

DEMOCRATIC REPUBLIC OF TIMOR-LESTE

Parliamentary Law

1/II

Approves the State General Budget for the Democratic Republic of Timor-Leste for 2011

The State General Budget for 2011 includes all revenues and expenses of the State of Timor-Leste.

Attachment I to the 2011 State Budget Law, hereinafter referred to as SBL, establishes the total amount estimated for SBL revenues from January to December from all oil and non-oil sources, and tax and non-tax revenues. The total estimated revenues total \$2,398.7 billion US dollars.

Attachment II to the State Budget Law shall establish all budgetary appropriations, including services and autonomous and special funds, distributed as follows:

1. \$ 116, 834 million dollars for Salaries and Wages;
2. \$ 294,151 million dollars for Goods and Services, \$25 million of which being allocated to the Human Capital Development Fund;
3. \$ 177,456 million dollars for Public Transfers.
4. \$ 29,262 million dollars for Minor Capital;
5. \$ 688,315 million dollars for Development Capital, \$599,306 million dollars of which being allocated to the Infrastructures Fund;

Excluding services and autonomous and special funds, the total amount for budgetary appropriations is of \$630,402 million US dollars.

The state Treasury account includes all revenues and expenses related to services and autonomous and self-financed funds, notably Timor-Leste Electricity (EDTL), Timor-Leste Airports and Air Navigation Administration (ANATL), Timor-Leste Port Authority (APORTIL), the Management and Equipment Institute (IGE) and the Health Medication and Equipment Administration Service (SAMÉS). Revenues from these categories are included in the item related to own revenues of autonomous funds and services in Attachment I, the budget of expenses being included in Attachment III.

The total estimated expenses for services and autonomous and self-financed funds in 2011 is of \$51,311 million, \$32,161 million of which being transferred from the SGB in order to subsidise expenses higher than its estimated own revenues.

The total budgetary appropriation for the Infrastructure Fund is of \$599,306 million.

The total budgetary appropriation for the Human Capital Development Fund is of \$25 million.
The total estimated expenses of the SGB is of \$1,306 billion dollars.

Non-oil revenues are estimated at \$110 million dollars.

Therefore the fiscal deficit is of \$1,196 billion dollars, \$141 million dollars of which being funded from the Timor-Leste Consolidated Fund and \$1,055 billion dollars from the Petroleum Fund.

The Parliament shall, under the terms of sub-paragraph d) of paragraph 3 of article 95 and of no. 1 of article 145 of the Constitution of the Republic, hereby declare the following to be law:

Chapter I Definitions and approval

Article I Definitions

For the purposes of the present Law:

a) "Expense Category" shall mean the group of expenses under the following five categories: Salaries and Wages; Goods and Services; Public Transfers; Minor Capital and Development Capital, where:

- i) "Salaries and Wages" shall mean the full amount a Body may spend on Salaries and Wages for those holding political posts and on permanent and part-time staff;
 - ii) "Goods and Services" shall mean the full amount a Body may spend on the acquisition of Goods and Services;
 - iii) "Public Transfers" shall mean the full amount a Body may spend on public grants and consigned payments;
 - iv) "Minor Capital" shall mean the full amount a Body may spend on the acquisition of Minor Capital goods;
 - v) "Capital Development" shall mean the full amount a Body may spend on Capital Development projects.
- (b) "Expenses paid by Revenues" shall mean expenses met by the own revenues charged by autonomous funds and services, provided that the amount does not exceed the full value of the revenues entered in the relevant Treasury accounts;
- c) "Budget Appropriation" shall mean the full amount inscribed in the SGB in favour of a Body towards the payment of a certain expense;
- (d) "Body / Bodies" shall mean the generic term adopted by Budget to indicate the administrative public sector subjected to budget discipline and that, according to the organic classification, may be divided by such titles as: Office of the President of the Republic, Parliament, Government (Office of the Prime Minister, Presidency of the Council of Ministers, Ministries and Secretariats of State), Courts and Office of the Prosecutor General of the Republic.
- (e) "Expenditure Items" shall mean the individual expenditure items within each *Expense Category*, based on the expenditure account code structure maintained by Treasury.

Article 2 Approval

The present Law approves the State General Budget for the period from 1 January to 31 December 2011, as well as:

- (a) Total revenues per groups, including own revenues from autonomous funds and services, featured in Attachment I to the present diploma, which is considered an integral part thereof;
- (b) Total expenses per groups, including Special Funds and the amounts to be transferred from the State General Budget for autonomous funds and services in 2011, included in Attachment II to the present diploma, which is considered an integral part thereof;
- (c) Total expenses from the autonomous funds and services to be funded from their own revenues and from the State General Budget subsidy, included in Attachment III to the present diploma, which is considered an integral part thereof.
- d) Total expenses corresponding to the appropriation of the Infrastructure Fund for 2011, included in Attachment IV to the present diploma, which is considered an integral part thereof;
- e) Total expenses corresponding to the appropriation of the Human Capital Development Fund for 2011, included in Attachment V to the present diploma, which is considered an integral part thereof;

Chapter II Revenues

Article 3 Revenues

In 2011 the Government is authorized to collect taxes and other tax impositions set by law.

Chapter III Authorisation to make transfers from the Petroleum Fund

Article 4

Authorised limit for withdrawing from the SGB

1. Under article 7 of Law no.9/2005 of 3 August, the transfer amount from the Petroleum Fund in 2011 cannot exceed \$1,055 billion dollars, the transfer of \$734 million being carried out after complying with the provisions of article 8 and the transfer of \$321 billion carried out after complying with sub-paragraphs a), b) and c) of article 9 of Law 9/2005 of 3rd August .

2. In the financial year of 2011, the Government shall comply with the provisions set out in sub-paragraphs paragraphs a), b) and c) of article 9 of Law 9/2005 of 3rd August, concerning the transfer of amounts proposed and approved by National Parliament, in the part exceeding Estimated Sustainable Income, upon entry into force of the present law.

Chapter IV

Budget Execution

Article 5

Payment of taxes on Government imports

Treasury is authorized to establish and implement an accounting mechanism for registering and controlling revenues and expenses, corresponding to the payment of taxes on imports carried out by the Bodies or on their behalf.

Article 6

Appropriations for the whole Government

According to the criteria set for public expenses, the Government shall inscribe the following appropriations in the budget of the Ministry of Finance, to be managed by the latter:

- a) Counterpart Fund;
- b) External Audit;
- c) Contingency Reserve;
- d) Fund for Trips Abroad;
- e) International Organization Membership Fees;
- f) Retroactive Funding;
- g) Payment of pensions to former holders and former members of Sovereignty Bodies;
- h) Construction of Integrated Posts at the Border;
- i) New Body for implementing the recommendations of the CAVR.
- j) Contribution Fund for Institutions of a Social Nature

Article 7

Contingency Reserve

After hearing the Minister of Finance, the Prime Minister shall decide in relation to the transfer of resources from the Contingency Reserve to the various Bodies.

Chapter V

Autonomous funds and services

Article 8

Own Revenues

1. Estimated revenues to be collected by autonomous funds and services are indicated in Attachment I.
2. Expenses resulting from transfers from the Government to the autonomous and special funds, as well as the estimate of the respective estimated expenses, are indicated in Attachment II.
3. The budgets by Expense Category concerning the autonomous funds and services funded by own revenue are indicated in Attachment III.
4. Appropriation from the Infrastructure Fund is set out in Attachment IV.
5. Appropriation from the Human Capital Development Fund is set out in Attachment V.
6. Expenditure Authorization Notices in favour of autonomous funds and services from own revenues may only be authorised after the State receives the respective revenues. The said authorisations must be of an equal or lesser value.

Chapter VI Special Funds

Article 9 Infrastructure Fund and Human Capital Development Fund

1. Under article 32 of Law no. 13/2009 of 21 October on Budget and Financial Management, the Government is authorized to set up the Infrastructure Fund and the Human Capital Development Fund, which are aimed to finance multiannual programmes and projects.
2. The Infrastructure Fund is meant to finance strategic programmes and projects meant for the acquisition, construction and development of:
 - a) Road infrastructures, including roads, bridges, ports and airports;
 - b) Power generators and power lines;
 - c) Telecommunications;
 - d) Infrastructures promoting flood protection;
 - e) Water treatment and sanitation facilities;
 - f) Logistic facilities, including storage infrastructures;
 - g) Government buildings, including health and education facilities; and
 - h) Other infrastructures promoting strategic development.
3. The authority responsible for the operations of the Infrastructure Fund is the Board of Directors, consisting of the Prime Minister, who presides, by the Minister for Infrastructures, by the Finance Minister and by the members of the Government who are associated with the programmes and projects to be supported by the Fund.
4. The Human Capital Development Fund is meant to support Human Resource training projects and programmes, namely programmes seeking to improve the training of Timorese professionals in strategic development sectors such as justice, health, education, infrastructures, agriculture, tourism, oil management and financial management, among others, which include activities and actions to be carried out in Timor-Leste and the participation of Timorese citizens in training actions abroad, including scholarships for university and post-graduation courses.
5. The authority responsible for the operations of the Human Capital Development Fund is the Board of Directors, consisting of the Prime Minister, who presides, by the Minister of Education, by the Finance Minister, by the Minister of Justice, by the Secretary of State for Human Resources and by other members of the Government who are associated with the programmes and projects to be supported by the Fund.
6. The Boards of Directors are responsible for the introduction of changes to the appropriations allocated to the programmes, within the limits of the total appropriation authorised by the National Parliament and with

respect for the established objectives.

7. Matters not regulated in the paragraphs above are regulated by Government diploma.

Chapter VII Final Provisions

Article 10 Funding through independent donors

1. Each Body may only establish agreements with independent donors for the provision of additional or complementary resources to the funding contained in the budget allocations of the present Law, after hearing the mandatory opinion of the Minister of Finance.

2. This funding must be managed in accordance with the directives issued by the Ministry of Finance and with the donor requirements.

Article 11 Entry into force

The present Law enters into force on the day immediately following its publication and will have effect starting on 1 January 2011

Approved on 28th January 2011.

The President of the National Parliament

Fernando La Sama de Araújo

Promulgated on 12 / 2 / 2011

To be published,

The President of the Republic

José Manuel Ramos Horta