

Treasury Monthly Budget Report – February 2017

Summary

The net operating balance for total Government operations during the month of February was a surplus of VT 576.1 million. As a result the total Government net operation at the end of the month stands at VT 1,652.8 million equivalent to 2.1 per cent of GDP.

The net operating balance for Government operations, excluding donor funds, in February was a surplus worth VT 159.1 million, bringing the total year to date figure to VT1, 176.0 million equivalent to 1.5 percent of GDP.

Government Revenue

The Government revenue received in the month of February stands at VT 1,616.8 million which represents 8.8 percent of the Budget target (VT 18,354.0 million) and 11.8 per cent less than what was collected in February 2016 (VT 1,832.1 million). At the end of February, the Government Revenue collections stood at VT 3,925.7 million. This amount represents 21.4 percent of the budget target (VT 18,354.0 million) and 10.0 per cent more than VT 3,568.0 million which was collected in the same period of the previous year.

During the month of February, VAT collection totalled up to VT 519.7 million representing 8.0 percent of the budget target (VT 6,451.3 million) and 26.0 per cent more than what was collected (VT 412.5 million) during the same period last year. Import Duties, the second largest stream of Government revenue, collected VT 262.8 million this month. This figure signifies 9.0 per cent of the budget target (VT 2,905.1 million) and is 11.5 per cent more than VT 235.6 million collected in February 2016.

VERP or now known as Vanuatu Reformation Program collected VT 174.5 million in February bringing the total VRP to date of VT 467.6 million, representing 23.1 per cent of the budget target (VT 2,028.5 million). This has decreased by 11.8 per cent to the total that was collected in the equivalent period last year (VT 530.9 million).

Government Expenses

The month of February saw Government expenses standing at a total amount of VT 1,457.7 million. This amount represents 8.3 per cent of the budget target (VT 17,536.0 million) and an increase of 17.6 per cent to the Government spending in the same period of the previous year (VT 1,239.9 million). To date, Government expenses recorded VT 2,749.7 million representing 15.7 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;

- Allowance-Scholarship (VT 106.3 million against a budget target of VT 263.3 million)
- Subsistence Allowance (VT 78.2 million against a budget target of VT 204.5 million)
- International Travel (VT 46.4 million against a budget target of VT 130.6 million)
- Official Entertainment (VT 34.6 million against a budget target of VT 52.2 million)
- Fees-Scholarships (VT 37.4 million against a budget target of VT 212.9 million)
- Termination (VT 68.3 million against a budget target of VT 197.3 million)
- Contract wages (VT 20.4 million against a budget target of VT 2 million)
- Acting Allowances (VT 21.8 million against a zero budget)
- Responsibility Allowance (VT 6.1 million against a zero budget)
- Leave Expense (VT 4.9 million against a zero budget)

Government Acquisition of Non-Financial Assets

During the month of February, the Government has spent VT 27.6 million on fixed assets and only sold of VT 73,167 worth of fixed assets.

Government Acquisition of Financial Assets

This month, the Government has issued VT 129.6 million worth of Government domestic bonds.

In contrast, the Government has repaid VT 1.9 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 417 million. To date, the total amount of Grants received from donors is VT 476.7 million which represents 6 percent of the budget target (VT 8,069.3 million). Major donors up to the second month of the year are ADB (VT169.2 million), Australia contributions (VT72.7 million) and New Zealand contributions (20.6 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 2017	Total (VT mn)	%	January	February
	TRANSACTIONS AFFECTING NET WORTH:					
A1	Revenue	26,423.3	4,402.4	17%	2,368.6	2,033.8
A11	Taxes	14,244.0	3,176.4	22%	1,867.7	1,308.7
A111	Taxes on income, profits, and capital gains	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-
A113	Taxes on property	471.2	80.4	17%	24.6	55.8
A114	Taxes on goods & services	10,867.7	2,598.8	24%	1,608.7	990.1
	of which					
	Value-Added Tax	6,451.3	1,224.6	19%	704.8	519.7
	Excise	2,039.7	417.8	20%	208.2	209.5
A115	Taxes on international trade & transactions	2,905.1	497.2	17%	234.5	262.8
A116	Other taxes	-	-	-	-	-
A12	Social contributions	-	-	-	-	-
A13	Grants	8,069.3	476.7	0.1	59.7	417.0
A14	Other revenue	4,110.0	749.3	18%	441.1	308.2
A2	Expense	25,605.4	2,749.7	11%	1,291.9	1,457.7
A21	Compensation of employees	10,429.2	1,301.6	12%	641.0	660.6
A22	Use of goods and services	9,746.9	605.4	6%	321.0	284.4
A23	Consumption of fixed capital	-	-	-	-	-
A24	Interest	720.4	89.9	12%	23.2	66.7
A25	Subsidies	-	-	0%	0.1	-
A26	Grants	3,293.9	456.6	14%	121.7	334.9
A27	Social benefits	339.9	-	0%	13.8	52.3
A28	Other expense	1,075.2	-	0%	171.1	58.8
GOB	Gross operating balance (1-2+23+NOBz)	817.9	1,652.8	202%	1,076.6	576.1
NOB	Net operating balance (1-2+NOBz) ^{o/}	817.9	1,652.8	202%	1,076.6	576.1
	% of GDP		2.1%		1.4%	0.7%
	TRANSACTIONS IN NONFINANCIAL ASSETS:					
A31	Net Acquisition of Nonfinancial Assets	15,954.2	64.7	0%	37.1	27.6
A311	Fixed assets	15,954.2	64.7	0%	37.1	27.6
A312	Change in inventories	-	-	-	-	-
A313	Valuables	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(15,136.3)	1,588.0		1,039.5	548.5
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):	-19.0%	2.0%			
A32	Net acquisition of financial assets	-	1,586.2	0%	1,039.5	546.6
A321	Domestic	-	1,586.2	0%	1,039.5	546.6
A322	Foreign	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-
A33	Net incurrence of liabilities	15,136.3	(1.9)	0%	-	(1.9)
A331	Domestic	-	-	-	-	-
A332	Foreign	15,136.3	(1.9)	(0.0)	-	(1.9)
	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 2017	Total (VT mn)	%	January	February
	TRANSACTIONS AFFECTING NET WORTH:					
A1	Revenue	8,069.3	476.7	6%	59.7	417.0
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	8,069.3	476.7	6%	59.7	417.0
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)	-	476.7		59.7	417.0
NOB	Net operating balance (1-2+NOBz) ^{c/}	-	476.7		59.7	417.0
		-	0.6%		0.1%	0.5%
	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)	476.7	-3%	59.7	417.0
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):					
A32	Net acquisition of financial assets	-	476.7		59.7	417.0
A321	Domestic	-	476.7		59.7	417.0
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
	TRANSACTIONS AFFECTING NET WORTH:					
A1	Revenue	18,354.0	3,925.7	21%	2,308.8	1,616.8
A11	Taxes	14,244.0	3,176.4	22%	1,867.7	1,308.7
A111	Taxes on income, profits, and capital gains	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-
A113	Taxes on property	471.2	80.4	17%	24.6	55.8
A114	Taxes on goods & services	10,867.7	2,598.8	24%	1,608.7	990.1
	of which					
	Value-Added Tax	6,451.3	1,224.6	19%	704.8	519.7
	Excise	2,039.7	417.8	20%	208.2	209.5
A115	Taxes on international trade & transactions	2,905.1	497.2	17%	234.5	262.8
A116	Other taxes	-	-	-	-	-
A12	Social contributions	-	-	-	-	-
A13	Grants	-	-	-	-	-
A14	Other revenue	4,110.0	749.3	18%	441.1	308.2
A2	Expense	17,536.0	2,749.7	16%	1,291.9	1,457.7
A21	Compensation of employees	9,754.1	1,301.6	13%	641.0	660.6
A22	Use of goods and services	4,077.1	605.4	15%	321.0	284.4
A23	Consumption of fixed capital	-	-	-	-	-
A24	Interest	720.4	89.9	12%	23.2	66.7
A25	Subsidies	-	0.1	0%	0.1	-
A26	Grants	1,828.0	456.6	25%	121.7	334.9
A27	Social benefits	227.5	66.1	29%	13.8	52.3
A28	Other expense	929.0	229.9	25%	171.1	58.8
GOB	Gross operating balance (1-2+23+NOBz)	817.9	1,176.0		1,016.9	159.1
NOB	Net operating balance (1-2+NOBz) ^{c/}	817.9	1,176.0		1,016.9	159.1
	% of GDP		1.5%		1.3%	0.2%
	TRANSACTIONS IN NONFINANCIAL ASSETS:					
A31	Net Acquisition of Nonfinancial Assets	299.4	64.7	22%	37.1	27.6
A311	Fixed assets	299.41	64.7	22%	37.1	27.6
A312	Change in inventories	-	-	-	-	-
A313	Valuables	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	518.5	1,111.3		979.8	131.5
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):					
A32	Net acquisition of financial assets	-	1,109.4	0%	979.8	129.6
A321	Domestic	-	1,109.4	0%	979.8	129.6
A322	Foreign	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-
A33	Net incurrence of liabilities	(518.5)	(1.9)	0%	-	(1.9)
A331	Domestic	-	-	-	-	-
A332	Foreign	(518.5)	(1.9)	0.0	-	(1.9)