

Treasury Monthly Budget Report – March 2017

Summary

This month saw a total Government operation surplus of VT 199.7 million and a total Government net operation surplus of VT 1,657.5 million equivalent to 2.1 per cent of GDP.

The net operation balance for Government operations, excluding donor funds, in March was a surplus of VT 131.2 million, bringing the total year to date figure to VT 1,307.3 million equivalent to 1.6% of GDP.

Government Revenue

In March, the Government collected VT 1,519.5 million revenue which is 9 per cent more than what was collected in March 2016 (VT 1,394.3 million). At the end of March, the total Government Revenue collections was VT 5,445.2 million, 29.7 per cent of the budget target (VT 18,354.0 million) and 9.7 per cent more to what was collected in the equivalent period last year (VT 4,964.9 million).

VAT which is the biggest source of Government revenue was VT 523.6 million in March, representing 8.1 per cent of the budget target (VT 6,451.3 million). This is a 15.3 per cent increase from March 2016 where VT 454.2 million was collected. Import duties, second biggest source of revenue for the Government, collected VT 284.9 million in March. This was 48.4% more than the amount collected in March 2016 (191.9 million). Excise tax collected in March 2017 was VT 202.3 million. This figure signifies 9.9 per cent of the budget target (VT 2,039.7 million) and is 40.8 per cent more than what was collected in March last year (VT 143.7 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 March. It is replaced by Vanuatu Development Support Program (VDSP) and Vanuatu Contribution programme, both of which together collected 116 million by the end of March.

Government Expenses

The month of March saw Government expenses standing at a total amount of VT 1,388.3 million. This amount represents 7.9 per cent of the budget target (VT 17,536.0 million) and an increase of 31.6 per cent to the Government spending in the same period of the previous year (VT 1,054.8 million). To date, Government expenses recorded VT 4,137.9 million representing 24 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 106.6 million against a budget target of VT 263.3 million)
- Subsistence Allowance (VT 101.9 million against a budget target of VT 204.5 million)
- International Travel (VT 54.4 million against a budget target of VT 130.6 million)
- Official Entertainment (VT 23.1 million against a budget target of VT 52.2 million)
- Fees-Scholarships (VT 39.6 million against a budget target of VT 212.8 million)
- Termination (VT 73 million against a budget target of VT 197.3 million)
- Contract wages (VT 32.1 million against a budget target of VT 2 million)
- Acting Allowances (VT 33.2 million against a zero budget)
- Responsibility Allowance (VT 7.9 million against a zero budget)
- Leave Expense (VT 13.2 million against a zero budget)

Government Acquisition of Non-Financial Assets

During the month of March, the Government has spent VT 15.5 million on fixed assets and only sold of VT 51,000 worth of fixed assets.

Government Acquisition of Financial Assets

This month, the Government has repaid VT 455.1 million of domestic bonds and VT 212 million worth of external loans.

Development Budget Highlights

Grants received from donors in the month of March sums up to VT 68.5 million giving the grand total to date of VT 350.3 million. The amount represents 4 percent of the budget target (VT 8,069.3 million). Major donors up to the end of March are ADB (VT 175.8 million), Australia (VT 74.1 million) and Japan (VT 52.9 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	March
	TRANSACTIONS AFFECTING NET WORTH:						
A1	Revenue	26,423.3	5,795.4	22%	2,370.6	1,836.8	1,588.0
A11	Taxes	14,244.0	4,415.1	31%	1,867.7	1,308.7	1,238.7
A111	Taxes on income, profits, and capital gains	-	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-	-
A113	Taxes on property	471.2	126.6	27%	24.6	55.8	46.2
A114	Taxes on goods & services	10,867.7	3,506.3	32%	1,608.7	990.1	907.6
	<i>of which</i>						
	<i>Value-Added Tax</i>	<i>6,451.3</i>	<i>1,748.1</i>	<i>27%</i>	<i>704.8</i>	<i>519.7</i>	<i>523.6</i>
	<i>Excise</i>	<i>2,039.7</i>	<i>620.1</i>	<i>30%</i>	<i>208.2</i>	<i>209.5</i>	<i>202.3</i>
A115	Taxes on international trade & transactions	2,905.1	782.2	27%	234.5	262.8	284.9
A116	Other taxes	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-
A13	Grants	8,069.3	350.3	0.0	61.8	219.9	68.5
A14	Other revenue	4,110.0	1,030.1	25%	441.1	308.2	280.8
A2	Expense	25,605.4	4,137.9	16%	1,291.9	1,457.7	1,388.3
A21	Compensation of employees	10,429.2	1,993.8	19%	641.0	660.6	692.2
A22	Use of goods and services	9,746.9	1,009.1	10%	321.0	284.4	403.7
A23	Consumption of fixed capital	-	-	-	-	-	-
A24	Interest	720.4	294.1	41%	23.2	66.7	204.3
A25	Subsidies	-	-	0%	-	-	-
A26	Grants	3,293.9	532.6	16%	121.7	334.9	76.0
A27	Social benefits	339.9	-	0%	13.8	52.3	6.9
A28	Other expense	1,075.2	-	0%	171.1	58.8	5.2
GOB	Gross operating balance (1-2+23+NOBz)	817.9	1,657.5	203%	1,078.8	379.1	199.7
NOB	Net operating balance (1-2+NOBz) ^{o/}	817.9	1,657.5	203%	1,078.8	379.1	199.7
	% of GDP		2.1%		1.4%	0.5%	0.3%
	TRANSACTIONS IN NONFINANCIAL ASSETS:						
A31	Net Acquisition of Nonfinancial Assets	15,954.2	80.2	1%	37.1	27.6	15.5
A311	Fixed assets	15,954.2	80.2	1%	37.1	27.6	15.5
A312	Change in inventories	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(15,136.3)	1,577.3		1,041.7	351.4	184.2
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):	-19.0%	2.0%				
A32	Net acquisition of financial assets	-	908.3	0%	1,041.7	349.5	(482.9)
A321	Domestic	-	908.3	0%	1,041.7	349.5	(482.9)
A322	Foreign	-	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-	-
A33	Net incurrence of liabilities	15,136.3	(669.0)	-4%	-	(1.9)	(667.1)
A331	Domestic	-	(455.1)	-	-	-	(455.1)
A332	Foreign	15,136.3	(213.9)	(0.0)	-	(1.9)	(212.0)

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	March
TRANSACTIONS AFFECTING NET WORTH:							
A1	Revenue	8,069.3	350.3	4%	61.8	219.9	68.5
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%	-	-	-
	<i>of which</i>						
	<i>Value-Added Tax</i>	-	-	0%	-	-	-
	<i>Excise</i>	-	-	0%	-	-	-
A115	Taxes on international trade & transactions	-	-	0%	-	-	-
A116	Other taxes	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-
A13	Grants	8,069.3	350.3	4%	61.8	219.9	68.5
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)	-	350.3		61.8	219.9	68.5
NOB	Net operating balance (1-2+NOBz) ^{a/}	-	350.3		61.8	219.9	68.5
		-	0.4%		0.1%	0.3%	0.1%
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)	350.3	-2%	61.8	219.9	68.5
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):							
A32	Net acquisition of financial assets	-	350.3		61.8	219.9	68.5
A321	Domestic	-	350.3		61.8	219.9	68.5
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
TRANSACTIONS AFFECTING NET WORTH:							
A1	Revenue	18,354.0	5,445.2	30%	2,308.8	1,616.8	1,519.5
A11	Taxes	14,244.0	4,415.1	31%	1,867.7	1,308.7	1,238.7
A111	Taxes on income, profits, and capital gains	-	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-	-
A113	Taxes on property	471.2	126.6	27%	24.6	55.8	46.2
A114	Taxes on goods & services	10,867.7	3,506.3	32%	1,608.7	990.1	907.6
	of which						
	Value-Added Tax	6,451.3	1,748.1	27%	704.8	519.7	523.6
	Excise	2,039.7	620.1	30%	208.2	209.5	202.3
A115	Taxes on international trade & transactions	2,905.1	782.2	27%	234.5	262.8	284.9
A116	Other taxes	-	-	-	-	-	-
A12	Social contributions	-	-	-	-	-	-
A13	Grants	-	-	-	-	-	-
A14	Other revenue	4,110.0	1,030.1	25%	441.1	308.2	280.8
A2	Expense	17,536.0	4,137.9	24%	1,291.9	1,457.7	1,388.3
A21	Compensation of employees	9,754.1	1,993.8	20%	641.0	660.6	692.2
A22	Use of goods and services	4,077.1	1,009.1	25%	321.0	284.4	403.7
A23	Consumption of fixed capital	-	-	-	-	-	-
A24	Interest	720.4	294.1	41%	23.2	66.7	204.3
A25	Subsidies	-	-	0%	-	-	-
A26	Grants	1,828.0	532.6	29%	121.7	334.9	76.0
A27	Social benefits	227.5	73.0	32%	13.8	52.3	6.9
A28	Other expense	929.0	235.1	25%	171.1	58.8	5.2
GOB	Gross operating balance (1-2+23+NOBz)	817.9	1,307.3		1,017.0	159.1	131.2
NOB	Net operating balance (1-2+NOBz) %	817.9	1,307.3		1,017.0	159.1	131.2
	% of GDP		1.6%		1.3%	0.2%	0.2%
TRANSACTIONS IN NONFINANCIAL ASSETS:							
A31	Net Acquisition of Nonfinancial Assets	299.4	80.2	27%	37.1	27.6	15.5
A311	Fixed assets	299.41	80.2	27%	37.1	27.6	15.5
A312	Change in inventories	-	-	-	-	-	-
A313	Valuables	-	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	518.5	1,227.1		979.9	131.5	115.7
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):							
A32	Net acquisition of financial assets	-	558.1	0%	979.9	129.6	(551.4)
A321	Domestic	-	558.1	0%	979.9	129.6	(551.4)
A322	Foreign	-	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-	-
A33	Net incurrence of liabilities	(518.5)	(669.0)	129%	-	(1.9)	(667.1)
A331	Domestic	-	(455.1)	-	-	-	(455.1)
A332	Foreign	(518.5)	(213.9)	0.4	-	(1.9)	(212.0)