

Treasury Monthly Budget Report – April 2016

Summary

The total Government net operating balance for the month of April was a deficit of VT 301.3 million. However, t, the total Government net operating balance for the year to date was a surplus of VT 1,463.5 million, equivalent to 1.8 per cent of GDP.

The net operating balance for Government operations, excluding donor funds, was a surplus of VT 1,204.7 million at the end of April 2016.

Government Revenue

Revenue collection during this month sits at VT 1,165.7 million. This was 18.2 per cent less than what was collected in April in 2015 (VT 1,424.6 million). April revenue collection brings the total revenue to date to VT 6,082.6 million, equal to 37.0 per cent of the budget 2016 target and 16.9 per cent higher than what was collected over the first four months in 2015 (VT 5,204.3 million). To date, the major revenue items that are performing on target include:

- VAT, collecting VT 1,796.8 million, 30.0 per cent of the 2016 budget target;
- Import Duties, collecting VT 910.4 million, 33.0 per cent of the 2016 budget target;
- Excise, collecting V 708.4 million, 34.0 per cent of the 2016 budget target;
- Vanuatu Economic Rehabilitation Program (VERP), collecting VT 778.4 million, 86.5 per cent of the 2016 budget target.

Government Expenses

The Government expense records VT 1,531.6 million this month bringing the total to date to VT 4,877.9 million. , This is equivalent to 30.0 per cent of the budget 2016 target (VT 16,394.4 million) and is 3.7 less than the spending of the first four months a year ago (VT 5,065.7 million).

The major expenditure items that are following are the major spending items to date:

- International Travel (VT 45.1 million against a budget target of VT 133.2 million=33.8%)
- Vehicle-Additional Vehicle (VT 33.8 million against a budget target of VT 9.6 million=352.1%)
- Building Repairs and Maintenance (VT 39.4 million against a budget target of VT 86.3 million=45.6%)
- Vehicle Hire (VT 5.6 million against a budget target of VT 10.0 million=56.0%)
- Acting Allowances(VT 32.7 million against a zero budget)
- Responsibility Allowances (VT 6.6 million against a budget of VT 359,000 =1,840.0%)
- Shift Allowances (VT 1.6 million against a zero budget)
- Office Entertainment (VT 23.6 million against a budget of VT 50.8 million=46.5%)
- Electricity Utilities (VT 105.7 million against a budget of VT 275.9 million=60.0%)
- Fees-Scholarship (VT 65.3 million against a budget of VT 105.0 million=62.2%)

Government Acquisition of Non-Financial Assets

In April, the Government has spent VT 76.5 million acquiring fixed assets and made VT 305.2 thousand from sales of fixed asset. This aggregates to an amount of VT 151.4 million for the net acquisitions of fixed assets for the first four months.

Government Acquisition of Financial Assets

This month the Government has not issued any new domestic bonds nor retired domestic bonds. However, to date the Government has issued VT 1,234.5 million worth of Government bonds and paid of VT 699.9 million. The external amortisation payments recorded VT 3.2 million in April bringing the total external payment to VT223.5 million.

Development Budget Highlights

In April, funds that have been received from donor reached VT 484.9 million bringing the total donor receipts to VT 1,125.3 million. This represents 7 per cent of the budget 2016 target (VT16,134 million) and 35.9 per cent less than what was received during the same period a year ago (VT 1,757.6 million). The major contributing partners in April are New Zealand (VT 439.5 million), Japan (VT 22.6 million) and Australia (VT 12.5 million). The expense on donor financing recorded VT 420.4 million in April and total to VT 866.5 million.

To date, donor spending recorded VT 866.5 million or 5 per cent of the 2016 budget target (VT 16,134.0 million) and is 10.4 per cent less than what was recorded (VT 967.4 million) during the same period last year.

Key Terminology

- **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
TRANSACTIONS AFFECTING NET WORTH:								
A1	Revenue	32,585.0	7,207.9	22%	1,838.9	2,023.8	1,694.5	1,650.7
A11	Taxes	13,522.4	4,728.1	35%	1,562.5	1,216.0	1,010.5	939.1
A111	Taxes on income, profits, and capital gains	-	-	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-	-	-
A113	Taxes on property	452.6	153.3	34%	30.3	27.6	55.4	40.1
A114	Taxes on goods & services	10,309.5	3,664.5	36%	1,292.8	952.9	763.2	655.6
	of which							
	Value-Added Tax	6,035.3	1,796.8	30%	577.3	411.1	451.6	356.8
	Excise	2,062.4	708.3	34%	188.5	216.0	143.7	180.1
A115	Taxes on international trade & transactions	2,760.3	910.4	33%	239.5	235.6	191.9	243.4
A116	Other taxes	-	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-	-
A13	Grants	16,134.0	1,125.3	0.1	109.2	198.0	333.2	484.9
A14	Other revenue	2,928.7	1,354.4	46%	167.2	609.8	350.8	226.7
A2	Expense	32,528.4	5,744.4	18%	1,205.6	1,411.7	1,175.1	1,952.0
A21	Compensation of employees	10,355.5	2,611.0	25%	623.3	626.8	668.3	692.6
A22	Use of goods and services	14,848.8	1,561.2	11%	340.9	345.7	293.3	581.4
A23	Consumption of fixed capital	-	-	-	-	-	-	-
A24	Interest	719.9	274.9	38%	14.1	45.7	159.4	55.7
A25	Subsidies	-	-	0%	(0.0)	-	-	-
A26	Grants	4,591.5	993.7	22%	152.2	323.6	38.4	479.5
A27	Social benefits	730.9	-	0%	(0.5)	16.5	2.6	11.2
A28	Other expense	1,281.8	-	0%	75.8	53.4	13.2	131.6
GOB	Gross operating balance (1-2+23+NOBz)	56.6	1,463.5	2584%	633.3	612.1	519.4	(301.3)
NOB	Net operating balance (1-2+NOBz) ^{c/}	56.6	1,463.5	2584%	633.3	612.1	519.4	(301.3)
	% of GDP		1.8%		0.8%	0.8%	0.7%	-0.4%
TRANSACTIONS IN NONFINANCIAL ASSETS:								
A31	Net Acquisition of Nonfinancial Assets	14,012.9	417.6	3%	26.9	93.3	140.5	156.9
A311	Fixed assets	14,012.9	417.6	3%	26.9	93.3	140.5	156.9
A312	Change in inventories	-	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(13,956.2)	1,045.9		606.4	518.7	378.9	(458.2)
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):								
		-17.6%	1.3%					
A32	Net acquisition of financial assets	0.0	1,356.9	0%	721.5	912.5	184.3	(461.4)
A321	Domestic	0.0	1,356.9	0%	721.5	912.5	184.3	(461.4)
A322	Foreign	-	-	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-	-	-
A33	Net incurrence of liabilities	13,956.2	311.1	2%	115.1	393.8	(194.6)	(3.2)
A331	Domestic	832.8	534.5		115.1	419.4	-	-
A332	Foreign	13,123.4	(223.5)	(0.0)	-	(25.7)	(194.6)	(3.2)

Annex 2: 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
TRANSACTIONS AFFECTING NET WORTH:								
A1	Revenue	16,134.0	1,125.3	7%	109.2	198.0	333.2	484.9
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	1,125.3	7%	109.2	198.0	333.2	484.9
A14	Other revenue	-	-	0%	-	-	-	-
A2	Expense	16,134.0	866.5	5%	140.6	175.0	130.5	420.4
A21	Compensation of employees	1,466.3	62.4	4%	10.5	14.6	13.4	23.9
A22	Use of goods and services	10,958.1	520.5	5%	119.7	159.9	99.2	141.7
A23	Consumption of fixed capital	-	-	-	-	-	-	-
A24	Interest	-	-	0%	-	-	-	-
A25	Subsidies	-	-	0%	-	-	-	-
A26	Grants	3,156.3	287.9	9%	12.4	0.5	17.9	257.1
A27	Social benefits	241.6	(2.3)	-1%	-	-	-	(2.3)
A28	Other expense	311.7	(1.9)	-1%	(1.9)	-	-	-
G0B	Gross operating balance (1-2+23+NOBz)	-	258.8		(31.4)	22.9	202.7	64.5
NOB	Net operating balance (1-2+NOBz) ^{cf}	-	258.8		(31.4)	22.9	202.7	64.5
		-	0.3%		0.0%	0.0%	0.3%	0.1%
TRANSACTIONS IN NONFINANCIAL ASSETS:								
A31	Net Acquisition of Nonfinancial Assets	13,641.9	266.2	2%	12.2	72.0	101.4	80.7
A311	Fixed assets	13,641.9	266.2	2%	12.2	72.0	101.4	80.7
A312	Change in inventories	-	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(13,641.9)	(7.5)	0%	(43.6)	(49.0)	101.4	(16.2)
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):								
A32	Net acquisition of financial assets	-	(7.5)		(43.6)	(49.0)	101.4	(16.2)
A321	Domestic	-	(7.5)		(43.6)	(49.0)	101.4	(16.2)
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%	-	-	-	-

Annex 3: 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
TRANSACTIONS AFFECTING NET WORTH:								
A1	Revenue	16,451.1	6,082.6	37%	1,729.8	1,825.8	1,361.3	1,165.7
A11	Taxes	13,522.4	4,728.1	35%	1,562.5	1,216.0	1,010.5	939.1
A111	Taxes on income, profits, and capital gains	-	-	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-	-	-
A113	Taxes on property	452.6	153.3	34%	30.3	27.6	55.4	40.1
A114	Taxes on goods & services	10,309.5	3,664.5	36%	1,292.8	952.9	763.2	655.6
	of which							
	Value-Added Tax	6,035.3	1,796.8	30%	577.3	411.1	451.6	356.8
	Excise	2,062.4	708.3	34%	168.5	216.0	143.7	180.1
A115	Taxes on international trade & transactions	2,760.3	910.4	33%	239.5	235.6	191.9	243.4
A116	Other taxes	-	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-	-
A13	Grants	-	-	-	-	-	-	-
A14	Other revenue	2,928.7	1,354.4	46%	167.2	609.8	350.8	226.7
A2	Expense	16,394.4	4,877.9	30%	1,065.1	1,236.6	1,044.6	1,531.6
A21	Compensation of employees	8,889.2	2,548.6	29%	612.8	612.2	654.9	668.7
A22	Use of goods and services	3,890.7	1,040.7	27%	221.2	185.7	194.0	439.7
A23	Consumption of fixed capital	-	-	-	-	-	-	-
A24	Interest	719.9	274.9	38%	14.1	45.7	159.4	55.7
A25	Subsidies	-	(0.0)	0%	(0.0)	-	-	-
A26	Grants	1,435.3	705.8	49%	139.8	323.1	20.5	222.3
A27	Social benefits	489.2	32.0	7%	(0.5)	16.5	2.6	13.4
A28	Other expense	970.1	275.9	28%	77.7	53.4	13.2	131.6
GOB	Gross operating balance (1-2+23+NOBz)	56.6	1,204.7		664.7	589.2	316.7	(365.9)
NOB	Net operating balance (1-2+NOBz) ^{c/}	56.6	1,204.7		664.7	589.2	316.7	(365.9)
	% of GDP		1.5%		0.8%	0.7%	0.4%	-0.5%
TRANSACTIONS IN NONFINANCIAL ASSETS:								
A31	Net Acquisition of Nonfinancial Assets	370.9	151.4	41%	14.7	21.4	39.1	76.2
A311	Fixed assets	370.9	151.4	41%	14.7	21.4	39.1	76.2
A312	Change in inventories	-	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(314.3)	1,053.3		650.0	567.8	277.6	(442.0)
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):								
A32	Net acquisition of financial assets	0.0	1,364.4	0%	765.1	961.5	83.0	(445.2)
A321	Domestic	0.0	1,364.4	0%	765.1	961.5	83.0	(445.2)
A322	Foreign	-	-	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-	-	-
A33	Net incurrence of liabilities	314.3	311.1	99%	115.1	393.8	(194.6)	(3.2)
A331	Domestic	832.8	534.5		115.1	419.4	-	-
A332	Foreign	(518.5)	(223.5)	0.4	-	(25.7)	(194.6)	(3.2)

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	803,558,214	72%	1,798,680,177	201,846,029
M02	Prime Ministers Ministry	39,710,000	23,614,586	59%	45,827,981	39,301,842
M03	Ministry of Education & Training	13,700,000	681,440	5%	23,386,462	12,609,971
M04	Ministry of Internal Affairs	391,020,000	240,891,907	62%	655,867,067	1,179,353,484
M05	Ministry of Finance and Economic Management	13,206,304,000	7,058,899,886	53%	14,430,594,403	13,878,494,523
M06	Ministry of Tourism, Trade, Commerce and Ni- Vanuatu Business	32,279,500	33,081,796	102%	27,468,167	22,650,234
M07	Ministry of Health	18,379,522	7,427,985	40%	16,303,232	17,207,175
M08	Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity	443,275,000	207,865,737	47%	470,032,430	389,873,170
M09	Ministry of Lands, Mines & Water Resources	621,747,637	205,813,127	33%	553,153,815	619,877,373
M10	Ministry of Infrastructure and Public Utilities	522,544,063	254,691,097	49%	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	239,700	40%	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	2,870,213	32%	40,544,181	7,563,502
Total for all Ministries		16,619,431,722	8,844,136,910	53%	18,587,812,176	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	1,286,533,324	511,334,683	40%	1,413,065,201	1,150,364,809
M02	Prime Ministers Ministry	1,502,597,957	645,989,871	43%	1,411,988,103	1,654,961,899
M03	Ministry of Education & Training	3,950,448,863	2,167,560,898	55%	4,463,479,501	4,318,497,545
M04	Ministry of Internal Affairs	616,452,252	291,347,580	47%	635,732,970	602,505,134
M05	Ministry of Finance and Economic Management	6,081,524,057	2,704,389,825	44%	4,669,083,555	4,298,804,324
M06	Ministry of Tourism, Trade, Commerce and Ni- Vanuatu Business	313,985,822	116,368,065	37%	288,330,347	287,204,586
M07	Ministry of Health	1,735,250,098	646,562,070	37%	1,950,090,624	1,616,383,504
M08	Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity	591,125,839	228,465,216	39%	561,698,464	483,722,236
M09	Ministry of Lands, Mines & Water Resources	271,843,973	94,793,216	35%	265,196,943	232,561,213
M10	Ministry of Infrastructure and Public Utilities	1,542,741,510	683,227,939	44%	1,250,903,905	1,520,032,795
M12	Ministry of Foreign Affairs, International Cooperation and External Trade	380,022,222	176,528,224	46%	414,762,745	373,001,757
M14	Ministry of Youth Development and Sports	164,151,748	81,079,795	49%	154,860,600	179,964,934
M15	Ministry of Justice and Social Welfare	351,837,089	156,663,534	45%	342,373,546	329,024,555
M20	Ministry of Climate Change Adaptation, Geohazards, Meteorology and Energy	287,168,681	112,249,932	39%	239,893,228	258,870,363
Total for all Ministries		19,075,683,435	8,616,560,848	45%	18,061,453,067	17,305,899,654

**Vision report 08/06/16, includes VAT paid by Departments*