First amendment to the State General Budget Law of 2014, approved by the National Parliament

Following a request from the Government, the National Parliament met in an extraordinary plenary session, on the 15th October, to discuss and vote the first amendment to Law nº 2/2014 of February 5, Law of the State General Budget of 2014.

In question was Item nº5 of article 8 of the Law referred above, which provided that “If, until the end of the third trimester, the budget execution reaches 75%, the Government may resort to a transfer from the Petroleum Fund above the Estimated Sustainable Income, after informing the National Parliament and assuring a reserve of 200 millions dollars in the Treasury Account.”

The request for this amendment, on the part of the Government, is based on the fact that, at the end of the third trimester, the budget execution achieved was at 50%, thereby implying that the Government cannot proceed with a withdrawal above the Estimated Sustainable Income (ESI).

In his speech, Prime Minister Xanana Gusmão explains the reasons why the budget execution should rise this fourth trimester – 13th month of salary to be paid in December; the new positions for the public administration that will filled in until the end of the year; the expenses related to the development capital projects and the execution of the goods and services and minor capital items – warning of the risk of transferring this fiscal year’s debt to next year (2015), as well as the risk of achieving a balance below the 200 millions of dollars reserve (recommended by the Ministry of Finance), if there’s no possibility of withdrawing the excess amount.

In brief, the request for amendment that the Government submitted to the National Parliament is based solely in changing the sentence “If, until the end of the third trimester...” to “When...”, in order to withdraw above the ESI.

The National Parliament approved this first amendment, voting in generality, in each individual section and as a whole. In generality there were 35 votes in favour, 18 abstentions and no votes against the proposal. In each individual section and as a whole, there were 33 votes in favour, 19 abstentions and there were no votes against the proposal.