

Treasury Monthly Budget Report – July 2016

Summary

The Government had a net operating surplus of VT 2,092.2 million at the end of July, which is identical to 2.6 per cent of GDP.

The total net operating balance for Government operations, excluding donor fund was a surplus of VT 1,962.4million at the end of July, equivalent to 2.5 per cent of GDP.

Government Revenue

This month, the Government has collected VT 1,736.6 million worth of revenue, 38.6 per cent more than the revenue collected in July 2015 (VT 1,253.0 million). This brings the total revenue of the Government to date to VT 12,018.7 million, equal to 69.0 per cent of the budget target 2016 (VT 17,451.1 million) and 27.2 per cent more than the revenue collected over the first seven months of 2015 (VT 9,445.8 million). The increase in collection was driven mainly by the improve administration, compliance and enforcement of the existing tax and also the Budget support of VT 1,003.0 million from the European Union.

To date, the major Government revenue streams over the past seven months includes:

- *VAT, collecting VT 3,263.8 million, 52.0 per cent of the 2016 budget target and 1.3 per cent below VT 3,307.6 million collected at the end of July 2015 ;*
- *Import Duties, collecting VT 1,688.6 million, 60.0 per cent of the 2016 budget target and 11.5 per cent above Import Duties collection (VT 1,514.7 million) during the same period last year;*
- *Excise, collecting VT 1,332.9 million, 62.0 per cent of the 2016 budget target and 15.1 per cent above Excise collection in 2015 (VT 1,158.1 million);*
- *Vanuatu Economic Rehabilitation Program (VERP), collecting VT 1,655.0 million, 114.1 per cent of the 2016 budget target and 424.7 per cent above VT 315.4 million collected during the same period a year ago.*

Government Expenses

The Government spending in July sits at VT 2,188.8 million, an increase of 31.9 per cent compared to VT 1,659.4 million recorded in July 2015 due to 3 paydays that occur this month. The expense over the seven months sits at VT 10,056.3 million, 57.0 per cent of the budget target 2016 (VT 17,737.6 million) and 8.2 per cent more than what was spend during the equivalent period in 2015 (VT 9,292.0 million).

The Major spending items to date for the Government include:

- *Vehicle-Additional Vehicle recorded VT 50.6 million, 527.0 per cent against a budget target of VT 9.6 million*
- *Building Repairs and Maintenance recorded VT 67.0 million, 77.6 per cent against a budget target of VT 86.3 million*
- *Vehicle Hire recorded VT 11.5 million, 115.0 per cent against a budget target of VT 10.0 million*
- *Acting Allowances recorded VT 75.5 million against a zero budget)*
- *Responsibility Allowances recorded VT 10.6 million, 2,952.6 per cent against a budget of VT 359,000*
- *Shift Allowances recorded VT 3.1 million against a zero budget)*
- *Official Entertainment recorded VT 50.9 million, 100.2 per cent against a budget of VT 50.8 million*
- *Fees-Scholarship recorded VT 75.9 million, 72.3 per cent against a budget of VT 105.0 million*
- *Court Cost recorded VT 105.0 million, 2,019.2 per cent against a budget of VT 5.2 million*
- *Contract Wages recorded VT 56.0 million, 3,733.3 per cent against a budget of VT 1.5 million*

Government Acquisition of Non-Financial Assets

To date, the Government has spent VT 306.0 million acquiring fixed assets and sold off VT 1.4million worth of fixed assets.

Government Acquisition of Financial Assets

This month, the Government has issued new domestic bond worth VT 1,031.6 million. However, to date the Government has issued VT 2,265.1 million worth of Government bonds and paid off VT 700.0 million. There are no external amortisation payments made in July, the total of total external payment to continue to remain at VT 268.2 million.

Development Budget Highlights

In July, Grants received from development fund is VT 546.0 million, the receipts for the past seven months total up to VT 2,436.4 million. This represents 15.0 per cent of the budget target (VT 16,134.0 million). To date, the major contributing donor partners include New Zealand (VT 1,048.8 million), Australia (VT 512.0 million), World Bank (VT 306.2 million), UNDP Contribution (VT 72.7 million) and ADB Contribution (VT 70.7 million).

To date, development budget has spent VT 2,306.5 million, representing a 14.0 per cent of 2016 budget target (VT 16,134.0 million) and a 135.1 per cent increase from VT 688.4 million recorded during the same period last year.

- **Net operating balance** is equal to revenue minus expenses and indicates whether the government is able to sustain its current level of operations. The Government must aim for a surplus.
- **Net lending/borrowing** is often referred to as the fiscal surplus/deficit and indicates whether the Government is taking out or giving resources from or to the economy.
- **Expense** is a decrease in net worth resulting from a transaction.
- **Revenue** is an increase in net worth resulting from a transaction.
- **VAT (Value Added Taxes)** is the tax on goods or services collected in stages by enterprises but ultimately charged in full to the final purchasers.
- **Interest payments** and **Grants** are paid on fixed dates as they are payments to external Government entities.
- **Taxes on international trade and transactions** are almost all import duties based on Cost, Insurance, and Freight (CIF) values.
- **Excise** is charged on goods sold in the country regardless of whether they were produced domestically or overseas.
- In terms of **revenue**, **grants** refer to funds for donor assisted projects provided by donors and also general budget support from donors.
- The **Government operations funded by donors'** numbers represent only revenue and expenses to and from the Government's central development fund account. Some donors continue to operate outside the Government system so these numbers understate the total value of donor support to Vanuatu.
- **Net acquisition of domestic financial assets** is positive when the Government accumulates cash reserves and negative when it draws down on its overdraft.
- **Net incurrence of domestic financial liabilities** is positive when Government bonds are raised through auction and negative when they are retired (paid out).
- **Net incurrence of external liabilities** is positive when the Government draws down external loans and negative when principal on these loans is repaid.
- **Compensation of employees** figures follow the pay days. Vanuatu runs a fortnightly pay system.

Annex 1: Statement Of Total Government Operations*

STATEMENT OF TOTAL GOVERNMENT OPERATIONS											
GFS Code	GFS Description	Budget 2016	Total (VT mn)	%	January	February	March	April	May	June	July
TRANSACTIONS AFFECTING NET WORTH:											
A1	Revenue	33,585.0	14,455.0	43%	1,839.3	2,033.1	1,736.0	1,814.4	1,590.8	3,158.8	2,282.7
A11	Taxes	13,882.4	8,207.6	59%	1,562.9	1,216.3	1,013.6	932.9	1,049.6	1,112.7	1,319.7
A111	Taxes on income, profits, and capital gains	-	-	-	-	-	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-	-	-	-	-	-
A113	Taxes on property	452.6	235.5	52%	30.3	27.6	55.4	40.1	22.9	25.1	34.3
A114	Taxes on goods & services	10,599.5	6,275.7	59%	1,293.0	953.1	766.3	649.4	785.7	816.1	1,012.2
	of which										
	Value-Added Tax	6,225.3	3,263.8	52%	577.6	411.3	451.8	338.6	451.2	477.0	556.4
	Excise	2,162.4	1,332.9	62%	168.5	216.0	143.7	180.1	192.0	186.8	245.7
A115	Taxes on international trade & transactions	2,830.3	1,696.5	60%	239.6	235.6	191.9	243.5	241.1	271.5	273.2
A116	Other taxes	-	-	-	-	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-	-	-	-	-
A13	Grants	16,134.0	3,439.3	0.2	109.2	202.2	346.1	557.2	114.3	1,564.2	546.0
A14	Other revenue	3,568.7	2,808.0	79%	167.2	614.6	376.3	324.2	426.9	481.9	416.9
A2	Expense	33,871.6	12,362.8	36%	1,190.6	1,416.1	1,196.6	1,982.8	1,882.3	2,560.9	2,133.6
A21	Compensation of employees	10,493.8	5,064.4	48%	623.3	626.7	668.3	692.6	688.5	679.8	1,085.3
A22	Use of goods and services	16,039.1	3,356.7	21%	325.8	350.1	304.7	611.7	642.4	585.0	536.9
A23	Consumption of fixed capital	-	-	-	-	-	-	-	-	-	-
A24	Interest	719.9	406.9	57%	14.1	45.7	159.4	56.1	8.1	80.3	43.3
A25	Subsidies	-	-	0%	(0.0)	-	-	-	-	-	-
A26	Grants	4,591.5	2,752.1	60%	152.2	323.6	48.4	479.5	365.0	1,122.9	260.5
A27	Social benefits	745.4	-	0%	(0.5)	16.5	2.6	11.2	108.5	13.8	63.3
A28	Other expense	1,281.8	-	0%	75.8	53.4	13.2	131.6	69.9	79.1	144.4
GOB	Gross operating balance (1-2+23+NOBz)	(286.6)	2,092.2	-730%	648.7	617.0	539.4	(168.4)	(291.5)	597.9	149.0
NOB	Net operating balance (1-2+NOBz) ^q	(286.6)	2,092.2	-730%	648.7	617.0	539.4	(168.4)	(291.5)	597.9	149.0
	% of GDP		2.6%		0.8%	0.8%	0.7%	-0.2%	-0.4%	0.8%	0.2%
TRANSACTIONS IN NONFINANCIAL ASSETS:											
A31	Net Acquisition of Nonfinancial Assets	14,012.9	1,176.9	8%	27.0	95.4	140.5	195.1	129.4	205.6	383.9
A311	Fixed assets	14,012.9	1,176.9	8%	27.0	95.4	140.5	195.1	129.4	205.6	383.9
A312	Change in inventories	-	-	-	-	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(14,299.4)	915.3		621.8	521.6	398.9	(363.5)	(420.9)	392.3	(234.9)
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):											
		-18.0%	1.2%								
A32	Net acquisition of financial assets	(343.2)	2,112.3	0%	736.9	915.3	204.3	(366.6)	(455.6)	382.3	695.7
A321	Domestic	(343.2)	2,112.3	0%	736.9	915.3	204.3	(366.6)	(455.6)	382.3	695.7
A322	Foreign	-	-	-	-	-	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-	-	-	-	-	-
A33	Net incurrence of liabilities	13,956.2	1,196.9	9%	115.1	393.8	(194.6)	(3.2)	(34.7)	(10.0)	930.6
A331	Domestic	832.8	1,465.2		115.1	419.4	-	-	-	-	930.6
A332	Foreign	13,123.4	(268.2)	(0.0)	-	(25.7)	(194.6)	(3.2)	(34.7)	(10.0)	-

* These are data as of 18th August 2016 but the numbers will continue to be revised until 31st March 2016 when the Accounts for 2015 are finalized.

Statement of Government Operations Which Are Funded By Donors through the Central Treasury Account

STATEMENT OF GOVERNMENT OPERATIONS WHICH ARE FUNDED BY DONORS THROUGH THE CENTRAL TREASURY ACCOUNT											
GFS Code	GFS Description	Budget 2016	Total (VT mn)	%	January	February	March	April	May	June	July
TRANSACTIONS AFFECTING NET WORTH:											
A1	Revenue	16,134.0	2,436.4	15%	109.2	202.2	346.1	557.2	114.3	561.2	546.0
A11	Taxes	-	-	0%	-	-	-	-	-	-	-
A111	Taxes on income, profits, and capital gains	-	-	-	-	-	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-	-	-	-	-	-
A113	Taxes on property	-	-	0%	-	-	-	-	-	-	-
A114	Taxes on goods & services	-	-	0%	-	-	-	-	-	-	-
	of which										
	Value-Added Tax	-	-	0%	-	-	-	-	-	-	-
	Excise	-	-	0%	-	-	-	-	-	-	-
A115	Taxes on international trade & transactions	-	-	0%	-	-	-	-	-	-	-
A116	Other taxes	-	-	-	-	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-	-	-	-	-
A13	Grants	16,134.0	2,436.4	15%	109.2	202.2	346.1	557.2	114.3	561.2	546.0
A14	Other revenue	-	-	0%	-	-	-	-	-	-	-
A2	Expense	16,134.0	2,306.5	14%	125.2	178.6	141.7	454.1	229.0	1,233.1	(55.2)
A21	Compensation of employees	1,466.3	126.8	9%	10.5	14.6	13.4	23.9	15.6	15.0	33.8
A22	Use of goods and services	10,958.1	1,110.7	10%	104.3	163.5	110.4	175.3	186.9	212.6	157.8
A23	Consumption of fixed capital	-	-	-	-	-	-	-	-	-	-
A24	Interest	-	-	0%	-	-	-	-	-	-	-
A25	Subsidies	-	-	0%	-	-	-	-	-	-	-
A26	Grants	3,156.3	1,070.5	34%	12.4	0.5	17.9	257.1	26.5	1,003.0	(247.0)
A27	Social benefits	241.6	0.3	0%	-	-	-	(2.3)	-	2.6	-
A28	Other expense	311.7	(1.8)	-1%	(1.9)	-	-	-	-	-	0.2
GOB	Gross operating balance (1-2+23+NOBz)	-	129.9	(16.0)	23.6	204.5	103.1	(114.7)	(671.9)	601.2	
NOB	Net operating balance (1-2+NOBz) ^{cf}	-	129.9	(16.0)	23.6	204.5	103.1	(114.7)	(671.9)	601.2	
		-	0.2%	0.0%	0.0%	0.3%	0.1%	-0.1%	-0.8%	0.8%	
TRANSACTIONS IN NONFINANCIAL ASSETS:											
A31	Net Acquisition of Nonfinancial Assets	13,641.9	872.3	6%	12.2	74.0	101.4	118.8	78.4	143.1	344.4
A311	Fixed assets	13,641.9	872.3	6%	12.2	74.0	101.4	118.8	78.4	143.1	344.4
A312	Change in inventories	-	-	-	-	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(13,641.9)	(742.4)	5%	(28.2)	(50.4)	103.1	(15.7)	(193.1)	(815.0)	256.8
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):											
A32	Net acquisition of financial assets	-	(742.4)	(28.2)	(50.4)	103.1	(15.7)	(193.1)	(815.0)	256.8	
A321	Domestic	-	(742.4)	(28.2)	(50.4)	103.1	(15.7)	(193.1)	(815.0)	256.8	
A322	Foreign	-	-	-	-	-	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-	-	-	-	-	-
A33	Net incurrence of liabilities	13,641.9	-	0%	-	-	-	-	-	-	-
A331	Domestic	-	-	0%	-	-	-	-	-	-	-
A332	Foreign	13,641.9	-	0%	-	-	-	-	-	-	-

Statement Of Government Operations Excluding Donors

STATEMENT OF GOVERNMENT OPERATIONS EXCLUDING DONORS											
GFS Code	GFS Description	Budget 2016	Total (VT mn)	%	January	February	March	April	May	June	July
TRANSACTIONS AFFECTING NET WORTH:											
A1	Revenue	17,451.1	12,018.7	69%	1,730.1	1,830.9	1,389.9	1,257.2	1,476.5	2,597.5	1,736.6
A11	Taxes	13,882.4	8,207.6	59%	1,562.9	1,216.3	1,013.6	932.9	1,049.6	1,112.7	1,319.7
A111	Taxes on income, profits, and capital gains	-	-	-	-	-	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-	-	-	-	-	-
A113	Taxes on property	452.6	235.5	52%	30.3	27.6	55.4	40.1	22.9	25.1	34.3
A114	Taxes on goods & services	10,599.5	6,275.7	59%	1,293.0	953.1	766.3	649.4	785.7	816.1	1,012.2
	of which										
	Value-Added Tax	6,225.3	3,263.8	52%	577.6	411.3	451.8	338.6	451.2	477.0	556.4
	Excise	2,162.4	1,332.9	62%	168.5	216.0	143.7	180.1	192.0	186.8	245.7
A115	Taxes on international trade & transactions	2,830.3	1,696.5	60%	239.6	235.6	191.9	243.5	241.1	271.5	273.2
A116	Other taxes	-	-	-	-	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-	-	-	-	-
A13	Grants	-	1,003.0	-	-	-	-	-	-	1,003.0	-
A14	Other revenue	3,568.7	2,808.0	79%	167.2	614.6	376.3	324.2	426.9	481.9	416.9
A2	Expense	17,737.6	10,056.3	57%	1,065.4	1,237.5	1,054.9	1,528.7	1,653.3	1,327.7	2,188.8
A21	Compensation of employees	9,027.6	4,937.6	55%	612.8	612.2	654.9	668.7	672.9	664.7	1,051.4
A22	Use of goods and services	5,081.0	2,246.0	44%	221.5	186.6	194.4	436.5	455.5	372.4	379.1
A23	Consumption of fixed capital	-	-	-	-	-	-	-	-	-	-
A24	Interest	719.9	406.9	57%	14.1	45.7	159.4	56.1	8.1	80.3	43.3
A25	Subsidies	-	(0.0)	0%	(0.0)	-	-	-	-	-	-
A26	Grants	1,435.3	1,681.6	117%	139.8	323.1	30.5	222.3	338.4	120.0	507.5
A27	Social benefits	503.8	215.0	43%	(0.5)	16.5	2.6	13.4	108.5	11.2	63.3
A28	Other expense	970.1	569.1	59%	77.7	53.4	13.2	131.6	69.9	79.1	144.2
GOB	Gross operating balance (1-2+23+NOBz)	(286.6)	1,962.4		664.8	593.4	335.0	(271.5)	(176.8)	1,269.8	(452.2)
NOB	Net operating balance (1-2+NOBz) ^{cl}	(286.6)	1,962.4		664.8	593.4	335.0	(271.5)	(176.8)	1,269.8	(452.2)
	% of GDP		2.5%		0.8%	0.7%	0.4%	-0.3%	-0.2%	1.6%	-0.6%
TRANSACTIONS IN NONFINANCIAL ASSETS:											
A31	Net Acquisition of Nonfinancial Assets	370.9	304.6	82%	14.8	21.4	39.1	76.2	51.0	62.5	39.5
A311	Fixed assets	370.9	304.6	82%	14.8	21.4	39.1	76.2	51.0	62.5	39.5
A312	Change in inventories	-	-	-	-	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(657.5)	1,657.8		650.0	572.0	295.8	(347.7)	(227.8)	1,207.3	(491.7)
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):											
A32	Net acquisition of financial assets	(343.2)	2,854.7	0%	765.1	965.7	101.2	(350.9)	(262.5)	1,197.3	438.9
A321	Domestic	(343.2)	2,854.7	0%	765.1	965.7	101.2	(350.9)	(262.5)	1,197.3	438.9
A322	Foreign	-	-	-	-	-	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-	-	-	-	-	-
A33	Net incurrence of liabilities	314.3	1,196.9	381%	115.1	393.8	(194.6)	(3.2)	(34.7)	(10.0)	930.6
A331	Domestic	832.8	1,465.2		115.1	419.4	-	-	-	-	930.6
A332	Foreign	(518.5)	(268.2)	0.5	-	(25.7)	(194.6)	(3.2)	(34.7)	(10.0)	-

Annex 2: Summary of Revenue and Expense by Ministry**

REVENUE BY MINISTRY						
Code	Ministry	2016 Budget	2016 Actual to Date	2016 Actual as % by Budget	2015 Actual	2014 Actual
M01	Constitutional Agencies	1,119,872,000	1,749,776,591	156%	1,781,584,779	201,846,029
M02	Prime Ministers Ministry	0	0		1,500,000	0
M03	Ministry of Education & Training	13,700,000	2,766,783	20%	23,386,462	12,609,971
M04	Ministry of Internal Affairs	430,730,000	413,239,134	96%	700,121,352	1,218,655,326
M05	Ministry of Finance and Economic Management	13,206,304,000	11,564,308,498	88%	14,463,303,839	13,878,494,523
M06	Ministry of Tourism, Trade, Commerce and Ni- Vanuatu Business	32,279,500	61,282,841	190%	-6,293,640	22,650,234
M07	Ministry of Health	18,379,522	10,618,609	58%	16,303,232	17,207,175
M08	Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity	443,275,000	390,947,032	88%	470,032,430	389,873,170
M09	Ministry of Lands, Mines & Water Resources	621,747,637	426,173,785	69%	553,153,815	619,877,373
M10	Ministry of Infrastructure and Public Utilities	522,544,063	327,018,094	63%	488,872,792	509,738,551
M12	Ministry of Foreign Affairs, International Cooperation and External Trade	201,000,000	4,501,222	2%	36,367,302	4,049,009
M14	Ministry of Youth Development and Sports	600,000	347,700	58%	568,500	519,100
M15	Ministry of Justice and Social Welfare	0	0		145,667	0
M20	Ministry of Climate Change Adaptation, Geohazards, Meteorology and Energy	9,000,000	4,649,620	52%	40,544,181	7,563,502
Total for all Ministries		16,619,431,722	14,955,629,909	90%	18,569,590,711	16,883,083,963
EXPENDITURE BY MINISTRY						
Code	Ministry	2016 Budget	2016 Actual to Date	2016 Actual as % by Budget	2015 Actual	2014 Actual
M01	Constitutional Agencies	1,322,454,605	772,332,294	58%	1,413,066,753	1,150,364,809
M02	Prime Ministers Ministry	659,198,403	405,590,465	62%	562,759,042	796,024,955
M03	Ministry of Education & Training	4,058,448,863	2,847,913,885	70%	4,463,479,501	4,318,497,545
M04	Ministry of Internal Affairs	1,540,038,806	959,029,375	62%	1,486,272,646	1,461,442,078
M05	Ministry of Finance and Economic Management	6,930,252,967	4,185,628,487	60%	4,669,213,898	4,298,804,324
M06	Ministry of Tourism, Trade, Commerce and Ni- Vanuatu Business	314,985,822	175,337,360	56%	288,330,347	287,204,586
M07	Ministry of Health	1,735,250,098	1,007,285,887	58%	1,950,090,624	1,616,383,504
M08	Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity	610,726,981	368,265,618	60%	561,698,464	483,722,236
M09	Ministry of Lands, Mines & Water Resources	284,528,853	145,641,877	51%	265,196,943	232,561,213
M10	Ministry of Infrastructure and Public Utilities	1,542,741,510	949,122,762	62%	1,250,967,334	1,520,032,795
M12	Ministry of Foreign Affairs, International Cooperation and External Trade	392,442,222	243,384,706	62%	414,762,745	373,001,757
M14	Ministry of Youth Development and Sports	303,961,748	266,971,846	88%	154,860,600	179,964,934
M15	Ministry of Justice and Social Welfare	365,037,089	224,279,643	61%	342,373,546	329,024,555
M20	Ministry of Climate Change Adaptation, Geohazards, Meteorology and Energy	358,819,709	176,537,574	49%	239,893,228	258,870,363
Total for all Ministries		20,418,887,676	12,727,321,779	62%	18,062,959,006	17,305,899,654

**Vision report 18th August 2015 includes VAT paid by Departments