

# Treasury Monthly Budget Report – April 2017

## Summary

**The net operating balance for Government operations, excluding donor funds, at the end of April was a surplus worth VT 911.0 million, equivalent to 1.1 per cent of GDP.**

## Government Revenue

The Government total receipts summed up to VT 6,606.1 million. This represents 36.0 per cent of the Budget target (VT 18,354.0 million) and 6.3 per cent above what was collected during the equivalent month last year (VT 6,214.2 million).

VAT, the main source of Government revenue collected VT 2,213.1 million to date, representing 34.0 per cent of the budget target (VT 6,451.3 million). An increase of 24.4 per cent from VT 1,779.7 million collected in the equivalent period last year.

Import Duties is the second largest stream of revenue collecting VT 1,019.4 million to date which is 35 per cent against its budget target of VT 2,905.1 million and an increase of 12 per cent above VT 910.7 million collected a year ago.

Excise, the third major Government revenue item collected VT 779.2 million, 38 per cent of the Budget target (VT 2,039.7 million) and 10.0 per cent above collections from last year (VT 708.3 million).

Vanuatu Economic Rehabilitation Programme (VERP) was a significant source of Government revenue in 2016 collecting 2.6 billion against a budget target 1.4 billion. VERP is being phased out in 2017 and collected VT 467.5 million at the end of April. It is replaced by Vanuatu Development Support Program (VDSP) and Vanuatu Contribution programme, both of which together collected 380.4 million by the end of April.

## Government Expenses

Government expense at the end of April totalled to VT 5,695.1 million. This equals to 32.5 per cent of the budget target (VT 17,536.0 million) and is 16.5 per cent above the level of spending (VT 4,889.0 million) in April 2016.

The Government expenses is in line with the Budget Target. However, there are some major expenditure items which include:

- Allowance-Scholarship (VT 191.8 million against a budget target of VT 263.3 million)
- Subsistence Allowance (VT 120.7 million against a budget target of VT 204.5 million)
- International Travel (VT 63.9 million against a budget target of VT 130.5 million)
- Official Entertainment (VT 33.7 million against a budget target of VT 52.2 million)
- Fees-Scholarships (VT 49.8 million against a budget target of VT 212.8 million)
- Termination (VT 87.6 million against a budget target of VT 197.3 million)
- Contract wages (VT 42.4 million against a budget target of VT 2 million)
- Acting Allowances (VT 51.5 million against a zero budget)
- Responsibility Allowance (VT 8.7 million against a zero budget)
- Leave Expense (VT 17.3 million against a zero budget)

## Government Acquisition of Non-Financial Assets

This month, sale of fixed assets collected VT 36,050 bringing the total of disposal of fixed asset to date to VT 164,217. The net acquisition of Non-Financial assets totalled to 18.4 million in April, 81.6 per cent less to what was collected in April last year (VT 76.4 million)

## ***Government Acquisition of Financial Assets***

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*In April, the Government has issued VT 509.4 million of domestic bonds and repaid VT 261.5 million domestic bonds. To date, the Government has issued VT 509.4 million worth of Government bonds and paid of VT 716.7 million.*

*For the External loans, the Government has paid off VT 19.2 million in April bringing the total repayment to date at VT 233.1 million.*

## ***Development Budget Highlights***

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*Grants received from donors in the month of April sums up to negative VT 171.6 million giving the grand total to date of VT 368.1 million. The amount represents 5.0 percent of the budget target (VT 8,069.3 million). The decrease in donor grants this month resulted due to repayments of Miscellaneous Outstanding Contributions that was paid, a total of VT 188.4 million. Major donors in April are from UNEP (VT 10.1 million) and Australia (VT 4.8 million). 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 2017	Total (VT mn)	%	January	February	March	April
	<b>TRANSACTIONS AFFECTING NET WORTH:</b>							
<b>A1</b>	<b>Revenue</b>	<b>26,423.3</b>	<b>6,974.2</b>	<b>26%</b>	<b>2,368.5</b>	<b>2,033.8</b>	<b>1,582.4</b>	<b>989.4</b>
A11	Taxes	14,244.0	5,463.1	38%	1,867.7	1,308.7	1,238.7	1,048.0
A111	Taxes on income, profits, and capital gains	-	-	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-	-	-
A113	Taxes on property	471.2	159.5	34%	24.6	55.8	46.2	33.0
A114	Taxes on goods & services	10,867.7	4,284.2	39%	1,608.7	990.1	907.6	777.9
	of which							
	Value-Added Tax	6,451.3	2,213.1	34%	704.8	519.7	523.6	464.9
	Excise	2,039.7	779.2	38%	208.2	209.5	202.3	159.2
A115	Taxes on international trade & transactions	2,905.1	1,019.4	35%	234.5	262.8	284.9	237.2
A116	Other taxes	-	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-	-
A13	Grants	8,069.3	368.1	0.0	59.7	417.0	62.9	(171.6)
A14	Other revenue	4,110.0	1,142.9	28%	441.1	308.2	280.8	112.9
<b>A2</b>	<b>Expense</b>	<b>25,605.4</b>	<b>5,695.1</b>	<b>22%</b>	<b>1,294.2</b>	<b>1,457.7</b>	<b>1,388.7</b>	<b>1,554.4</b>
A21	Compensation of employees	10,429.2	2,698.3	26%	641.0	660.6	692.2	704.5
A22	Use of goods and services	9,746.9	1,296.7	13%	321.1	284.4	404.1	287.0
A23	Consumption of fixed capital	-	-	-	-	-	-	-
A24	Interest	720.4	343.4	48%	23.2	66.7	204.3	49.3
A25	Subsidies	-	-	0%	0.1	-	-	0.1
A26	Grants	3,293.9	655.1	20%	121.7	334.9	76.0	122.5
A27	Social benefits	339.9	-	0%	16.0	52.3	6.9	12.4
A28	Other expense	1,075.2	-	0%	171.1	58.8	5.2	378.6
<b>GOB</b>	<b>Gross operating balance (1-2+23+NOBz)</b>	<b>817.9</b>	<b>1,279.1</b>	<b>156%</b>	<b>1,074.3</b>	<b>576.1</b>	<b>193.7</b>	<b>(565.0)</b>
<b>NOB</b>	<b>Net operating balance (1-2+NOBz) <sup>c/</sup></b>	<b>817.9</b>	<b>1,279.1</b>	<b>156%</b>	<b>1,074.3</b>	<b>576.1</b>	<b>193.7</b>	<b>(565.0)</b>
	% of GDP		1.6%		1.4%	0.7%	0.2%	-0.7%
	<b>TRANSACTIONS IN NONFINANCIAL ASSETS:</b>							
<b>A31</b>	<b>Net Acquisition of Nonfinancial Assets</b>	<b>15,954.2</b>	<b>98.0</b>	<b>1%</b>	<b>37.1</b>	<b>27.5</b>	<b>15.0</b>	<b>18.4</b>
A311	Fixed assets	15,954.2	98.0	1%	37.1	27.5	15.0	18.4
A312	Change in inventories	-	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-	-
<b>NLB</b>	<b>Net lending / borrowing (1-2+NOBz-31)</b>	<b>(15,136.3)</b>	<b>1,181.1</b>		<b>1,037.2</b>	<b>548.5</b>	<b>178.6</b>	<b>(583.4)</b>
	<b>TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):</b>							
		-19.0%	1.5%					
<b>A32</b>	<b>Net acquisition of financial assets</b>	<b>-</b>	<b>740.7</b>	<b>0%</b>	<b>1,037.2</b>	<b>546.7</b>	<b>(488.5)</b>	<b>(354.7)</b>
A321	Domestic	-	740.7	0%	1,037.2	546.7	(488.5)	(354.7)
A322	Foreign	-	-	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-	-	-
<b>A33</b>	<b>Net incurrence of liabilities</b>	<b>15,136.3</b>	<b>(440.4)</b>	<b>-3%</b>	<b>-</b>	<b>(1.9)</b>	<b>(667.1)</b>	<b>228.6</b>
A331	Domestic	-	(207.3)	-	-	-	(455.1)	247.8
A332	Foreign	15,136.3	(233.1)	(0.0)	-	(1.9)	(212.0)	(19.2)

## 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 2017	Total (VT mn)	%	January	February	March	April
	TRANSACTIONS AFFECTING NET WORTH:							
A1	Revenue	8,069.3	368.1	5%	59.7	417.0	62.9	(171.6)
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	8,069.3	368.1	5%	59.7	417.0	62.9	(171.6)
A14	Other revenue	-	-	0%	-	-	-	-
A2	Expense	8,069.3	-	0%	-	-	-	-
A21	Compensation of employees	675.1	-	0%	-	-	-	-
A22	Use of goods and services	5,669.8	-	0%	-	-	-	-
A23	Consumption of fixed capital	-	-	-	-	-	-	-
A24	Interest	-	-	0%	-	-	-	-
A25	Subsidies	-	-	0%	-	-	-	-
A26	Grants	1,465.9	-	0%	-	-	-	-
A27	Social benefits	112.4	-	0%	-	-	-	-
A28	Other expense	146.2	-	0%	-	-	-	-
GOB	Gross operating balance (1-2+23+NOBz)	-	368.1		59.7	417.0	62.9	(171.6)
NOB	Net operating balance (1-2+NOBz) <sup>c/</sup>	-	368.1		59.7	417.0	62.9	(171.6)
		-	0.5%		0.1%	0.5%	0.1%	-0.2%
	TRANSACTIONS IN NONFINANCIAL ASSETS:							
A31	Net Acquisition of Nonfinancial Assets	15,654.8	-	0%	-	-	-	-
A311	Fixed assets	15,654.8	-	0%	-	-	-	-
A312	Change in inventories	-	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(15,654.8)	368.1	-2%	59.7	417.0	62.9	(171.6)
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):							
A32	Net acquisition of financial assets	-	368.1		59.7	417.0	62.9	(171.6)
A321	Domestic	-	368.1		59.7	417.0	62.9	(171.6)
A322	Foreign	-	-		-	-	-	-
A323	Monetary gold and SDRs	-	-		-	-	-	-
A33	Net incurrence of liabilities	15,654.8	-	0%	-	-	-	-
A331	Domestic	-	-	0%	-	-	-	-
A332	Foreign	15,654.8	-	0%	-	-	-	-

### Annex 3: Statement Of Government Operations Excluding Donors

STATEMENT OF GOVERNMENT OPERATIONS EXCLUDING DONORS								
GFS Code	GFS Description	Budget 2017	Total (VT mn)	%	January	February	March	April
	<b>TRANSACTIONS AFFECTING NET WORTH:</b>							
<b>A1</b>	<b>Revenue</b>	<b>18,354.0</b>	<b>6,606.1</b>	<b>36%</b>	<b>2,308.8</b>	<b>1,616.8</b>	<b>1,519.5</b>	<b>1,161.0</b>
A11	Taxes	14,244.0	5,463.1	38%	1,867.7	1,308.7	1,238.7	1,048.0
A111	Taxes on income, profits, and capital gains	-	-	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-	-	-
A113	Taxes on property	471.2	159.5	34%	24.6	55.8	46.2	33.0
A114	Taxes on goods & services	10,867.7	4,284.2	39%	1,608.7	990.1	907.6	777.9
	of which							
	Value-Added Tax	6,451.3	2,213.1	34%	704.8	519.7	523.6	464.9
	Excise	2,039.7	779.2	38%	208.2	209.5	202.3	159.2
A115	Taxes on international trade & transactions	2,905.1	1,019.4	35%	234.5	262.8	284.9	237.2
A116	Other taxes	-	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-	-
A13	Grants	-	-	-	-	-	-	-
A14	Other revenue	4,110.0	1,142.9	28%	441.1	308.2	280.8	112.9
<b>A2</b>	<b>Expense</b>	<b>17,536.0</b>	<b>5,695.1</b>	<b>32%</b>	<b>1,294.2</b>	<b>1,457.7</b>	<b>1,388.7</b>	<b>1,554.4</b>
A21	Compensation of employees	9,754.1	2,698.3	28%	641.0	660.6	692.2	704.5
A22	Use of goods and services	4,077.1	1,296.7	32%	321.1	284.4	404.1	287.0
A23	Consumption of fixed capital	-	-	-	-	-	-	-
A24	Interest	720.4	343.4	48%	23.2	66.7	204.3	49.3
A25	Subsidies	-	0.1	0%	0.1	-	-	0.1
A26	Grants	1,828.0	655.1	36%	121.7	334.9	76.0	122.5
A27	Social benefits	227.5	87.7	39%	16.0	52.3	6.9	12.4
A28	Other expense	929.0	613.7	66%	171.1	58.8	5.2	378.6
<b>GOB</b>	<b>Gross operating balance (1-2+23+NOBz)</b>	<b>817.9</b>	<b>911.0</b>		<b>1,014.6</b>	<b>159.1</b>	<b>130.8</b>	<b>(393.4)</b>
<b>NOB</b>	<b>Net operating balance (1-2+NOBz) <sup>cf</sup></b>	<b>817.9</b>	<b>911.0</b>		<b>1,014.6</b>	<b>159.1</b>	<b>130.8</b>	<b>(393.4)</b>
	% of GDP		1.1%		1.3%	0.2%	0.2%	-0.5%
	<b>TRANSACTIONS IN NONFINANCIAL ASSETS:</b>							
<b>A31</b>	<b>Net Acquisition of Nonfinancial Assets</b>	<b>299.4</b>	<b>98.0</b>	<b>33%</b>	<b>37.1</b>	<b>27.5</b>	<b>15.0</b>	<b>18.4</b>
A311	Fixed assets	299.41	98.0	33%	37.1	27.5	15.0	18.4
A312	Change in inventories	-	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-	-
<b>NLB</b>	<b>Net lending / borrowing (1-2+NOBz-31)</b>	<b>518.5</b>	<b>813.0</b>		<b>977.5</b>	<b>131.5</b>	<b>115.7</b>	<b>(411.8)</b>
	<b>TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):</b>							
<b>A32</b>	<b>Net acquisition of financial assets</b>	<b>-</b>	<b>372.6</b>	<b>0%</b>	<b>977.5</b>	<b>129.7</b>	<b>(551.4)</b>	<b>(183.2)</b>
A321	Domestic	-	372.6	0%	977.5	129.7	(551.4)	(183.2)
A322	Foreign	-	-	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-	-	-
<b>A33</b>	<b>Net incurrence of liabilities</b>	<b>(518.5)</b>	<b>(440.4)</b>	<b>85%</b>	<b>-</b>	<b>(1.9)</b>	<b>(667.1)</b>	<b>228.6</b>
A331	Domestic	-	(207.3)		-	-	(455.1)	247.8
A332	Foreign	(518.5)	(233.1)	0.4	-	(1.9)	(212.0)	(19.2)