

Treasury Monthly Budget Report – February 2016

Summary

The net operating balance for total Government operations during the month of February was a surplus of VT 526.8 million. As a result the total Government net operation at the end of the month stands at VT 1,162.6 million equivalent to 1.5 percent of GDP.

The net operating balance for Government operations, excluding donor funds, in February was a surplus worth VT 560.9 million, bringing the total year to date figure to VT1, 225.2 million equivalent to 1.5 percent of GDP.

Government Revenue

The Government revenue received in the month of February stands at VT 1,798.7 million which represents 10.9 percent of the Budget target (VT 16,451.1 million) and 148.4 percent more than what was collected in February 2015 (VT 724 million) . At the end of February, the Government Revenue collections stood at VT 3,528.4 million. This amount represents 21.4 percent of the budget target (VT 16,451 million) and 52.4 percent more than VT 2,315.0 million which was collected in the same period of the previous year.

During the month of February, VAT collection totalled up to VT 411.1 million representing 6.8 percent of the budget target (VT 6,035.3 million) and 63.3 percent more than what was collected (VT 251.8 million) during the same period last year . Import Duties, the second largest stream of Government revenue, collected VT 235.6 million this month. This figure signifies 8.5 percent of the budget target (VT 2,760.3 million) and is 67.9 percent more than VT 140.3 million collected in February 2015. Improvement in the Government Revenue is also attributed to the improvement in administration, compliance and enforcement of tax legislations.

Government Expenses

The month of February saw Government expenses standing at a total amount of VT 1,237.8 million. This amount represents 7.6 percent of the budget target (VT 16,394.4 million) and 12.4 percent less than Government spending in the same period of the previous year (VT 1,413.5 million).To date, Government expenses recorded VT 2,303.3 million representing 14.0 per cent of the budget target.

The total Government expense is controlled and in line with the Budget target. However, there are some major spending items which includes;

- *International Travel (VT 28.5 million against a budget target of VT 133.2 million=21.4%)*
- *Allowance-Scholarships (VT 72.1 million against a budget target of VT 462.3 million=15.6%)*
- *Vehicle-Additional Vehicle (VT 11.9 million against a budget target of VT 9.6 million=123.8%)*
- *Building Repairs and Maintenance (VT 26.1 million against a budget target of VT 86.3 million=30.2%)*
- *Acting Allowances(VT 12.5 million against a zero budget)*
- *Responsibility Allowances (VT1.4 million against a budget of VT 359,000 =393.2%)*
- *Family Allowances (VT 20.3 million against a budget of VT161.8 million= 12.5%)*
- *Shift Allowances (VT827,319 against a zero budget)*

Government Acquisition of Non-Financial Assets

During the month of February, the Government has spent VT 21.4 million on fixed assets and only sold of VT2, 500 worth of fixed assets.

Government Acquisition of Financial Assets

This month, the Government has issued VT919.4 million worth of Government bonds and paid out VT499.9 million.

In contrast, the Government has repaid VT 25.6 million worth of external loans at the end of February.

Development Budget Highlights

With continuous acknowledgement to donors, Grants received from donors in the month of February total up to an amount of VT 141.0 million. To date, the total amount of Grants received from donors is VT250.2 million which represents 2.0 percent of the budget target (VT 16,134.0 million). Major donors during the second month of the year are Australia (VT82.1 million), World Bank Contributions (VT29.7 million) and UNDP contributions (VT15.8 million). Again, other contributing donors are greatly acknowledged.

- **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
	TRANSACTIONS AFFECTING NET WORTH:					
A1	Revenue	32,585.0	3,778.6	12%	1,838.9	1,939.6
A11	Taxes	13,522.4	2,778.6	21%	1,562.5	1,216.0
A111	Taxes on income, profits, and capital gains	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-
A113	Taxes on property	452.6	57.8	13%	30.3	27.6
A114	Taxes on goods & services	10,309.5	2,245.6	22%	1,292.8	952.9
	of which					
	Value-Added Tax	6,035.3	988.4	16%	577.3	411.1
	Excise	2,062.4	384.5	19%	168.5	216.0
A115	Taxes on international trade & transactions	2,760.3	475.1	17%	239.5	235.6
A116	Other taxes	-	-	-	-	-
A12	Social contributions	-	-	-	-	-
A13	Grants	16,134.0	250.2	0.0	109.2	141.0
A14	Other revenue	2,928.7	749.9	26%	167.2	582.6
A2	Expense	32,528.4	2,616.0	8%	1,203.2	1,412.8
A21	Compensation of employees	10,355.5	1,250.0	12%	623.3	626.7
A22	Use of goods and services	14,848.8	685.2	5%	338.4	346.9
A23	Consumption of fixed capital	-	-	-	-	-
A24	Interest	719.9	59.8	8%	14.1	45.7
A25	Subsidies	-	-	0%	-	-
A26	Grants	4,591.5	475.8	10%	152.2	323.6
A27	Social benefits	730.9	-	0%	(0.5)	16.5
A28	Other expense	1,281.8	-	0%	75.8	53.4
GOB	Gross operating balance (1-2+23+NOBz)	56.6	1,162.6	2052%	635.8	526.8
NOB	Net operating balance (1-2+NOBz) ^{c/}	56.6	1,162.6	2052%	635.8	526.8
	% of GDP		1.5%		0.8%	0.7%
	TRANSACTIONS IN NONFINANCIAL ASSETS:					
A31	Net Acquisition of Nonfinancial Assets	14,012.9	120.2	1%	26.8	93.3
A311	Fixed assets	14,012.9	120.2	1%	26.8	93.3
A312	Change in inventories	-	-	-	-	-
A313	Valuables	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(13,956.2)	1,042.4		608.9	433.5
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):	-17.6%	1.3%			
A32	Net acquisition of financial assets	0.0	1,551.3	0%	724.0	827.2
A321	Domestic	0.0	1,551.3	0%	724.0	827.2
A322	Foreign	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-
A33	Net incurrence of liabilities	13,956.2	508.9	4%	115.1	393.8
A331	Domestic	832.8	534.5		115.1	419.4
A332	Foreign	13,123.4	(25.7)	(0.0)	-	(25.7)
	Vertical check: Difference between net lending/borrowing and financing (1-2-31=32-33-NLBz=0)	0.0	0.0		0.0	0.0

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 2015	Total (VT mn)	%	January	February
	TRANSACTIONS AFFECTING NET WORTH:					
A1	Revenue	16,134.0	250.2	2%	109.2	141.0
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	250.2	2%	109.2	141.0
A14	Other revenue	-	-	0%	-	-
A2	Expense	16,134.0	312.7	2%	137.7	175.1
A21	Compensation of employees	1,466.3	25.1	2%	10.5	14.6
A22	Use of goods and services	10,958.1	276.7	3%	116.8	160.0
A23	Consumption of fixed capital	-	-	-	-	-
A24	Interest	-	-	0%	-	-
A25	Subsidies	-	-	0%	-	-
A26	Grants	3,156.3	12.9	0%	12.4	0.5
A27	Social benefits	241.6	-	0%	-	-
A28	Other expense	311.7	(1.9)	-1%	(1.9)	-
GOB	Gross operating balance (1-2+23+NOBz)	-	(62.6)		(28.5)	(34.1)
NOB	Net operating balance (1-2+NOBz) ^{cf}	-	(62.6)		(28.5)	(34.1)
		-	-0.1%		0.0%	0.0%
	TRANSACTIONS IN NONFINANCIAL ASSETS:					
A31	Net Acquisition of Nonfinancial Assets	13,641.9	84.1	1%	12.2	72.0
A311	Fixed assets	13,641.9	84.1	1%	12.2	72.0
A312	Change in inventories	-	-	-	-	-
A313	Valuables	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(13,641.9)	(146.7)	1%	(40.7)	(106.0)
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):					
A32	Net acquisition of financial assets	-	(146.7)		(40.7)	(106.0)
A321	Domestic	-	(146.7)		(40.7)	(106.0)
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%	-	-
	Vertical check: Difference between net lending/borrowing and financing (1-2-31=32-33-NLBz=0)	0.0	0.0		0.0	0.0

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
	TRANSACTIONS AFFECTING NET WORTH:					
A1	Revenue	16,451.1	3,528.4	21%	1,729.8	1,798.7
A11	Taxes	13,522.4	2,778.6	21%	1,562.5	1,216.0
A111	Taxes on income, profits, and capital gains	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-
A113	Taxes on property	452.6	57.8	13%	30.3	27.6
A114	Taxes on goods & services	10,309.5	2,245.6	22%	1,292.8	952.9
	of which					
	Value-Added Tax	6,035.3	988.4	16%	577.3	411.1
	Excise	2,062.4	384.5	19%	168.5	216.0
A115	Taxes on international trade & transactions	2,760.3	475.1	17%	239.5	235.6
A116	Other taxes	-	-	-	-	-
A12	Social contributions	-	-	-	-	-
A13	Grants	-	-	-	-	-
A14	Other revenue	2,928.7	749.9	26%	167.2	582.6
A2	Expense	16,394.4	2,303.3	14%	1,065.5	1,237.8
A21	Compensation of employees	8,889.2	1,224.9	14%	612.8	612.1
A22	Use of goods and services	3,890.7	408.5	10%	221.6	186.9
A23	Consumption of fixed capital	-	-	-	-	-
A24	Interest	719.9	59.8	8%	14.1	45.7
A25	Subsidies	-	-	0%	-	-
A26	Grants	1,435.3	462.9	32%	139.8	323.1
A27	Social benefits	489.2	16.0	3%	(0.5)	16.5
A28	Other expense	970.1	131.1	14%	77.7	53.4
GOB	Gross operating balance (1-2+23+NOBz)	56.6	1,225.2		664.3	560.9
NOB	Net operating balance (1-2+NOBz) ^{c/}	56.6	1,225.2		664.3	560.9
	% of GDP		1.5%		0.8%	0.7%
	TRANSACTIONS IN NONFINANCIAL ASSETS:					
A31	Net Acquisition of Nonfinancial Assets	370.9	36.1	10%	14.7	21.4
A311	Fixed assets	370.9	36.1	10%	14.7	21.4
A312	Change in inventories	-	-	-	-	-
A313	Valuables	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(314.3)	1,189.1		649.6	539.5
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):					
A32	Net acquisition of financial assets	0.0	1,698.0	0%	764.7	933.2
A321	Domestic	0.0	1,698.0	0%	764.7	933.2
A322	Foreign	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-
A33	Net incurrence of liabilities	314.3	508.9	162%	115.1	393.8
A331	Domestic	832.8	534.5		115.1	419.4
A332	Foreign	(518.5)	(25.7)	0.0	-	(25.7)
	Vertical check: Difference between net lending/borrowing and financing (1-2-31=32-33- NLBz=0)	0.0	0.0		0.0	0.0