



COA - Vol. 10



DEMOCRATIC REPUBLIC OF TIMOR - LESTE

Ministry of Finance

Quarterly Fiscal Bulletin

April – June 2015

Chart of Accounts (COA)

Executive Summary

By the 30th June 2015, the General Government of Timor-Leste (GGoTL) including the Petroleum Fund (PF) is running a surplus of \$343.6 million. This means that the Government can sustain its current level of operations and is investing its surplus on purchasing financial assets in the PF.

GENERAL DIRECTORATE STATE FINANCE
NATIONAL DIRECTORATE FOR ECONOMIC POLICY
DILI - 2015

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			
	2015 Act Q1	2015 Act Q2	Total Actual
A. Total Expenditure	217.4	257.4	474.8
Recurrent Expenditure	214.0	210.2	424.2
Capital Expenditure	3.4	47.3	50.7
B. Total Revenue	386.5	431.9	818.5
Non oil Revenue	34.2	41.6	75.8
Oil Revenue	352.3	390.3	742.6
<i>Petroleum Fund Gross Receipts</i>	<i>273.2</i>	<i>294.7</i>	<i>567.9</i>
<i>Investment Income</i>	<i>79.1</i>	<i>95.6</i>	<i>174.7</i>
Surplus of (A-B):	169.1	174.5	343.6
Financing	-169.1	-174.5	-343.6
Foreign Loans	0.5	5.8	6.3
Net Purchase of Financial Assets	-133.3	-156.3	-289.5
Use of Cash Balance*	-36.4	-24.0	-60.4

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

Total expenditures for the GGoTL and the PF reached \$474.8 million at the end of the second quarter of 2015. \$424.2 million was spent on recurrent expenditures, whilst \$50.7 million was spent on capital expenditures.²

At the end of the second quarter of 2015, total revenues amounted to \$818.5 million. \$742.6 million were recorded from petroleum revenues and \$75.8 million were obtained from non-oil revenues. Petroleum revenues include PF gross receipts (taxes, royalties and second tranche petroleum) and investment income (dividends, interests and trust income, but exclude fair value gains and losses on profit/loss).³

Total surplus stood at \$343.6 million by the 30th June 2015, which is calculated as total revenue minus total expenditure. This means the GGoTL, including the PF, is in a strong fiscal position to make investments in financial assets.

Financing is broken down into three components. \$60.4 million was added to the cash balance, \$6.3 million was received from loans and \$289.5 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.

FISCAL BULLETIN TIMOR-LESTE

CHART OF ACCOUNTS

2. General Government's Fiscal Position

Table 2. Non-Oil Fiscal Position

General Government					
	2015 Budget	2015 Act Q1	2015 Act Q2	Total Actual	% Execution
Total Expenditure by Appropriation Category	1,570.0	213.3	253.4	466.7	29.7%
Recurrent	1,147.8	209.9	206.1	416.0	36.2%
Salary and Wages	177.5	41.9	38.7	80.6	45.4%
Goods and Services (including HCDF)	515.8	45.0	86.2	131.2	25.4%
Public Transfers	454.5	123.0	81.2	204.2	44.9%
Capital	422.3	3.4	47.3	50.7	12.0%
Minor Capital	31.0	0.9	4.7	5.6	18.1%
Capital and Development (including all Infrastructure Exp.)	391.3	2.5	42.5	45.1	11.5%
Domestic Revenue ***	170.4	34.2	41.6	75.8	44.5%
Non-Oil Fiscal Balance	-1,399.6	-179.1	-211.8	-390.9	27.9%
Financing	1,399.6	179.1	211.8	390.9	27.9%
Estimated Sustainable Income (ESI)	638.5	215.0	230.0	445.0	69.7%
Excess Withdrawals from the PF	689.0	0.0	0.0	0.0	0.0%
Use of Cash Balance	2.1	-36.4	-24.0	-60.4	NA
Borrowing/Loans	70.0	0.5	5.8	6.3	9.0%

*Including HCDF.

**Including Infrastructure exp.

Note: Domestic revenues are different to the Quarterly Treasury Execution Report Q2 2015 due to timing of revenue transfers from the IF to CFTL.

As seen in Table 2, by the 30th June 2015 the GGoTL, excluding the PF, had a non-oil deficit of \$390.9 million. \$445.0 million of this deficit was received from PF in the form of the ESI, \$60.4 million was added to the cash balance and \$6.3 million was financed through loans.

2.1 General Government Expenditures

At the second quarter of 2015, expenditures amounted to \$466.7 million, which represented a 14.6% increase compared to the same period of 2014. This was also 29.7% of total budgeted expenditures for the year.

FISCAL BULLETIN TIMOR-LESTE

CHART OF ACCOUNTS

2.1.1. Expenditure by Appropriation Category

Total expenditures are divided into recurrent and capital expenditures. Recurrent expenditures totalled \$416.0 million at the end of the second quarter of 2015, which was an execution rate of 36.2%. In comparison, capital expenditures reached \$50.7 million by the 30th June 2015, which meant an execution rate of 12.0%.

Recurrent expenditures are divided into:

Salary and Wages totalled \$80.6 million at the end of the second quarter of the 2015, reaching an execution rate of 45.4%. This is 10.9% higher than the \$72.7 million incurred in the same period of 2014.

Goods and Services reached \$131.2 million by the 30th June 2015. Expenditures to date in 2015 represented a fall of 15.0% compared to the \$154.3 million spent on goods and services in the same period of 2014. This decrease was mainly due to a fall in interest payments and borrowings, maintenance of equipment and buildings, fuel for generators and vehicle operation fuel. Expenditures on human capital through the HCDF reached \$11.0 million, 12.7% more than those recorded in 2014.

Public Transfers totalled \$204.2 million by the end of the second quarter of 2015 and thus presented an execution of 44.9%. This expenditure was almost double the \$102.6 million recorded by the 30th June 2014. This increase was due to a rise in public grants (mostly due to ZEESM), which reached \$166.0 million by the end of the second quarter 2015.

Capital expenditures are composed of:

Minor Capital totalled \$5.6 million at the close of the second quarter of 2015, which represented an execution rate of 18.1%. Total minor capital expenditures by the end of first quarter of 2015 were 20.4% higher than those recorded by the same date of 2014.

Capital & Development was \$45.1 million by the end of the second quarter of 2015, thus presenting an execution rate of 11.5%. Expenditure in the Infrastructure Fund in particular was 33.9% lower compared to the same period in 2014; reaching \$36.6 million at the close of the second quarter of 2015. Changes in the institutional arrangement of the Government in early 2015 meant lower expenditures for this appropriation category in the first semester of this year, which is expected to quickly grow during the second semester of 2015.

FISCAL BULLETIN TIMOR-LESTE

CHART OF ACCOUNTS

2.2 Non-oil Revenues

Table 3. Non-oil Revenues

General Government					
	2015 Budget	2015 Act Q1	2015 Act Q2	Total Actual	% Execution
Total Domestic Non-oil Revenues	170.3	34.2	41.6	75.8	44.5%
Tax Revenue	125.5	23.4	26.2	49.6	39.5%
Taxes on commodities	76.1	12.5	13.1	25.6	33.7%
Taxes on income	45.7	10.1	12.3	22.4	49.1%
Service tax	3.6	0.7	0.7	1.4	39.9%
Other tax revenues	0.2	0.03	0.1	0.1	55.1%
Non tax Revenue (non-oil)	37.2	9.3	13.8	23.1	62.1%
Revenue Retention Agencies	7.6	1.6	1.5	3.1	40.9%

Note: total domestic non-oil revenues data is taken from Freebalance in August 2015 and therefore might not exactly match other Government publications due to timeliness.

The Government is currently undergoing a fiscal reform to increase non-oil revenues in the coming years. Total domestic non-oil revenues were \$75.8 million by the end of the second quarter of 2015, which represented 44.5% of the total revenue, budgeted for the year. This was divided into:

Tax Revenue, which was the largest category of non-oil revenues and can be divided into:

Taxes on commodities reached \$25.6 million at the close of the second quarter of 2015 (18.6% lower than the \$31.5 million collected in the same period 2014). This was mostly due to an overall reduction in sales tax, excise tax and import duties resulting from a combination of fewer imports and lower oil prices in 2015.

Taxes on income totalled \$22.4 million at the end of the second quarter of 2015, 16.0% higher than the \$19.3 million collected in the 2014. This was 49.1% of the total budgeted for the year.

Service tax decreased 14.3% compared to the total collected by the end of the second quarter 2014, totalling \$1.4 million at the close of the second quarter of 2015.

Other tax revenues totalled \$0.1 million by the 30th March 2015, compared to no other tax revenues collected during the same period of 2014.

Non-tax revenue totalled \$23.1 million by the end of the second quarter of 2015, 62.1% of the total forecasted for the year.

Revenue Retention Agencies recorded 73.1% lower revenues than \$11.6 million during the same period of 2014, reaching \$3.1 million at end the second quarter of 2015. This was due to the fact that EDTL has recently become part of the Ministry of Public Works and is no longer classified as an autonomous agency.

FISCAL BULLETIN TIMOR-LESTE

CHART OF ACCOUNTS

3. Financing

As seen in Table 2, non-oil expenditures incurred by the GGoTL were financed through a combination of loans, ESI and use of the cash balance and totalled \$390.9 million. \$445.0 was received from the PF, \$6.3 million through loans by the end of the second quarter of 2015 and therefore \$60.4 million was added to the cash balance.