



# **República Democrática de Timor-Leste**

**Financial Year 2013**

**Budget Execution Report for**

**First Quarter**

**Ministry of Finance  
Directorate General of Treasury**

**Financial Year 2013**

**Budget Execution Report for**

**First Quarter**

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# Budget Execution Report up to the First Quarter FY 2013

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## Overview of Financial Position

### 1. Budget Appropriations

The Budget for the Financial Year 2013 was approved on 18 February 2013 under Law No 02/2013.

The total approved appropriations including the special funds are US \$ 1,648 million. The Infrastructure Fund budget is US \$ 604.4 million, which includes US\$ 43.6 million financed from external borrowings. The budget for the Human Capital Development Fund for 2013 is US \$ 42.4 million. Excluding the Special Funds, the total appropriation comes to US \$ 1,001 million.

The original appropriations are shown in the table below. A comparison of previous year FY 2012 is also shown.

**Table 1**

Appropriation Category	Original Appropriations	Final Appropriations	Variation from
	FY 2013 (US\$ '000)	FY 2012 (US\$ '000)	FY 2012 (US\$ '000)
Salary & Wages	160,531	139,037	21,494
Goods & Services	399,082	347,075	52,007
Minor Capital	49,595	49,184	411
Capital Development	152,500	124,828	27,672
Public Transfers	238,985	233,744	5,241
<b>Total CFET</b>	<b>1,000,694</b>	<b>893,868</b>	<b>106,826</b>
Capital Development Infrastructure Fund	604,377	875,133	(270,756)
Goods & Services Human Capital Development Fund	42,448	37,448	5,000
<b>Total State Budget</b>	<b>1,647,519</b>	<b>1,806,450</b>	<b>(158,931)</b>

## 2. Fiscal Estimates

The table below shows revenue and expenditure estimates, and the financing items of the budget. The budget estimates a total expenditure of US\$ 1,647 million and domestic non-petroleum revenue at US\$ 146 million during FY 2013. Parliament has approved transfers from the Petroleum Fund of up to US \$ 787 million during the year.

The total fiscal deficit is estimated at US\$ 1,501 million (US\$1,647 – US\$146 million). This deficit is to be financed by transfers from the Petroleum Fund of US\$ 787 million and US\$ 43.5 million from external borrowings as well as draw down from cash reserves.

**Table 2**

	Original Budget Estimates FY 2013 (US\$'000)	Original Budget Estimates FY 2012 (US\$'000)
<b>RECEIPTS</b>		
<i>1. Domestic Revenue (2+3)</i>	<b>146,300</b>	<b>136,080</b>
2. Tax revenue	105,760	95,060
3. Non-tax revenue	40,540	41,020
<i>4. Capital Receipts from Petroleum Fund</i>	<b>787,000</b>	<b>1,494,900</b>
<b>5. Total State Budget Receipts (1+4)</b>	<b>933,300</b>	<b>1,630,980</b>
<b>EXPENDITURE</b>		
<i>6. Recurrent Expenditure (7+8+9)</i>	<b>841,046</b>	<b>702,269</b>
7. Salary & Wages	160,531	140,287
8. Goods & Services	441,530	363,655
9. Transfers	238,985	198,327
<i>10. Minor Capital</i>	<b>49,595</b>	<b>47,763</b>
<i>11. Capital &amp; Development</i>	<b>756,877</b>	<b>924,098</b>
<b>12. Total Recurrent + Capital Expenditure (6+10+11)</b>	<b>1,647,518</b>	<b>1,674,130</b>
<b>SURPLUS/ DEFICIT</b>		
<i>13. Recurrent Surplus / (Deficit) (1-6)</i>	<b>(694,746)</b>	<b>(566,189)</b>
<i>14. Fiscal Surplus / (Deficit) (1-12)</i>	<b>(1,501,218)</b>	<b>(1,538,050)</b>
<i>15. Fiscal Deficit financed by:</i>		
<i>a. Capital Receipts from Petroleum Fund</i>	<b>787,000</b>	<b>1,494,900</b>
<i>b. Drawdown from Cash Reserves</i>	<b>217,730</b>	<b>-</b>
<i>c. Rollovers</i>	<b>452,900</b>	<b>-</b>
<i>d. External Borrowings</i>	<b>43,588</b>	<b>43,150</b>

## Budget Execution Whole of Government

### 1. Overall Budget Execution *including* Special Funds

The revenue and expenditure figures provided in this section include expenses under Special Funds and are provisional, subject to reconciliation and audit.

**Table 3**

	Original & Current Budget Estimates	Actual Cash Expenditure for	% Actual Cash to Current Budget	% Actual Cash to Current Budget
	FY 2013 (US\$'000)	FY 2013 (US\$'000)	of Q1 FY 2013	of Q1 FY 2012
<b>RECEIPTS</b>				
1. Domestic Revenue (2+3)	146,300	29,989	20%	20%
2. Tax revenue	105,760	20,440	19%	20%
3. Non-tax revenue	40,540	9,549	24%	18%
4. Capital Receipts from Petroleum Fund	787,000	-	0%	0%
<b>5. Total State Budget Receipts (1+4)</b>	<b>933,300</b>	<b>29,989</b>	<b>3%</b>	<b>2%</b>
<b>EXPENDITURE</b>				
6. Recurrent Expenditure (7+8+9)	841,046	74,878	9%	15%
7. Salary & Wages	160,531	30,548	19%	21%
8. Goods & Services	441,530	30,401	7%	13%
9. Transfers	238,985	13,929	6%	13%
10. Minor Capital	49,595	0	0%	6%
11. Capital & Development	756,877	12,323	2%	14%
<b>12. Total Recurrent + Capital Expenditure (6+10+11)</b>	<b>1,647,519</b>	<b>87,200</b>	<b>5%</b>	<b>14%</b>
<b>SURPLUS/ DEFICIT</b>				
13. Recurrent Surplus / (Deficit) (1-6)	(694,746)	(44,889)	6%	29%
14. Fiscal Surplus / (Deficit) (1-12)	(1,501,218)	(57,211)	4%	33%
15. Fiscal Deficit financed by:				
a. Capital Receipts from Petroleum Fund	787,000	-	-	-
b. Drawdown from Cash Reserves	217,730	57,211		-
c. Rollover of Special Fund Balances	409,812			
d. External Borrowings Including Rollover from FY 2012	43,088	-	-	
e. Total Rollover (C+D)	452,900			
f. Additional External Borrowings FY 2013	500			

At the end of the first quarter the total domestic revenues collected and deposited into the consolidated account were US\$ 30 million (20% of annual budget estimates). No amounts have been transferred during Quarter 1 from the Petroleum Fund, with accumulated Cash Reserves being drawn down to fund expenditure. Overall total state budget receipts are 3% of budget estimates which is higher than the 2% achieved for the corresponding quarter of FY 2012. The details of revenues collected are provided in Statement 1 attached to this report.

Budget execution up to the first quarter for the whole of the State Budget *including* Special Funds was US\$ 87 million (on cash basis) which is 5% of the total budget of US\$ 1,647 million. This is lower than the budget execution of 14% for corresponding period of FY 2012.

The details of expenditures for each fund and appropriation category are annexed as Statement 2. Statement 2 shows that *excluding* the Special Funds, the expenditure was US\$ 69.6 million, which was 7 % of the budget appropriation of US\$ 1,000.6 million. Further, it can be seen from Statement 2 that the expenditure for the Infrastructure Fund for the first quarter was US\$ 12.3 million while a cash expenditure of US\$ 1.6 million was recorded under the Human Capital Development Fund.

The consolidated position of expenditure for all funds based on functions is annexed as Statement 3. It can be seen that the main expenditure is for General Services (27.7% of total expenditure) followed by Economic Services (27%), Social Protection (15%), Education (14%), Defence /Security (6.9%) and Health (5%).

Details of expenditure by ministry and divisions are annexed in Statement 4. The statement also provides details for all appropriation categories including all funds.

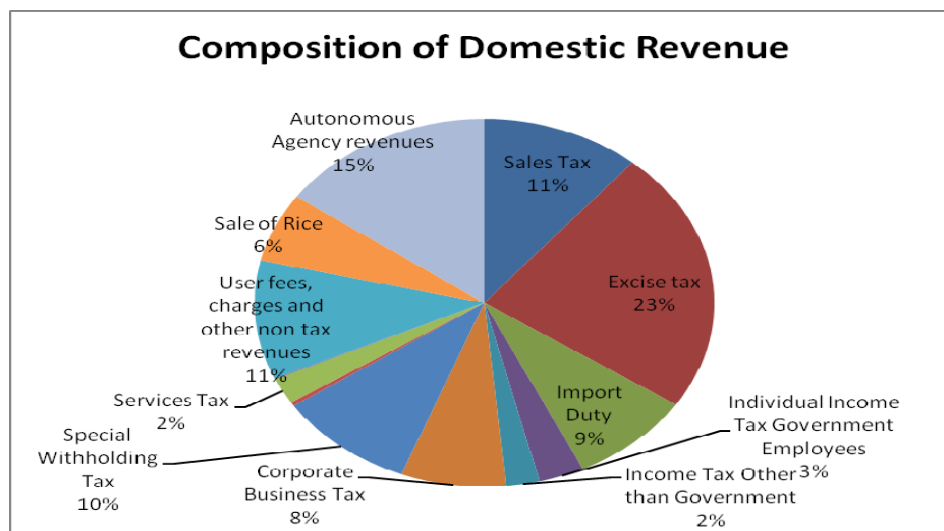
As a result of lower recurrent expenditure, due mainly to reduced spending in Goods and Services and Transfers, the recurrent deficit at the end of the Quarter 1 of FY 2013 was US\$ 44.9 million (6% of budget estimates), which is lower than the corresponding period in 2012 when it was 29% of budget estimates.

## 2. Non-Petroleum Domestic Revenue Receipts

The total domestic revenue collections up to the first quarter were US\$ 29.9 million. Tax collections upto the period were 19% of the estimates.

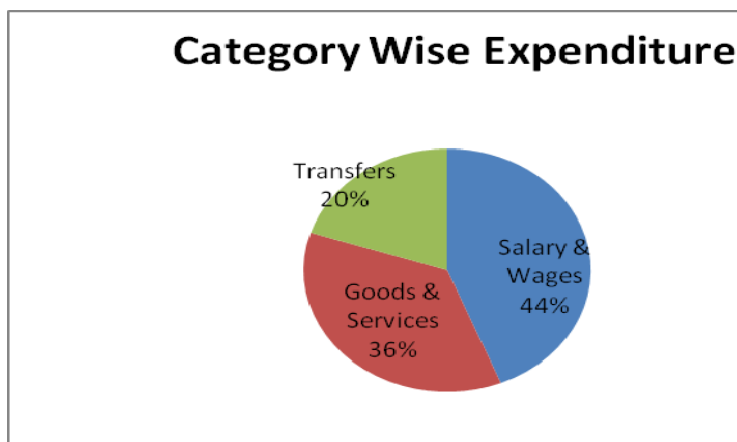
Non-tax revenue receipts were 28% of the estimates while the autonomous agencies collected 20% of estimates in the first quarter.

Excise Duties, Special Withholding Tax, Sales Tax and Import Duty are the major components of tax receipts, as shown in Figure 3 below. The details of various taxes, user fees & charges and other non-tax revenues are given in the annexed Statement 1.



### 3. Expenditure by Appropriation Categories *excluding* Special Funds

Excluding the Special Funds, the major components of expenditure up to the end of the first quarter were Goods & Services 36%, Transfers 20 %, and Salary & Wages 44%, as shown in Figure 5 below. The higher percentage for Salaries & Wages has arisen due to lower expenditures in the quarter for Goods & Services and Transfers.

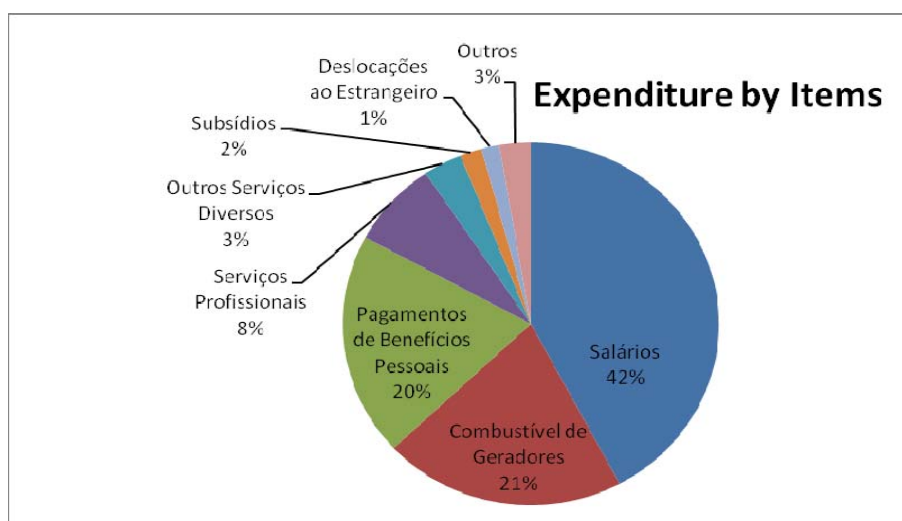


Category-wise details for each function and by ministry and divisions are provided in Statements 3 and 4 for all the funds.

### 4. Expenditure by Items, *excluding* Special Funds

The major categories of expenditure in Quarter 1 were Salaries & Allowances 42%, Fuel for Generators 21 %, Transfer Payments 20%, as shown in Figure 8 below. Details of expenditure by items are given in Statement 4.

**Figure 8**





## 5. Special Funds

### a. Infrastructure Fund

Total expenditures for the Infrastructure Fund at the end of Quarter 1 were US\$ 12.3 million. Major components of this expenditure were Roads & Bridges – US\$ 2.7 million and Central Electricity Project – US\$ 3.6 million. A detailed statement for the Fund is appended in this report at Statement 5.

### b. Human Capital Development Fund

At the end of Quarter 1, total expenditure for Human Capital Development Fund was US\$ 1.6 million. The major components of expenditure were Scholarships – US\$ 1 million and Professional Training US\$ 1 million. A detailed Statement for the Fund is appended in this report as Statement 6.

## Conclusion and Summary

The domestic revenue collection up to the First quarter was US\$ 29.9 million against the whole of year estimates of US\$ 146.3 million (20%). Budget execution up to the Quarter 1 for the whole of the State Budget *including* Special Funds was US\$ 87.2 million (on cash basis) which was 5% of the total budget of US\$ 1,647 million. Receipt collections are better than previous year while expenditures other than Salary & Wages have been significantly lower than 2012. Both Goods & Services and Transfers have contributed to lower expenditures at \$30.4 million and \$13.9 million respectively compared to \$50.3 million and \$25.4 million in 2012. Overall non-petroleum fiscal deficit of 4% of budget is lower than the previous year because of the lower expenditures indicated above.

The budget execution for the Infrastructure Fund was US\$ 12.3 million which is 2% of the budgeted amount of US\$ 604.3 million. This is lower than the previous year when \$125.4 million in costs were incurred in Quarter 1 of 2012. The Human Capital Development Fund which recorded US\$ 1.6 million as budget execution (4 % of the allocated fund of US\$ 42.4 million) has also expended lower levels compared to the previous year.