

# Treasury Monthly Budget Report – March 2016

## Summary

*The net operating balance for total Government operations during the month of March was a surplus of VT 417.5 million. As a result the total Government net operation at the end of the month stands at VT 1,637.1 million equivalent to 2.1 percent of GDP.*

*The net operating balance for Government operations, excluding donor funds, in March was a surplus worth VT 217.6 million, bringing the total year to date figure to VT 1,442.8 million equivalent to 1.8 percent of GDP.*

## Government Revenue

*This month, the Government has collected VT 1,260.9 million which represents 7.7 percent of the Budget target (VT16, 451.1 million). This represents a decline of 14.1 percent from the March collection in 2015 (VT 1,466.5 million). For the past three months, the Government so far collected VT 4,789.4 million, representing 29.0 percent of the budget target (VT 16,451.1 million) and 26.7 percent more than VT 3,779.7 million collected in the first three months of 2015. This reflects the strong compliance of Government revenue collection.*

*VAT collection during March stands at VT 485.6 million, totalling up to VT 1,474.0 million to date, representing 24.0 percent of the budget target (VT 6,035.3 million). The VAT collection for the first three months is 9.3 percent more than VT 1,347.9 million of VAT collected during the same period in the previous year. The other main revenue stream is Import Duties, collecting VT 191.7 million in March which sum up to VT 660.2 million for the past three months. This represent 23.9 percent against the budget target of VT 2,758.3 million and a 23.0 percent increase from VT 536.6 million import duties collected in 2015 during the first three months. The third revenue stream is Excise, collecting VT 143.7 million in March and VT 528.2 million for the first three months. The collection during the first three months on Excise denotes 26.0 percent of the budget target (VT 2,062.4 million) and 41.5 percent more than the Excise collection in 2015 (VT 373.2 million) during the first three months. The improvement in Government revenue collection signifies the improvement in management and compliance of the tax legislation.*

## Government Expenses

*In March, Government expenditure stands at VT 1,043.4 million which total up to VT 3,346.6 million from January to March. This represents 20.0 percent of the budget target (VT 16,394.4 million) and 13.4 percent less than Government expenditure during the similar period in 2015 (VT 3,868.4 million).*

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

- *International Travel (VT 34.2 million against a budget target of VT 133.2 million=25.6%)*
- *Allowance-Scholarships (VT 75.6 million against a budget target of VT 462.3 million=16.3%)*
- *Vehicle-Additional Vehicle (VT 24.3 million against a budget target of VT 9.6 million=153.1%)*
- *Building Repairs and Maintenance (VT 26.8 million against a budget target of VT 86.3 million=31.0%)*
- *Vehicles Fuel (VT 20.7 million against a budget target of VT 139.9 million=14.8%)*
- *Vehicle Hire (VT 3.4 million against a budget target of VT 10.0 million=34%)*
- *Acting Allowances(VT 18.8 million against a zero budget)*
- *Responsibility Allowances (VT 3.5 million against a budget of VT 359,000 =977.5%)*
- *Family Allowances (VT 30.0 million against a budget of VT161.8 million= 18.5%)*
- *Shift Allowances (VT 1.2 million against a zero budget)*

## Government Acquisition of Non-Financial Assets

*This month, the Government has spent VT 39.2 million on fixed assets and sold of VT 1,000 worth of fixed assets. To date Government spent VT 75.2 million on fixed assets and sold of VT 11,000 of fixed assets.*

## Government Acquisition of Financial Assets

*This month, the Government have not issued any new bonds nor has roll over bonds. To date, the Government has issued VT 1,234.5 million worth of Government bonds and paid of VT 699.9 million.*

*For the External loans, the Government has paid off VT 194.6 million in March bringing the total repayment to date at VT 220.3 million.*

## Development Budget Highlights

*Initially, the Government acknowledge the ongoing support from the Donor partners, for the past three months, the Government continues to receive Grants from donors totalled up to VT 640.3 million, including VT 333.2 million in March. The total grants for the first three months represent 4.0 percent of the budget target (VT 16,134.0 million). Major Donors during March includes New Zealand (VT 237.3 million), Japan (VT 22.4 million), World Bank (VT 18.0 million) and UNDP contributions (VT 8.3 million).*

## 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
	<b>TRANSACTIONS AFFECTING NET WORTH:</b>						
<b>A1</b>	<b>Revenue</b>	<b>32,585.0</b>	<b>5,429.7</b>	<b>17%</b>	<b>1,838.9</b>	<b>1,996.6</b>	<b>1,594.1</b>
A11	Taxes	13,522.4	3,823.0	28%	1,562.5	1,216.0	1,044.5
A111	Taxes on income, profits, and capital gains	-	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-	-
A113	Taxes on property	452.6	113.2	25%	30.3	27.6	55.4
A114	Taxes on goods & services	10,309.5	3,042.8	30%	1,292.8	952.9	797.2
	of which						
	Value-Added Tax	6,035.3	1,474.0	24%	577.3	411.1	485.6
	Excise	2,062.4	528.2	26%	168.5	216.0	143.7
A115	Taxes on international trade & transactions	2,760.3	667.0	24%	239.5	235.6	191.9
A116	Other taxes	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-
A13	Grants	16,134.0	640.3	0.0	109.2	198.0	333.2
A14	Other revenue	2,928.7	966.4	33%	167.2	582.7	216.5
<b>A2</b>	<b>Expense</b>	<b>32,528.4</b>	<b>3,792.6</b>	<b>12%</b>	<b>1,203.2</b>	<b>1,412.8</b>	<b>1,176.6</b>
A21	Compensation of employees	10,355.5	1,918.3	19%	623.3	626.7	668.3
A22	Use of goods and services	14,848.8	980.1	7%	338.4	346.9	294.8
A23	Consumption of fixed capital	-	-	-	-	-	-
A24	Interest	719.9	219.1	30%	14.1	45.7	159.3
A25	Subsidies	-	-	0%	(0.0)	-	-
A26	Grants	4,591.5	514.2	11%	152.2	323.6	38.4
A27	Social benefits	730.9	-	0%	(0.5)	16.5	2.6
A28	Other expense	1,281.8	-	0%	75.8	53.4	13.2
<b>GOB</b>	<b>Gross operating balance (1-2+23+NOBz)</b>	<b>56.6</b>	<b>1,637.1</b>	<b>2890%</b>	<b>635.8</b>	<b>583.8</b>	<b>417.5</b>
<b>NOB</b>	<b>Net operating balance (1-2+NOBz) <sup>c/</sup></b>	<b>56.6</b>	<b>1,637.1</b>	<b>2890%</b>	<b>635.8</b>	<b>583.8</b>	<b>417.5</b>
	% of GDP		2.1%		0.8%	0.7%	0.5%
	<b>TRANSACTIONS IN NONFINANCIAL ASSETS:</b>						
<b>A31</b>	<b>Net Acquisition of Nonfinancial Assets</b>	<b>14,012.9</b>	<b>260.7</b>	<b>2%</b>	<b>26.8</b>	<b>93.3</b>	<b>140.5</b>
A311	Fixed assets	14,012.9	260.7	2%	26.8	93.3	140.5
A312	Change in inventories	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-
<b>NLB</b>	<b>Net lending / borrowing (1-2+NOBz-31)</b>	<b>(13,956.2)</b>	<b>1,376.4</b>		<b>608.9</b>	<b>490.4</b>	<b>277.0</b>
	<b>TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):</b>	<b>-17.6%</b>	<b>1.7%</b>				
<b>A32</b>	<b>Net acquisition of financial assets</b>	<b>0.0</b>	<b>1,690.6</b>	<b>0%</b>	<b>724.0</b>	<b>884.2</b>	<b>82.4</b>
A321	Domestic	0.0	1,690.6	0%	724.0	884.2	82.4
A322	Foreign	-	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-	-
<b>A33</b>	<b>Net incurrence of liabilities</b>	<b>13,956.2</b>	<b>314.3</b>	<b>2%</b>	<b>115.1</b>	<b>393.8</b>	<b>(194.6)</b>
A331	Domestic	832.8	534.5		115.1	419.4	-
A332	Foreign	13,123.4	(220.3)	(0.0)	-	(25.7)	(194.6)

## 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	March
	<b>TRANSACTIONS AFFECTING NET WORTH:</b>						
<b>A1</b>	<b>Revenue</b>	<b>16,134.0</b>	<b>640.3</b>	<b>4%</b>	<b>109.2</b>	<b>198.0</b>	<b>333.2</b>
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	640.3	4%	109.2	198.0	333.2
A14	Other revenue	-	-	0%	-	-	-
<b>A2</b>	<b>Expense</b>	<b>16,134.0</b>	<b>446.0</b>	<b>3%</b>	<b>137.7</b>	<b>175.1</b>	<b>133.3</b>
A21	Compensation of employees	1,466.3	38.5	3%	10.5	14.6	13.4
A22	Use of goods and services	10,958.1	378.7	3%	116.8	160.0	101.9
A23	Consumption of fixed capital	-	-	-	-	-	-
A24	Interest	-	-	0%	-	-	-
A25	Subsidies	-	-	0%	-	-	-
A26	Grants	3,156.3	30.8	1%	12.4	0.5	17.9
A27	Social benefits	241.6	-	0%	-	-	-
A28	Other expense	311.7	(1.9)	-1%	(1.9)	-	-
<b>GOB</b>	<b>Gross operating balance (1-2+23+NOBz)</b>	<b>-</b>	<b>194.3</b>		<b>(28.5)</b>	<b>22.9</b>	<b>200.0</b>
<b>NOB</b>	<b>Net operating balance (1-2+NOBz) <sup>c/</sup></b>	<b>-</b>	<b>194.3</b>		<b>(28.5)</b>	<b>22.9</b>	<b>200.0</b>
		-	0.2%		0.0%	0.0%	0.3%
	<b>TRANSACTIONS IN NONFINANCIAL ASSETS:</b>						
<b>A31</b>	<b>Net Acquisition of Nonfinancial Assets</b>	<b>13,641.9</b>	<b>185.5</b>	<b>1%</b>	<b>12.2</b>	<b>72.0</b>	<b>101.4</b>
A311	Fixed assets	13,641.9	185.5	1%	12.2	72.0	101.4
A312	Change in inventories	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-
<b>NLB</b>	<b>Net lending / borrowing (1-2+NOBz-31)</b>	<b>(13,641.9)</b>	<b>8.8</b>	<b>0%</b>	<b>(40.7)</b>	<b>(49.1)</b>	<b>98.6</b>
	<b>TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):</b>						
<b>A32</b>	<b>Net acquisition of financial assets</b>	<b>-</b>	<b>8.8</b>		<b>(40.7)</b>	<b>(49.1)</b>	<b>98.6</b>
A321	Domestic	-	8.8		(40.7)	(49.1)	98.6
A322	Foreign	-	-		-	-	-
A323	Monetary gold and SDRs	-	-		-	-	-
<b>A33</b>	<b>Net incurrence of liabilities</b>	<b>13,641.9</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>
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
<b>TRANSACTIONS AFFECTING NET WORTH:</b>							
<b>A1</b>	<b>Revenue</b>	<b>16,451.1</b>	<b>4,789.4</b>	<b>29%</b>	<b>1,729.8</b>	<b>1,798.7</b>	<b>1,260.9</b>
A11	Taxes	13,522.4	3,823.0	28%	1,562.5	1,216.0	1,044.5
A111	Taxes on income, profits, and capital gains	-	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-	-
A113	Taxes on property	452.6	113.2	25%	30.3	27.6	55.4
A114	Taxes on goods & services	10,309.5	3,042.8	30%	1,292.8	952.9	797.2
	of which						
	Value-Added Tax	6,035.3	1,474.0	24%	577.3	411.1	485.6
	Excise	2,062.4	528.2	26%	168.5	216.0	143.7
A115	Taxes on international trade & transactions	2,760.3	667.0	24%	239.5	235.6	191.9
A116	Other taxes	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-
A13	Grants	-	-	-	-	-	-
A14	Other revenue	2,928.7	966.4	33%	167.2	582.7	216.5
<b>A2</b>	<b>Expense</b>	<b>16,394.4</b>	<b>3,346.6</b>	<b>20%</b>	<b>1,065.5</b>	<b>1,237.8</b>	<b>1,043.4</b>
A21	Compensation of employees	8,889.2	1,879.8	21%	612.8	612.1	654.9
A22	Use of goods and services	3,890.7	601.4	15%	221.6	186.9	192.9
A23	Consumption of fixed capital	-	-	-	-	-	-
A24	Interest	719.9	219.1	30%	14.1	45.7	159.3
A25	Subsidies	-	(0.0)	0%	(0.0)	-	-
A26	Grants	1,435.3	483.4	34%	139.8	323.1	20.5
A27	Social benefits	489.2	18.6	4%	(0.5)	16.5	2.6
A28	Other expense	970.1	144.3	15%	77.7	53.4	13.2
<b>GOB</b>	<b>Gross operating balance (1-2+23+NOBz)</b>	<b>56.6</b>	<b>1,442.8</b>		<b>664.3</b>	<b>560.9</b>	<b>217.6</b>
<b>NOB</b>	<b>Net operating balance (1-2+NOBz) <sup>c/</sup></b>	<b>56.6</b>	<b>1,442.8</b>		<b>664.3</b>	<b>560.9</b>	<b>217.6</b>
	% of GDP		1.8%		0.8%	0.7%	0.3%
<b>TRANSACTIONS IN NONFINANCIAL ASSETS:</b>							
<b>A31</b>	<b>Net Acquisition of Nonfinancial Assets</b>	<b>370.9</b>	<b>75.2</b>	<b>20%</b>	<b>14.7</b>	<b>21.4</b>	<b>39.2</b>
A311	Fixed assets	370.9	75.2	20%	14.7	21.4	39.2
A312	Change in inventories	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-
<b>NLB</b>	<b>Net lending / borrowing (1-2+NOBz-31)</b>	<b>(314.3)</b>	<b>1,367.5</b>		<b>649.6</b>	<b>539.5</b>	<b>178.4</b>
<b>TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):</b>							
<b>A32</b>	<b>Net acquisition of financial assets</b>	<b>0.0</b>	<b>1,681.8</b>	<b>0%</b>	<b>764.7</b>	<b>933.3</b>	<b>(16.2)</b>
A321	Domestic	0.0	1,681.8	0%	764.7	933.3	(16.2)
A322	Foreign	-	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-	-
<b>A33</b>	<b>Net incurrence of liabilities</b>	<b>314.3</b>	<b>314.3</b>	<b>100%</b>	<b>115.1</b>	<b>393.8</b>	<b>(194.6)</b>
A331	Domestic	832.8	534.5		115.1	419.4	-
A332	Foreign	(518.5)	(220.3)	0.4	-	(25.7)	(194.6)