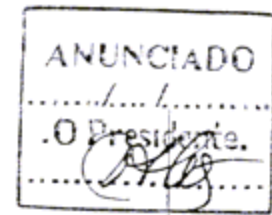
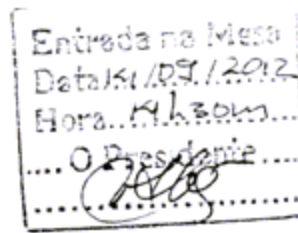




PRIMEIRO
MINISTRO



Office of the
Prime Minister


Ref No. 0259 GPM/IX/2012

Excellency

Together I have the honor to transmit to Your Excellency, as provided for in paragraph 1(c) of Article 97 of the Constitution, for consideration and approval by the National Parliament, the draft law approving the first amendment to "Law no. 16/2011 of 21 December, approving the State Budget for 2012" and its annexes, adopted at the meeting of the Council of Ministers on September 14, 2012.

Accept, Your Excellency, the assurances of my highest consideration and esteem.

Dili, 14 September 2012



Kay Rala Xanana Gusmão
Primeiro-Ministro

His Excellency
President of the National Parliament
Dr. Vicente Guterres
Dili

DEMOCRATIC REPUBLIC OF TIMOR-LESTE
V CONSTITUTIONAL GOVERNMENT

Explanatory Memorandum

**Proposed law approving the First Amendment to Law no. 16/2011 of 21 December,
which approved the General State Budget for 2012**

Introduction

Pursuant to Article 95.3(d), Article 97.1(c), and 145.1 of the Constitution of the Democratic Republic of Timor-Leste, the Government proposes to the National Parliament this proposed Law for the Amended State Budget for 2012.

This proposed law comes under Article 35 of Law no. 13/2009 on Budget and Financial Management, amended by Law no. 16/2011 of 21 December, approving the State Budget of the Democratic Republic of Timor-Leste for 2012, which contains all revenues and expenditures of the State of Timor-Leste and covers the period from January 1, 2012 and December 31, 2012.

Continuity of IV Constitutional Government Activities

The philosophy of the Fifth Constitutional Government is coming from the Fourth Constitutional Government, that is, it receives the mission to continue to implement programs that have come to constitute the successes of the Parliamentary Majority Alliance (AMP) of the previous legislature.

The continuity, the very meaning of the term, will be reflected in the continuation of the programs carried out and those which will have to be started.

Continuity also reflects the need to give form and content to the pillars established by the Strategic Development Plan: Social Capital, Infrastructure Development and Economic Development.

This draft law neither increases nor decreases the total budget already approved by Law no. 16/2011 of 21 December, approving the State Budget for 2012, making only a reallocation of budgeted funds. Fifty million dollars were transferred from two projects of Tasi Mane in the Infrastructure Fund, on condition of being reinstated in 2013, and \$5.4 million from unpaid expenses in the Consolidated Fund, to cover the needs identified below:

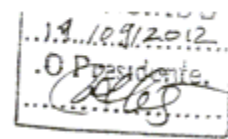
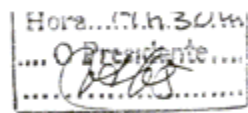
- Pension for Veterans - \$26.9 million;
- Allowance for Seniors - \$7.1 million;
- Contingency Fund - \$6.1 million;
- Ministry of Defence and Security - \$2.9 million;
- Ministry of Education - \$1.7 million;
- Goods and Services for PNTL - \$2.4 million;
- Transfers to Church and Civil Society - \$1.4 million;
- Ministry of Health - \$1.2 million;
- Operation of Berlin - Nakroma - \$1.2 million;
- Water and sanitation - \$1.2 million;
- Institute of Equipment Management - \$1.2 million;
- External audit - \$1.1 million;
- Payment to LIFESE by the Secretary of State for Defence - \$1.1 million.

Approved by the Council of Ministers on 14 September 2012.

The Prime Minister

/ s /

Kay Rala Xanana Gusmão



Admitido.
Vilhelms
14/9/2012

PPL Nº 1/III

V GOVERNO CONSTITUCIONAL

E.T.
Baixa as Causas para elaboração do
Relatório Proac, Primeira alteração à Lei n.º 16/2011, de 21 de Dezembro,
Cujas a Tabela os que aprova o Orçamento Geral do Estado para 2012
Juliano, Deputado. Vilhelms 14/9/2012.

Entered 14 September 2012

Proposed Draft Law (PPL) No 1/III

V CONSTITUTIONAL GOVERNMENT

First amendment to Law no. 16/2011 of December 21, approving the State Budget for 2012

This Law amends the State Budget for 2012, approved by Law no. 16/2011 of 21 December, in part on the tables in Annexes II, III and IV.

Appendix I sets out the estimated total revenue of The State Budget from January to December 2012 from all sources: oil, non-oil, tax revenues, non-tax revenues and loans. The total estimated revenue is \$2,269.4 million U.S. dollars.

Annex II amending the budget, systematized as follows:

1. \$139.037 million for Salaries and Wages;
2. \$378.470 million for goods and services;
3. \$233.744 million for Public Transfers;
4. \$ 47.794 million for Minor Capital;
5. \$875.084 million for Development Capital.

Excluding the autonomous agencies and funds, special funds and loans, the total expenditure budget is \$769.186 million.

The State Treasury account includes all revenue and expenses from the autonomous agencies and funds, including Electricity of Timor-Leste (EDTL), the Administration of Airports and Air Navigation of Timor-Leste (ANATL), the Port Authority Timor-Leste (APORTIL - including Berlin-Nakroma), the Institute of Management Equipment (IGE) and the Office of Administration of Medicines and Health Equipment (SAMÉS). The revenues of these categories are included in the table of their own revenues of autonomous funds and services in Annex I, with the expenditure budget proposals listed in Annex III.

The total estimated expenditure by the autonomous self-funded agencies in 2012 is \$120,049,000, of which \$99,119,000 shall be transferred from the state budget in order to subsidize expenses which exceed their own revenue estimates.

The total budget allocation for the Infrastructure Fund including loans is \$750.261 million, and \$707.161 million excluding loans.

The total budget allocation for the Human Capital Development Fund remains unchanged, at \$30 million.

The total estimated expenditure of the state budget remains unchanged, at \$1,674.1 million.

The total maximum approved for public debt remains unchanged, at \$43.1 million.

Non-oil revenues estimates remain unchanged, at \$136.1 million.

Thus, the fiscal deficit is \$1,538.0 million, of which \$1,494.9 million is funded from the Petroleum Fund and \$43.1 million through borrowing.

The Government presented to the National Parliament, pursuant to Article 95.3(d), Article 97.1(c) and Article 145.1 of the Constitution of the Republic, the following Proposed Law:

Article 1
Amendment to the State Budget for 2012

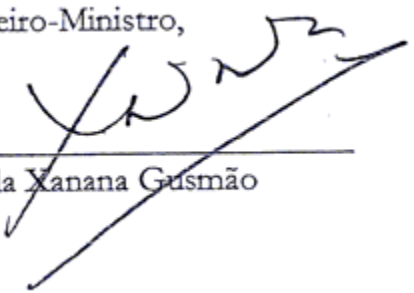
1. The State Budget for 2012, approved by Law no. 16/2011 of 21 December, is amended in part on the tables in Annexes II, III and IV of this law.
2. The amendment referred to in the preceding paragraph is contained in Annexes II, III and IV of this law, which replace the tables in Annexes II, III and IV of the Law no. 16/2011 of 21 December.

Article 2
Entry into force

This Law shall enter into force on the day following its publication, with effect from 9 August 2012.

Approved by the Council of Ministers on 14 September 2012.

O Primeiro-Ministro,



Kay Rala Xanana Gusmão

Annex III: Autonomous Agencies funded in part by their own revenue (\$'000)

	Final Expense	Own Revenues	Government Subsidy
Electricity of Timor-Leste (EDTL)			
Salaries and Wages	1,000		
Goods and Services	98,132		
Public Transfers			
Minor Capital	948		
Development Capital	5,000		
Total	105,087	16,080	89,007
ANATL (airport)			
Salaries and Wages	258		
Goods and Services	246		
Public Transfers			
Minor Capital			
Development Capital			
Total	504	1,350	(846)
APORTIL (Including Berlin-Nakroma)			
Salaries and Wages	151		
Goods and Services	3,330		
Public Transfers			
Minor Capital			
Development Capital			
Total	3,481	3,390	91
IGE (Equipment Management)			
Salaries and Wages	1,401		
Goods and Services	3,675		
Public Transfers			
Minor Capital			
Development Capital			
Total	5,076	110	4,966
SAMES (Health)			
Salaries and Wages	277		
Goods and Services	5,624		
Public Transfers			
Minor Capital			
Development Capital			
Total	5,901	110	4,966
Total of Self-Financed Agencies	120,049	20,930	99,119