	12,075	349,039	1,359,626
Total Expenses of Services without Administrative and Financial Autonomy and Autonomous Organs without Own Revenues	191,777	338,098	420,964	7,295	24,613	982,747
Total Expenses for Services without Administrative and Financial Autonomy	160,717	295,452	406,317	3,109	24,507	890,101
Total Expenditure on Services and Autonomous Funds (including expenses financed by loans)	17,924	29,749	-	4,780	324,426	376,879
Total Expenses of Agencies with Administrative and Financial Autonomy without Own Revenues	31,060	42,646	14,647	4,186	106	92,646
Total Human Capital Development Fund	-	27,200	-	-	-	27,200
Human Capital Development Funds - New Appropriation	-	27,200	-	-	-	27,200
Human Capital Development Funds - Transitional Balance	-	-	-	-	-	-

4. Changes in appropriation for the following agencies:

Presidency of the Republic

	SV	BS	TR	CM	CD	Total
Presidency of the Republic	1,073	4,800	-	200	-	6,074
Civil House	1,073	3,898	-	200	-	5,172



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It transfers in the line Civil House, 200 thousand dollars of the category of goods and services for the category of smaller capital (proposal 32). The category of goods and services goes from 4,098 to 3,898 and the category of capital less than 0 to 200.

Prime Minister / Civil Society Support Office

	SV	BS	TR	CM	CD	Total
Prime Minister	104	2,750	4,450	-	-	7,304
Civil Society Support Office	-	224	4,450	-	-	4,674

Remove 200 thousand for UNTL (proposal 15) and add 250 thousand for the Max Stahl audiovisual center (proposal 52).

The public transfer allocation goes from 4,400 to 4,450. The total allocation for the Prime Minister's Office goes from 7,254 to 7,304.

Ministry of Foreign Affairs and Cooperation

	SV	BS	TR	CM	CD	Total
Ministry of Foreign Affairs and Coop.	13,186	9,000	-	-	-	22,186
General secretary	13,186	2,093	-	-	-	15,279
Consulate General of Sydney	-	200	-	-	-	200
Permanent Mission - CPLP / UNESCO	-	127	-	-	-	127
Embassy - Pretoria	-	70	-	-	-	70

- Increase the budget allocated to the Secretary-General by \$40,000.
- Allocate \$ 75,000 budget to the Timor-Leste Cooperation Agency.
- Allocate \$ 200,000 to the Consulate General in Sydney (proposal 78).
- Allocate \$ 127,000 to the representation of Timor-Leste with CPLP (proposal 77).
- Allocate \$ 70 000 at the Embassy in Pretoria.

These adjustments resulted from the reduction of appropriations from other MNEC lines, with the total remaining unchanged (22,186).

Appropriations for Whole of Government

	SV	BS	TR	CM	CD	Total
Whole of Government Appropriations		54,000	207,389	30		- 261,420
Counterpart Fund	-	4,000	-	-	-	4,000
Member Dues of International Institutions	-	2,000	-	-	-	2,000
Provision for Oe-Cusse Special Administrative Region (ARAEOA) and Oe-Cusse Ambeno and Ataúro Special Market Economy Zone (ZEESM)	-	-	171,860	-	-	171,860
Support for the Meetings of the Community of Portuguese Speaking Countries	-	400	-	-	-	400



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Provision for Fiscal Reform, Performance Management Reform and Budgetary Reform	-	3,150	-	-	-	3,150
Provision for Government Vehicle Maintenance Workshop	-	957	-	30	-	987
Provision for payment of Loans	-	-	1,305	-	-	1,305

- Reduction of 1,000 Counterpart Funds for the Ministry of Justice (528,000 of the proposal 34) and Courts (300,000 of proposal 45 and 172,000 of the proposal 46). It goes from 5,000 to 4,000.
- Reduction of 500 thousand for membership dues for International Institutions in the Office of the Prime Minister Office for Support to Civil Society (250,000 for audiovisual center Max Stahl -Proposal 52) and Courts (250,000 proposal 46). It goes from 2,500 to 2,000.
- Reduction of 250,000 in the provision for ARAEOA and the Special Economic Zone (ZEESM) for UNTL (proposal 15). It goes from 172,110 to 171,860.
- Reduction in the amount of 100,000 in support to meetings of the Community of Portuguese-Speaking Countries for the Courts (proposal 46). It goes from 1,500 to 1,400.
- Reduction in the amount of 150,000, ã for Tax Reform, Management Performance to Courts (proposal 46). It goes from 3,300 to 3,150.
- Reduction of 13 thousand in the provision for maintaining government vehicles to the Anti-Corruption Commission (proposals 38 and 49). It goes from 1,000 to 987.
- Reduction of the amount of 195,000 the provision for payment of loans to Tribunals (179,000-proposal 46) and The Ministry of Justice (16,000-proposal 35). It goes from 1,500 to 1,305.

Total Whole of Government Appropriations go from 263,628 to 261,420.

Justice ministry

	SV	BS	TR	CM	CD	Total
Justice ministry	4,367	16,154	-	2	475	20,998
National Directorate of Admin. and Finance	256	10,691	-	-	-	10,947
public defense	917	621	-	-	300	1,838

Increase in the allocation of the National Administration and Finance Department, in the category of goods and services, from 8,975 to 10,691 (1,716 resulting from proposal 35).

Increase in the Public Defender's budget in the category of goods and services from 93 to 621 (528 resulting from proposal 34).

The total appropriation of the Ministry of Justice goes from 18,574 to 20,998.



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Ministry of Social Solidarity

	SV	BS	TR	CM	CD	Total
Ministry of Social Solidarity	1,768	6,375	153,426	-	777	162,346
National Directorate of Social Security Contribution Scheme	61	292	4,229	-	-	4,582

The sum of \$ 89,000 goes from the category of goods and services to the category of transfers (proposal 79).

Ministry of Public Works, Transport and Communications

	SV	BS	TR	CM	CD	Total
Ministry of Public Works, Transport and Communications	6,018	76,546	-	1,000	6,448	90,012

Directorate - General for Electricity 2,602 55,397 - 1,000 - 58,999

Reduction of the amount of 1,000 from the General Directorate of Electricity, in the category of goods and services, to the Ministry of Justice (proposal 35). It goes from 56,397 to 55,397.

The Ministry's total allocation goes from 91,012 to 90,012.

Ministry of Planning and Strategic Investment

	SV	BS	TR	CM	CD	Total
Ministry of Planning and Strategic Investment	283	6,299	-	-	14,690	21,272
Minister's office	86	356	-	-	-	442
National Development Agency (ADN)	-	2,490	-	-	14,690	17,180
National Procurement Commission (CNA)	-	1,786	-	-	-	1,786

- Reduction of 700,000 of funds in the category of goods and services (200,000 from the Minister's Office, 250,000 from the National Development Agency and 250,000 from the National Procurement Commission) to the Ministry of Justice (proposal 35).

The Cabinet Office's budget goes from 642 to 442, ADN goes from 2,740 to 2,490, and CNA goes from 2,036 to 1,786.

The Ministry's total allocation goes from 21,972 to 21,272.



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Courts / Court of Appeal

	SV	BS	TR	CM	CD	Total
Courts	2,454	1,899	-	-	-	4,353
Court of Appeal	2,082	1,510	-	-	-	3,592

- Increased amount for salary and wages in the amount of 851,000 of the proposal 46). Pass 1,231 to 2,082.
- Increased amount for goods and services in the amount of 300,000 of the proposal 45. Passes for 1,210 to 1,510.

The total appropriation of the Courts goes from 3,202 to 4,353.

Anti-Corruption Commission

	SV	BS	TR	CM	CD	Total
Anti-Corruption Commission	784	606	-	50	-	1,440
Anti-Corruption Commission	784	606	-	50	-	1,440

- Add the amount of 13,000 for minor capital (7,000 - proposal 38) and goods and services (6,000 - proposal 49).

The total CAC allocation goes from 1,427 to 1,440.

National University of Timor Lorosa'e

	SV	BS	TR	CM	CD	Total
Timor Lorosa'e National University (Service and Autonomous Fund with Own Revenue)	9,100	2,950	-	-	-	12,050
National University Timor Lorosa'e	9,100	2,950	-	-	-	12,050

Increase of 450 thousand in the category of goods and services (proposal 15).

The UNTL allocation goes from 11,600 to 12,050.

• **Annex III**

1. Increase in the total expenditure of the Autonomous Funds and Services (including expenditure financed by loans) as a result of increased appropriation for UNTL, which now amounts to **376.879**;
2. Reduction of Budget appropriations for AEROA and ZEEMS, as a result of the transfer of money to UNTL (250 000), passing the amount to **171,860**.

• **Articulated**

New wording of Articles 3 (proposal 30), 9 (proposal 31) and 10 (proposals 51 and 80).



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4. Changes introduced in the Social Security Budget for 2017

- **Table I** (Proposal 1-a).
 1. Change the amount provided for in current revenues: **26,994,345**.
 2. Change the amount provided under contributions to Social Security: **22,752,189**.
- **Table II-1** (Proposal 1-a).

Changing the appropriation provided for under the revenue from the contributory scheme: **22,752,189**.

5. Single substitute text

The Committee was mandated to present a single substitute text integrating the General State Budget for 2017 and the Social Security Budget for 2017 into a single law, with both budgets maintaining their autonomy.

The working group responsible for drafting the single text submitted a proposal to the Committee which, after examination, was agreed by the latter to be submitted to the Plenary of the National Parliament.

As a result of the integration of the two budgets into a single law, the following changes in structure and content were introduced in the text:

- a. The title of the law is General State Budget for 2017;
- b. Chapter I is relative to State Budget and Chapter II concerning Social Security Budget;
- c. Article 1 (Definitions) of the single text contains article 1 of the 2017 State Budget bill (Definitions) and the text of Article 1.º of the OSS 2017 bill (also called Definitions);
- d. Article 19 (Responsibility) of the single text contains Article 12 of the proposed State Budget 2017 Law (Responsibility) and the text of Article 9 of the OSS 2017 bill (also Designated Responsibility);
- e. In Article 4.3 of the OSS (Current Article 14, paragraph 3), to express the "provides social tio s law" was replaced by "provides tio social es";
- f. The OSS articles on the contribution rate and coverage of contributions (current articles 15 and 16) are integrated into their own section (Section II);
- g. The title of section IV (former chapter II) of OSS was amended in accordance with the contents of Article 18 which is integrated (former Article 8);



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- h. Identification and numbering of tables is changed as follows:

State budget (ANNEX I)

Table I-1 - Estimated revenues to be collected and **Table I-2** - Financing of the State Budget expenditures for 2017.

Table II - Appropriations for 2017.

Table III - Autonomous services and funds including the Special Administrative Region Authority of Oecussi (ARAEOA) and Special Zone of Social Market Economy of Oecussi and Atauro (ZEESM).

Table IV - Appropriations for 2017 Human Capital Development Fund.

Social Security Budget (ANNEX II)

Table I - Total Global Revenues for Social Security

Table II - Total revenues of the Contributory Regime of Social Security.

Table III - Total Revenue Administration of Social Security.

Table IV - Total Global Expenses Social Security.

Table V - Total Contributory Scheme Expense Social Security

Table VI - Total Management expenses Social Security

- i. The preamble was amended accordingly going to do is refer to the two budgets.

6. Conclusion

In compliance with the provisions of Article 8.1 of the National Parliament's resolution through which the Committee for the Collection and Analysis of Proposals for Amendments to Act No. 47/III (5th) was constituted - General State Budget for 2017, and the decision by which the Committee was given the authority to consider Law No. 49/III (5) - Social Security Budget for 2017 and to propose the necessary amendments to ensure the Compliance of the Social Security Budget for 2017 with the General State Budget for 2017 as well as to improve its content and structure, as well as to present a single substitute text that integrates the General State Budget and the Social Security Budget for 2017, The Committee adopted a single substitute text, which integrates the General State Budget for 2017 and the Social Security Budget for 2017 into a single law, with both budgets maintaining their autonomy, with all the proposed amendments agreed by the Committee for submission To the Plenary of the National Parliament with a view to their discussion and voting.

Dili, December 5, 2016
The President of the National Parliament
Adérito Hugo da Costa