

Treasury Monthly Budget Report – February 2013

Summary

The net operating balance for total Government operations at the end of February was a surplus of VT 886.6 million, equivalent to 1.1 per cent of GDP.

The net operating balance for Government operations, excluding donor funds, at the end of February was a surplus worth VT 988.7 million, equivalent to 1.2 per cent of GDP.

Government Revenue

Government revenue fell from the strong collection of VT 1,797.3 million in January to VT 1,191.4 million in February. This is partly due to the fact that VAT compliance improved in January through the collection of arrears. Therefore, collection fell back to the normal trend of collection in February.

Though Government revenue has fallen from January to February, total collection still remains strong above the two months target (VT 2,656.3 million) at VT 2,988.7 million by the end of February. This represents 20 per cent of the Budget target and 10.8 per cent above what was collected (VT 2,697.8 million) during the same period last year.

VAT, the largest revenue handle collected VT 929.8 million at the end of February, representing 17 per cent of the budget target (VT 5,353.3 million) and 19.7 per cent higher than the amount of VT 776.7 million collected at same time last year. Whilst, the second largest revenue handle, import duty, has collected VT 425.9 million at the end of February. This represents 15.2 per cent of the budget target (VT 2,801.6 million) and 11.8 per cent above the level collected (VT 381.1 million) during the same period of 2012. The third largest revenue stream excise also came strong at the end of February by collecting 14 per cent (VT 293.8 million) of the budget target (VT 2,143.8 million)

High tax collection rates were further enhanced by VT 195.6 million in residency permits being collected by the end of February.

Government Expenses

To date, Government expenses remain broadly in line with budget target (VT 13,884.1 million) at VT 2,000.0 million. This represents 14 per cent of the budget target and 12.3 per cent below the level of spending (VT 2,280.1 million) during the same period in 2012.

This reduction in expenses is the result of implementing Section 33 (2) of the Public Finance and Economic Management Act Gap 244 which allows in the result of a Budget not being passed that the “Minister may issue from the Public Fund such sums as are necessary for carrying out the services of Government at a level not exceeding the level of those services in the previous financial year for a period of 3 months or until the Appropriation Act comes into force, whichever is the earlier.” In other words, the level of warrant (payroll and operations) that can be released for the first three months of the year must be restricted to the same level as the first three months of 2012 until the new budget is appropriated.

In addition, the Ministry of Finance and Economic Management is still implementing the expenditure control measures approved by the Council of Ministers in the last financial year.

However, the following items are worth highlighting as there was more expenditure on these items than Budget in 2012 and if current trends continue the same will happen in 2013.

- *Vehicles fuel, VT 22.6 million against an annual Budget of VT 114.3 million.*
- *Court costs, VT 18.2 million against an annual Budget of VT 6.5 million.*
- *Scholarship allowances, VT80.5 million against an annual Budget of VT 198.7 Million*
- *Scholarship fees, VT 19.7 million against an annual budget of VT 96.4 million*

Government Acquisition of Non-Financial Assets

The Government spent only VT 17.8 million acquiring fixed assets at the end of February and sold off VT 0.9 million worth of fixed assets this month.

Government Acquisition of Financial Assets

The government did not issue any new domestic bonds or external loans in February. In addition, the Government did not retire any domestic bonds while external amortization stands at VT 24.5 million (VT 6.8 for ADB Loans and VT 17.7 for IDA loans) at the end of February. Following a favourable fiscal outcome, the Government accumulated VT 947.3 million in cash reserves at the end of February.

Development Budget Highlights

The development fund received VT 83.1 million at the end of February , spent VT 185.2 3 million on operating expenses and VT 106.3 million on acquiring fixed assets. The major project incurring expenditure at the end of February is the AusAID funded Vanuatu Transport Sector Strengthening Program (VTSSP).

Annex 1: Statement Of Total Government Operations

STATEMENT OF TOTAL GOVERNMENT OPERATIONS						
GFS Code	GFS Description	Budget 2013	Total (VT mn)	%	January	February
TRANSACTIONS AFFECTING NET WORTH:						
A1	Revenue	18,940.4	3,071.8	16%	1,857.1	1,214.7
A11	Taxes	13,165.9	2,749.6	21%	1,662.4	1,087.3
A111	Taxes on income, profits, and capital gains	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-
A113	Taxes on property	550.3	62.3	0%	32.9	29.4
A114	Taxes on goods & services	9,811.6	2,260.4	23%	1,391.0	869.4
	of which					
	Value-Added Tax	5,353.3	929.8	17%	594.3	335.5
	Excise	2,143.8	293.8	14%	166.1	127.7
A115	Taxes on international trade & transactions	2,803.9	427.0	15%	238.5	188.5
A116	Other taxes	-	-	-	-	-
A12	Social contributions	-	-	-	-	-
A13	Grants	4,310.9	83.1	0.0	59.8	23.3
A14	Other revenue	1,463.6	239.1	16%	134.9	104.1
A2	Expense	18,195.0	2,185.2	12%	1,002.4	1,182.8
A21	Compensation of employees	8,559.4	1,062.0	12%	438.9	623.1
A22	Use of goods and services	6,341.6	477.0	8%	200.4	276.6
A23	Consumption of fixed capital	-	-	-	-	-
A24	Interest	603.1	65.9	11%	14.0	51.8
A25	Subsidies	108.0	-	0%	-	-
A26	Grants	1,936.8	377.4	19%	188.1	189.2
A27	Social benefits	137.7	-	0%	19.8	13.8
A28	Other expense	508.5	-	0%	141.1	28.3
GOB	Gross operating balance (1-2+23+NOBz)	745.3	886.6	119%	854.7	31.9
NOB	Net operating balance (1-2+NOBz) ^{c/}	745.3	886.6	119%	854.7	31.9
	% of GDP		1.1%			
TRANSACTIONS IN NONFINANCIAL ASSETS:						
A31	Net Acquisition of Nonfinancial Assets	420.6	123.2	29%	87.3	35.9
A311	Fixed assets	420.6	123.2	29%	87.3	35.9
A312	Change in inventories	-	-	-	-	-
A313	Valuables	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	324.8	763.4		767.4	(4.0)
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):						
		0.4%	1.0%			
A32	Net acquisition of financial assets	0.0	738.9	0%	767.4	(28.5)
A321	Domestic	0.0	738.9	0%	767.4	(28.5)
A322	Foreign	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-
A33	Net incurrence of liabilities	(324.8)	(24.5)	8%	-	(24.5)
A331	Domestic	-	-	-	-	-
A332	Foreign	(324.8)	(24.5)	0.1	-	(24.5)
	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 2013	Total (VT mn)	%	January	February
	TRANSACTIONS AFFECTING NET WORTH:					
A1	Revenue	4,310.9	83.1	2%	59.8	23.3
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	4,310.9	83.1	2%	59.8	23.3
A14	Other revenue	-	-	0%	-	-
A2	Expense	4,310.9	185.2	4%	32.3	152.9
A21	Compensation of employees	530.4	28.1	5%	9.0	19.1
A22	Use of goods and services	3,083.0	118.0	4%	23.6	94.4
A23	Consumption of fixed capital	-	-	-	-	-
A24	Interest	-	-	0%	-	-
A25	Subsidies	-	-	0%	-	-
A26	Grants	669.3	25.9	4%	(0.1)	26.0
A27	Social benefits	5.1	(0.1)	-3%	(0.1)	-
A28	Other expense	23.2	13.3	58%	-	13.3
GOB	Gross operating balance (1-2+23+NOBz)	0.0	(102.1)		27.4	(129.6)
NOB	Net operating balance (1-2+NOBz) ^{c/}	0.0	(102.1)		27.4	(129.6)
		-	-0.1%			
	TRANSACTIONS IN NONFINANCIAL ASSETS:					
A31	Net Acquisition of Nonfinancial Assets	168.7	106.3	63%	78.2	28.0
A311	Fixed assets	168.7	106.3	63%	78.2	28.0
A312	Change in inventories	-	-	-	-	-
A313	Valuables	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(168.7)	(208.4)	124%	(50.8)	(157.6)
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):					
A32	Net acquisition of financial assets	0.0	(208.4)		(50.8)	(157.6)
A321	Domestic	0.0	(208.4)		(50.8)	(157.6)
A322	Foreign	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-
A33	Net incurrence of liabilities	168.7	-	0%	-	-
A331	Domestic	-	-	0%	-	-
A332	Foreign	168.7	-	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 2013	Total (VT mn)	%	January	February
	TRANSACTIONS AFFECTING NET WORTH:					
A1	Revenue	14,629.5	2,988.7	20%	1,797.3	1,191.4
A11	Taxes	13,165.9	2,749.6	21%	1,662.4	1,087.3
A111	Taxes on income, profits, and capital gains	-	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-	-
A113	Taxes on property	550.3	62.3	11%	32.9	29.4
A114	Taxes on goods & services	9,811.6	2,260.4	23%	1,391.0	869.4
	of which					
	Value-Added Tax	5,353.3	929.8	17%	594.3	335.5
	Excise	2,143.8	293.8	14%	166.1	127.7
A115	Taxes on international trade & transactions	2,803.9	427.0	15%	238.5	188.5
A116	Other taxes	-	-	-	-	-
A12	Social contributions	-	-	-	-	-
A13	Grants	-	-	-	-	-
A14	Other revenue	1,463.6	239.1	16%	134.9	104.1
A2	Expense	13,884.1	2,000.0	14%	970.0	1,029.9
A21	Compensation of employees	8,029.0	1,033.8	13%	429.9	603.9
A22	Use of goods and services	3,258.6	359.0	11%	176.8	182.2
A23	Consumption of fixed capital	-	-	-	-	-
A24	Interest	603.1	65.9	11%	14.0	51.8
A25	Subsidies	108.0	-	0%	-	-
A26	Grants	1,267.5	351.5	28%	188.3	163.2
A27	Social benefits	132.6	33.7	25%	19.9	13.8
A28	Other expense	485.3	156.0	32%	141.1	15.0
GOB	Gross operating balance (1-2+23+NOBz)	745.3	988.7		827.3	161.5
NOB	Net operating balance (1-2+NOBz) ^{cf}	745.3	988.7		827.3	161.5
	% of GDP		1.2%			
	TRANSACTIONS IN NONFINANCIAL ASSETS:					
A31	Net Acquisition of Nonfinancial Assets	251.8	16.9	7%	9.1	7.9
A311	Fixed assets	251.8	16.9	7%	9.1	7.9
A312	Change in inventories	-	-	-	-	-
A313	Valuables	-	-	-	-	-
A314	Nonproduced assets	-	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	493.5	971.8		818.2	153.6
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):					
A32	Net acquisition of financial assets	0.0	947.3	0%	818.2	129.2
A321	Domestic	0.0	947.3	0%	818.2	129.2
A322	Foreign	-	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-	-
A33	Net incurrence of liabilities	(493.5)	(24.5)	5%	-	(24.5)
A331	Domestic	-	-	-	-	-
A332	Foreign	(493.5)	(24.5)	0.0	-	(24.5)
	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 4: Summary of Revenue and Expense by Ministry

Revenue by Ministry						
Code	Ministry	2013 Budget	2013 Actual to Date	Actual as a % of a Budget	2012 Actual	2011 Actual
M01	Constitutional Agencies	33,632,000	12,835,577	38	47,194,963	43,366,044
M02	Prime Ministers Ministry	0	700,000	0	1,000,000	0
M03	Ministry of Education	3,675,000	2,596,649	71	3,534,161	1,228,625
M04	Ministry of Internal Affairs	679,775,000	307,540,183	45	784,903,942	469,860,967
M05	Ministry of Finance and Economic Management	12,611,106,960	2,936,651,156	23	13,473,842,496	13,482,941,967
M06	Ministry of Commerce, Industry and Tourism	0	4,498,934	0	20,495,507	18,571,388
M07	Ministry of Health	10,830,000	3,634,442	34	16,608,079	17,243,587
M08	Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity	221,800,000	108,114,328	49	292,016,995	256,042,603
M09	Ministry of Lands, Geology and Mines	791,496,674	100,886,866	13	806,827,365	644,378,419
M10	Ministry of Infrastructure and Public Utilities	446,356,750	131,472,173	29	583,426,172	323,908,373
M12	Ministry of Foreign Affairs and External Trade	0	78,197	0	525,990	303,588
M13	Ministry of Cooperatives and Ni-Vanuatu Business Development Services	2,573,125	518,962	20	3,487,358	1,436,315
M15	Ministry of Justice and Social Welfare	0	0	0	0	10,000
M19	Ministry of Civil Aviation, Meteorology and Postal Services	9,400,000	4,898,190	52	11,672,770	11,334,232
Total for all Ministries		14,810,645,509	3,614,425,657	24	16,045,535,798	15,270,626,108
Expenditure by Ministry						
Code	Ministry	2013 Budget	2013 Actual to Date	Actual as a % of a Budget	2012 Actual	2011 Actual
M01	Constitutional Agencies	1,139,949,684	240,052,990	21	1,411,109,376	1,138,515,505
M02	Prime Ministers Ministry	521,410,718	98,308,276	19	220,366,420	205,700,764
M03	Ministry of Education	4,091,861,597	1,036,217,856	25	4,067,184,215	3,993,083,562
M04	Ministry of Internal Affairs	1,425,550,641	307,671,135	22	1,486,514,301	1,405,034,308
M05	Ministry of Finance and Economic Management	4,344,377,397	604,674,867	14	3,527,490,947	3,267,269,104
M06	Ministry of Commerce, Industry and Tourism	303,842,470	36,580,098	12	376,669,452	268,432,950
M07	Ministry of Health	1,609,839,563	348,163,118	22	1,562,160,907	1,688,803,707
M08	Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity	442,058,749	94,825,218	21	424,697,837	432,170,049
M09	Ministry of Lands, Geology and Mines	283,082,048	59,249,151	21	280,016,668	310,536,332
M10	Ministry of Infrastructure and Public Utilities	1,217,203,657	207,200,257	17	1,119,385,193	1,187,974,600
M12	Ministry of Foreign Affairs and External Trade	313,264,861	88,851,142	28	307,018,527	308,721,916
M13	Ministry of Cooperatives and Ni-Vanuatu Business Development Services	96,539,137	19,188,574	20	98,826,459	110,181,818
M14	Ministry of Youth Development and Training	0	40,500	0	42,477,637	42,206,545
M15	Ministry of Justice and Social Welfare	311,506,036	62,546,992	20	364,276,464	294,996,121
M19	Ministry of Civil Aviation, Meteorology and Postal Services	225,508,951	41,042,212	18	168,539,110	165,225,469
Total for all Ministries		16,325,995,509	3,244,612,386	20	15,456,733,513	14,818,852,750

**Vision report 29/03/13, includes VAT paid by Departments*