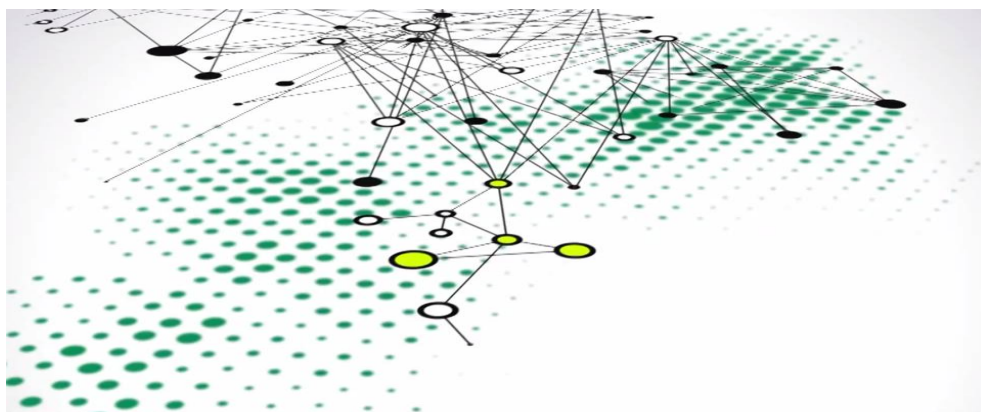




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Democratic Republic of Timor-Leste
Ministry of Finance
QUARTERLY FISCAL BULLETIN
April – June 2016
Government Finance Statistics
(GFS)



Executive Summary

By the 30th June 2016, the General Government of Timor - Leste (GGoTL), including the Petroleum (PF) and Donor fund (DF) ran a net operating balance of \$.-38.0 million and had a net lending capacity of \$-186.6 million. This is showing current fiscal position, as this money is being invested in the PF. However, the GGoTL is still strongly reliant on the PF to run its current level of operations, as without the PF and DF, the GGoTL would have ran a net operating Balance of \$51.1 million.

General Directorate of State Finance
National Directorate for Economic Policy
Dili 2016

FISCAL BULLETIN TIMOR-LESTE

Government Finance Statistics

1. Revenues

By the end of June 2016 total revenues for the GGoTL, PF and DF amounted to \$501.5 million. This was divided into 92.4 million from non-oil revenues, \$334.7 million from oil revenues and \$74.4 million from DF.¹

1.1. Non-oil Revenues

Non-oil revenues are composed of taxes, grants and other revenue by the end of second quarter of 2016. representing 14.8% of total oil and non-oil revenues by the end of second quarter 2016. These are divided into:

Non-oil taxes are the greatest source of revenue in the domestic non-oil economy (72.5% of total non-oil revenues) totalling \$67.0 million by the end second quarter of 2016. These are divided into:

Taxes on income, profits and capital gains were 29.8% higher at the end of June 2016 compared to the same period last year, reaching \$29.1 million at the end of the second quarter of 2016.

Taxes on goods and services totalled 31.3 million at the end of the second quarter of 2016. This collection was 34.2 % higher than the \$ 23.3 million collected in the second quarter of 2015.

Taxes on international trade and transactions were 22.7% higher at the end of the second quarter of 2016 compared to the same period 2015 and amounted to \$6.4 million by the 30th June 2016.

Other taxes totalled \$0.26 million at the end of the second quarter 2016, compared to no other taxes collected during the same period of 2015.

Grants: By the end of second quarter of 2016, \$440 million were received in transfers from the PF, this is 24.7% of the budgeted combination of ESI and excess withdrawals compared to 1,781.5 million in the Rectification budget of 2016.

Other revenue totalled \$25.4 million by the end of the second quarter 2016, 2.3 % higher than the same period 2015. This increase was mostly due to a strong increase in revenue from sales of goods and services and other contributions such as property income.

Development Partner revenues

Revenues to the Donor Fund are obtained by means of grants received from all development partners which is classify by each appropriation category. By the end of the second quarter of 2016, amounted to \$ 74.4 million.

1.2. Oil Revenues

Total Revenue from the PF accumulated \$ 334.7 million by the end second quarter of 2016, which was 54.9% lower compared to the same period in 2015.

Oil revenues are the major source of revenues in Timor-Leste (representing 66.8% of total oil and non-oil revenues by the end of second quarter). These are divided into:

¹ Abstract : Petroleum Fund (PF), Donor Fund (DF), General Government of Timor - Leste (GGoTL)

FISCAL BULLETIN TIMOR-LESTE

Government Finance Statistics

Taxes in the second quarter of 2016 totalled \$70.4 million, mostly due to income taxes recorded under taxes on income, profits and capital gains which reached \$66.9 million and Taxes on goods and services by the end of the second quarter of 2016.

Other revenue included profit from oil, second tranche petroleum, interest, and trust and dividend income and totalled \$264.3 million by 30th of June 2016.

2. Expenses

Expenses incurred by the end of the second quarter of 2016 by the GGoTL, PF and DF amounted to \$539.4 million. The GGoTL which spent \$481.2 million, DF spent \$49.7 million whilst \$8.5 million were expenditures in the PF as operational cost.

a. General Government Expenditures

Expenditure categories for GGoTL are composed of:

Compensation of Employees was 3.3 % higher than the \$82.1 million spent by the end of the second quarter 2015, totalling \$84.8 million by 30th June 2016.

Use of Goods & Services reached \$ 82.5 million by the end of the second quarter of 2016 (-5.2% lower than the same period of 2015 which was \$ 106.6 million).

Social benefits totalled \$53.8 million by the end of the second quarter of 2016, 52.8% higher than was recorded in the same period of 2015. It was mainly affected by cash advances on personal benefit payment.

Other expenses increased by 53.1% at the end of the second quarter of 2016 and totalled \$ 260. million, compared to the same period of 2015 which amounted to \$165.3 million during the second quarter of 2015. This was mostly due to a strong increase in current transfers of public grants and membership payments to international organizations, and other contributions.

Donor Fund Expenditures

Donor fund expenditure reached \$49.7 million by the 30th June 2016. This was divided into \$25.7 million on other expenses; \$4.3 million were expenditures on compensation of employees and \$19.6 million was spent on use of goods and services.

b. Petroleum Fund Expenditures

Petroleum Fund expenses reached \$448.5 million by the end of the second quarter of 2016, composed out of management fees, which increased by 4.7 % compared to the same period in 2015 reaching \$ 8.5 million, and expenditure on grants to the GGoTL which totalled \$440.0 million, decreasing by 1.1% compared to the same period in 2015.

3. Net Operating Balance

The net operating balance is calculated as revenues minus expenses and shows the government's ability to sustain its current level of operations.

At the end of the second quarter of 2016, the GGoTL, DF and the PF were running a net operating deficit of \$-38.0 million. However, petroleum revenues played a key role in the overall fiscal surplus. The net operating deficit of the PF was \$ -113.7 million by the 30th June 2016, which is mostly due to declined revenue. The GGoTL received financial injections from the PF to run a net operating surplus of \$126.9 million.

4. Net Acquisition of Non-Financial Assets

FISCAL BULLETIN TIMOR-LESTE

Government Finance Statistics

The net acquisition of non-financial assets records transactions that change GGoTL's holdings of non-financial assets. It is broadly equivalent to capital expenditure as recorded in the Charter of Accounts in Timor-Leste.

At the end of the second quarter of 2016, total acquisition of non-financial assets for the GGoTL including DF and PF stood at \$148.6 million. \$24.6 million was spent by the DF and \$123.9 million was spent by the GGoTL (particularly on building and structures which totalled \$123.5 million by the end of the second quarter of 2016).

5. Net Lending/Borrowing

Net lending / borrowing is the net amount a unit or a sector has available to finance, directly or indirectly, other units or other sectors. Net lending for the GGoTL including the PF and DF was \$ - 186.6 million at the end of the second quarter of 2016, taking into account the combination of total revenue, expenditures and acquisition of non-financial assets. This means that the GGoTL and the PF incurred a deficit which is being invested in financial and non financial assets, but which was also affected by \$11.5 million from loan disbursements at the end of the second quarter 2016.

6. Net Acquisition of Financial Assets

The increase in the Government's holdings of financial assets is recorded under net acquisition of financial assets. In the case of Timor-Leste, the net lending capacity is being invested, mostly through the PF, in a range of financial assets including shares, securities, currency and deposits, cash and other equities.

By the end of the second quarter of 2016, the net acquisition of financial assets for the GGoTL, DF and the PF was \$-175.1 million. This was composed of two parts: \$-61.40 million due to the deficit from the CFTL cash balance to finance the gap between expenses and revenues in the GGoTL (this explains why the value is negative for currency and deposits in the tables in the annex) and a \$-113.7 million deficit which was invested in financial instruments in the PF. Changes to the value of assets are attached in the table on Petroleum Fund stocks and flows.

7. Net Incurrence of Liabilities

The net incurrence of liabilities shows the loans disbursement to date in the GGoTL. This totalled \$11.5 million by the 30th June 2016.

8. Final Conclusion

At the closing of the second quarter of 2016, the GGoTL including the PF and DF had a strong fiscal position. However, the GGoTL is still strongly reliant on the petroleum sector as, without the PF and DF, it would have a net lending capacity of \$ -61.40 million. Nevertheless, the GGoTL, PF and DF ran a net operating balance of \$-38.0 million and had a net lending capacity of \$-186.6 million. The government spending exceeding revenue was used to fulfill the Government's commitments to improve infrastructure, education and wellbeing of the population of Timor-Leste as stated in the national Strategic Development Plan.

FISCAL BULLETIN TIMOR-LESTE

Government Finance Statistics

Table 1. Accumulated All Statement of Government Operations (GGoTL, PF, DF, Transactions)

Data for 2016, in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
Revenue	1	269.5	231.93	-	-	501.5
Taxes	11	84.9	52.49	-	-	137.4
Taxes on income, profits, and capital gain	111	63.6	32.40	-	-	96.0
Taxes on goods & services	114	18.1	16.66	-	-	34.8
Taxes on international trade & transactio	115	3.0	3.35	-	-	6.4
Other taxes	116	0.2	0.09	-	-	0.3
Grants	13	21.8	52.53	-	-	74.4
Other revenue	14	162.8	126.91	-	-	289.7
Property income	141	154.6	112.31	-	-	266.9
Other	142-145	8.2	14.60	-	-	22.8
Expense	2	250.4	289.02	-	-	539.4
Compensation of employees	21	45.8	43.37	-	-	89.1
Use of goods & services	22	30.0	80.57	-	-	110.6
Consumption of fixed capital	23	0.0	-	-	-	0.0
Interest	24	0.0	-	-	-	0.0
Grants	26	0.0	-	-	-	0.0
Social benefits	27	21.9	31.86	-	-	53.8
Other expense	28	152.7	133.22	-	-	285.9
Gross operating balance [1-2+23]	GOB	19.1	(57.09)	-	-	-38.0
Net operating balance [1-2]	NOB	19.1	(57.09)	-	-	-38.0
Net acquisition of nonfinancial assets	31	14.0	134.67	-	-	148.6
Acquisition of nonfinancial assets	311	14.0	134.67	-	-	148.6
Buildings & Structures	3111	13.2	134.21	-	-	147.4
Machinery & Equipment	3112	0.8	0.46	-	-	1.3
Consumption of fixed capital [=23]	313	0.0	-	-	-	0.0
Net lending / borrowing [1-2-31 = 1-2M]	NLB	5.1	(191.76)	-	-	-186.6
Net acquisition of financial assets	32	9.3	(184.40)	-	-	-175.1
by instrument		0.0	-	-	-	0.0
Currency and deposits	3202	-17.1	530.06	-	-	513.0
Securities other than shares	3203	-95.6	(579.09)	-	-	-674.6
Loans	3204	0.0	-	-	-	0.0
Shares and other equity	3205	98.4	(121.93)	-	-	-23.6
Other accounts receivable	3208	23.5	(13.44)	-	-	10.1
Net incurrence of liabilities	33	4.1	7.37	-	-	11.5
Loans	3304	4.1	7.37	-	-	11.5
Other accounts payable	3308	0.0	-	-	-	0.0
Statistical discrepancy [32 - 33 - NLB-]	NLBz	0.0	-	-	-	0.0
Memorandum item:						
Total expenditure [2+31]	2M	264.4	423.69	-	-	688.1

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

FISCAL BULLETIN TIMOR-LESTE

Government Finance Statistics

Table 2. Accumulated Statement of Government Operations for the GGoTL

Data for 2016, in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
Revenue	1	137.63	394.72	-	-	532.35
Taxes	11	28.51	38.47	-	-	66.97
Taxes on income, profits, and capital gains	111	9.94	19.13	-	-	29.07
Taxes on goods & services	114	15.37	15.90	-	-	31.27
Taxes on international trade & transactions	115	3.04	3.35	-	-	6.38
Other taxes	116	0.17	0.09	-	-	0.26
Grants	13	100.00	340.00	-	-	440.00
Other revenue	14	9.12	16.26	-	-	25.38
Property income	141	0.97	1.65	-	-	2.62
Other	142-145	8.15	14.60	-	-	22.76
Expense	2	231.45	249.79	-	-	481.24
Compensation of employees	21	44.33	40.45	-	-	84.78
Use of goods & services	22	16.54	65.93	-	-	82.47
Consumption of fixed capital	23	-	-	-	-	-
Interest	24	-	-	-	-	-
Grants	26	-	-	-	-	-
Social benefits	27	21.93	31.86	-	-	53.80
Other expense	28	148.65	111.55	-	-	260.19
Gross operating balance [1-2+23]	GOB	(93.83)	144.94	-	-	51.11
Net operating balance [1-2]	NOB	(93.83)	144.94	-	-	51.11
Net acquisition of nonfinancial assets	31	5.92	118.08	-	-	123.99
Acquisition of nonfinancial assets	311	5.92	118.08	-	-	123.99
Buildings & Structures	3111	5.91	117.69	-	-	123.59
Machinery & Equipment	3112	0.01	0.39	-	-	0.40
Consumption of fixed capital [=23]	313	-	-	-	-	-
Net lending / borrowing [1-2-31 = 1-2M]	NLB	(99.74)	26.86	-	-	(72.88)
Net acquisition of financial assets	32	(95.63)	34.23	-	-	(61.40)
<i>by instrument</i>						
Currency and deposits	3202	(95.63)	34.23	-	-	(61.40)
Securities other than shares	3203	-	-	-	-	-
Loans	3204	-	-	-	-	-
Shares and other equity	3205	-	-	-	-	-
Other accounts receivable	3208	-	-	-	-	-
Net incurrence of liabilities	33	4.12	7.37	-	-	11.48
Loans	3304	4.12	7.37	-	-	11.48
Other accounts payable	3308	-	-	-	-	-
<i>Statistical discrepancy [32 - 33 - NLB-]</i>	NLBz	-	-	-	-	-
<i>Memorandum item:</i>						
Total expenditure [2+31]	2M	237.37	367.86	-	-	605.23

Note: Statistical Discrepancy should be zero, Consumption of fixed capital will have to be calculated from inventory

Without PF, GGoTL runs Net Operation deficit US. \$ 389.0 Million which is Total Domestic Revenue minus Total Expenditure

FISCAL BULLETIN TIMOR-LESTE

Government Finance Statistics

Table 3. Accumulated Statement of Government Operations for the Donor Fund

Data for 2016, in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
Revenue	1	21.8	52.5	-	-	74.4
Taxes	11	0.0	0.0	-	-	0.0
Taxes on income, profits, and capital gains	111	0.0	0.0	-	-	0.0
Taxes on goods & services	114	0.0	0.0	-	-	0.0
Taxes on international trade & transactions	115	0.0	0.0	-	-	0.0
Other taxes	116	0.0	0.0	-	-	0.0
Grants	13	21.8	52.5	-	-	74.4
Other revenue	14	0.0	0.0	-	-	0.0
Property income	141	0.0	0.0	-	-	0.0
Other	142-145	0.0	0.0	-	-	0.0
Expense	2	13.8	35.9	-	-	49.7
Compensation of employees	21	1.4	2.9	-	-	4.3
Use of goods & services	22	8.3	11.3	-	-	19.6
Consumption of fixed capital	23	0.0	0.0	-	-	0.0
Interest	24	0.0	0.0	-	-	0.0
Grants	26	0.0	0.0	-	-	0.0
Social benefits	27	0.0	0.0	-	-	0.0
Other expense	28	4.1	21.7	-	-	25.7
Gross operating balance [1-2+23]	GOB	8.0	16.6	-	-	24.6
Net operating balance [1-2]	NOB	8.0	16.6	-	-	24.6
Net acquisition of nonfinancial assets	31	8.0	16.6	-	-	24.6
Acquisition of nonfinancial assets	311	8.0	16.6	-	-	24.6
Buildings & Structures	3111	7.3	16.5	-	-	23.8
Machinery & Equipment	3112	0.8	0.1	-	-	0.9
Consumption of fixed capital [=23]	313	0.0	0.0	-	-	0.0
Net lending / borrowing [1-2-31 = 1-2M]	NLB	0.0	0.0	-	-	0.0
Net acquisition of financial assets	32	0.0	0.0	-	-	0.0
by instrument		0.0	0.0	-	-	0.0
Currency and deposits	3202	0.0	0.0	-	-	0.0
Securities other than shares	3203	0.0	0.0	-	-	0.0
Loans	3204	0.0	0.0	-	-	0.0
Shares and other equity	3205	0.0	0.0	-	-	0.0
Other accounts receivable	3208	0.0	0.0	-	-	0.0
Net incurrence of liabilities	33	0.0	0.0	-	-	0.0
Loans	3304	0.0	0.0	-	-	0.0
Other accounts payable	3308	0.0	0.0	-	-	0.0
Statistical discrepancy [32 - 33 - NLB]	NLBz	0.0	0.0	-	-	0.0
Memorandum item:		0.0	0.0	-	-	0.0
Total expenditure [2+31]	2M	21.8	52.5	-	-	74.4

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

FISCAL BULLETIN TIMOR-LESTE

Government Finance Statistics

Table 4. Accumulated Statement of Government Operations for the Petroleum Fund

Data for 2016, in millions of US dollars.		Total Quarter 1	Total Quarter 2	Total Quarter 3	Total Quarter 4	Accumulated Total
Revenue	1	210.1	124.7	-	-	334.73
Taxes	11	56.4	14.0	-	-	70.4
Taxes on income, profits, and capital gains	111	53.6	13.3	-	-	66.9
Taxes on goods & services	114	2.8	0.8	-	-	3.5
Taxes on international trade & transactions	115	0.0	0.0	-	-	0.0
Other taxes	116	0.0	0.0	-	-	0.0
			0.0			
Grants	13	0.0	0.0	-	-	0.0
Other revenue	14	153.7	110.7	-	-	264.3
Property income	141	153.7	110.7	-	-	264.3
Other	142-145	0.0	0.0	-	-	0.0
Expense	2	105.2	343.3	-	-	448.5
Compensation of employees	21	0.0	0.0	-	-	0.0
Use of goods & services	22	5.2	3.3	-	-	8.5
Consumption of fixed capital	23	0.0	0.0	-	-	0.0
Interest	24	0.0	0.0	-	-	0.0
Grants	26	100.0	340.0	-	-	440.0
Social benefits	27	0.0	0.0	-	-	0.0
Other expense	28	0.0	0.0	-	-	0.0
Gross operating balance [1-2+23]	GOB	104.9	-218.6	-	-	-113.7
Net operating balance [1-2]	NOB	104.9	-218.6	-	-	-113.7
Net acquisition of nonfinancial assets	31	0.0	0.0	-	-	0.0
Acquisition of nonfinancial assets	311	0.0	0.0	-	-	0.0
Buildings & Structures	3111	0.0	0.0	-	-	0.0
Machinery & Equipment	3112	0.0	0.0	-	-	0.0
			0.0			
Consumption of fixed capital [=23]	313	0.0	0.0	-	-	0.0
Net lending / borrowing [1-2-31 = 1-2M]	NLB	104.9	-218.6	-	-	-113.7
Net acquisition of financial assets	32	104.9	-218.6	-	-	-113.7
by instrument			0.0			
Currency and deposits	3202	78.5	495.8	-	-	574.4
Securities other than shares	3203	-95.6	-579.1	-	-	-674.6
Loans	3204	0.0	0.0	-	-	0.0
Shares and other equity	3205	98.4	-121.9	-	-	-23.6
Other accounts receivable	3208	23.5	-13.4	-	-	10.1
Net incurrence of liabilities	33	0.0	0.0	-	-	0.0
Loans	3304	0.0	0.0	-	-	0.0
Other accounts payable	3308	0.0	0.0	-	-	0.0
Statistical discrepancy [32 - 33 - NLB-]	NLBz	0.0	0.0	-	-	0.0
Memorandum item:		0.0	0.0	-	-	0.0
Total expenditure [2+31]	2M	105.2	343.3	-	-	448.5

Note: Statistical Discrepancy should be zero.

Consumption of fixed capital will have to be calculated from inventory

FISCAL BULLETIN TIMOR-LESTE

Government Finance Statistics

Table 5 Petroleum Fund Stock and Flow (Balance sheet)

	2015		2016			
Stock (Balance sheet)	Q3	Q4	Q1	Q2	Q3	Q4
Cash & cash equivalent	148.3	135.2	213.73	709.6		
Receivables	50.5	26.9	50.41	36.97		
	2015		2016			
Flow (Balance sheet)	Q3	Q4	Q1	Q2	Q3	Q4
Cash & cash equivalent	55.2	(13.1)	78.55	495.83		
Receivables	25.3	(23.6)	23.52	-13.44		

Table 6. Analytical Framework for the Petroleum Fund

	2015 Q4	2016 Q1	Q2	Q3	Q4
Opening Balance	16,444.7	16,491.3	16,853.6	16,747.6	
Net Acquisition of Financial Assets	(112.4)	104.9	(218.6)	-	-
Other Economic Flows	159.0	257.4	112.6	-	-
Closing Balance	16,491.3	16,853.6	16,747.6		
<i>Statistical discrepancy</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>		
<i>Note: Statistical Discrepancy should be zero.</i> <i>Consumption of fixed capital will have to be calculated from inventory</i>					