

Treasury Monthly Budget Report – January 2013

Summary

The net operating balance for total Government operations at the end of January was a surplus of VT 855 million, equivalent to 1.1 per cent of GDP.

The net operating balance for Government operations, excluding donor funds, at the end of January was a surplus worth VT 827.6 million, equivalent to 1 per cent of GDP.

Government Revenue

Government revenue collected in January was VT 1,794.1 million, 27.6 per cent more than what was collected in January 2012 and 12.3 per cent of the provisional Budget 2013 target.¹

The Government's foremost revenue stream is Value-Added Tax (VAT) which collected an impressive VT 597.7 million in January, 43.7 per cent more than what was collected a year ago (VT 416 million) and indeed more than what was collected in any month of 2012. This strong performance is the result of improved compliance efforts by the VAT Office Management in particular there was a collection of more than VT 100 million from a single audit reassessment in this month. The second largest revenue stream import duties, collected VT 238.5 million, 20.5 per cent more than what was collected in the first month of 2012 (VT 198 million). While the third largest revenue stream excise, also collected VT 166.1 million, 23.4 per cent more than what was collected a year earlier (VT 134.6 million). High tax collection rates were further enhanced by VT 100.7 million in residency permits being collected in January.

Government Expenses

Government expenses in January were only VT 979.4 million, 7.4 per cent less than the VT 966.6 million in expenses incurred a year earlier. 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.

The following two 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 14.1 million against an annual Budget of VT 114.3 million.
- Court costs, VT 12.2 million against an annual Budget of VT 6.5 million.

Government Acquisition of Non Financial Assets

The Government spent only VT 9.3 million acquiring fixed assets in January and sold off VT 0.4 million worth of fixed assets this month.

Government Acquisition of Financial Assets

The government did not issue any new domestic bonds and did not retire any domestic or external debt in January. However, following a favourable fiscal outcome, the Government accumulated VT818.7 million in cash reserves in the month.

Development Budget Highlights

The development fund received VT 59.8 million in January, spent VT 32.3 million on operating expenses and VT 78.2 million on acquiring fixed assets. The major project incurring expenditure in January was the AusAID funded Vanuatu Transport Sector Strengthening Program (VTSSP).

¹ Budget 2013 has yet to be passed by Parliament

Annex 1: Statement Of Total Government Operations

GFS Code	GFS Description	Budget 2013	Total (VT mn)	%	January
	TRANSACTIONS AFFECTING NET WORTH:				
A1	Revenue	18,940.4	1,853.9	10%	1,853.9
A11	Taxes	13,165.9	1,659.3	13%	1,659.3
A111	Taxes on income, profits, and capital gains	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-
A113	Taxes on property	550.3	32.9	0%	32.9
A114	Taxes on goods & services	9,811.6	1,387.8	14%	1,387.8
	of which				
	Value-Added Tax	5,353.3	597.9	11%	597.9
	Excise	2,143.8	166.1	8%	166.1
A115	Taxes on international trade & transactions	2,803.9	238.5	9%	238.5
A116	Other taxes	-	-	-	-
A12	Social contributions	-	-	-	-
A13	Grants	4,310.9	59.8	0.0	59.8
A14	Other revenue	1,463.6	134.9	9%	134.9
A2	Expense	18,195.0	998.9	5%	998.9
A21	Compensation of employees	8,529.9	439.8	5%	439.8
A22	Use of goods and services	6,266.7	198.0	3%	198.0
A23	Consumption of fixed capital	-	-	-	-
A24	Interest	603.1	14.0	2%	14.0
A25	Subsidies	108.0	-	0%	-
A26	Grants	2,040.6	188.1	9%	188.1
A27	Social benefits	134.9	-	0%	18.9
A28	Other expense	511.8	-	0%	140.0
GOB	Gross operating balance (1-2+23+NOBz)	745.3	855.0	115%	855.0
NOB	Net operating balance (1-2+NOBz) ^{c/}	745.3	855.0	115%	855.0
	% of GDP		1.1%		
	TRANSACTIONS IN NONFINANCIAL ASSETS:				
A31	Net Acquisition of Nonfinancial Assets	420.6	87.1	21%	87.1
A311	Fixed assets	420.6	87.1	21%	87.1
A312	Change in inventories	-	-	-	-
A313	Valuables	-	-	-	-
A314	Nonproduced assets	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	324.8	767.9		767.9
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):				
		0.4%	1.0%		
A32	Net acquisition of financial assets	0.0	767.9	0%	767.9
A321	Domestic	0.0	767.9	0%	767.9
A322	Foreign	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-
A33	Net incurrence of liabilities	(324.8)	-	0%	-
A331	Domestic	-	-	-	-
A332	Foreign	(324.8)	-	-	-
	Vertical check: Difference between net lending/borrowing and financing (1-2-31=32-33-NLBz=0)	0.0	0.0		0.0

Annex 2: Statement Of Government Operations Which Are Funded By Donors Through The Central Treasury Account

GFS Code	GFS Description	Budget 2013	Total (VT mn)	%	January
	TRANSACTIONS AFFECTING NET WORTH:				
A1	Revenue	4,310.9	59.8	1%	59.8
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	59.8	1%	59.8
A14	Other revenue	-	-	0%	-
A2	Expense	4,310.9	32.3	1%	32.3
A21	Compensation of employees	500.8	9.0	2%	9.0
A22	Use of goods and services	3,008.1	23.6	1%	23.6
A23	Consumption of fixed capital	-	-	-	-
A24	Interest	-	-	0%	-
A25	Subsidies	-	-	0%	-
A26	Grants	773.1	(0.1)	0%	(0.1)
A27	Social benefits	2.3	(0.1)	-6%	(0.1)
A28	Other expense	26.5	-	0%	-
GOB	Gross operating balance (1-2+23+NOBz)	-	27.5		27.5
NOB	Net operating balance (1-2+NOBz) ^{cv}	-	27.5		27.5
	% of GDP		0.0%		
	TRANSACTIONS IN NONFINANCIAL ASSETS:				
A31	Net Acquisition of Nonfinancial Assets	168.7	78.2	46%	78.2
A311	Fixed assets	168.7	78.2	46%	78.2
A312	Change in inventories	-	-	-	-
A313	Valuables	-	-	-	-
A314	Nonproduced assets	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	(168.7)	(50.8)	30%	(50.8)
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):				
A32	Net acquisition of financial assets	-	(50.8)		(50.8)
A321	Domestic	-	(50.8)		(50.8)
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

Annex 3: Statement Of Government Operations Excluding Donors

GFS Code	GFS Description	Budget 2013	Total (VT mn)	%	January
	TRANSACTIONS AFFECTING NET WORTH:				
A1	Revenue	14,629.5	1,794.1	12%	1,794.1
A11	Taxes	13,165.9	1,659.3	13%	1,659.3
A111	Taxes on income, profits, and capital gains	-	-	-	-
A112	Taxes on payroll & workforce	-	-	-	-
A113	Taxes on property	550.3	32.9	6%	32.9
A114	Taxes on goods & services	9,811.6	1,387.8	14%	1,387.8
	of which				
	Value-Added Tax	5,353.3	597.9	11%	597.9
	Excise	2,143.8	166.1	8%	166.1
A115	Taxes on international trade & transactions	2,803.9	238.5	9%	238.5
A116	Other taxes	-	-	-	-
A12	Social contributions	-	-	-	-
A13	Grants	-	-	-	-
A14	Other revenue	1,463.6	134.9	9%	134.9
A2	Expense	13,884.1	966.6	7%	966.6
A21	Compensation of employees	8,029.0	430.8	5%	430.8
A22	Use of goods and services	3,258.6	174.4	5%	174.4
A23	Consumption of fixed capital	-	-	-	-
A24	Interest	603.1	14.0	2%	14.0
A25	Subsidies	108.0	-	0%	-
A26	Grants	1,267.5	188.3	15%	188.3
A27	Social benefits	132.6	19.0	14%	19.0
A28	Other expense	485.3	140.0	29%	140.0
GOB	Gross operating balance (1-2+23+NOBz)	745.3	827.6		827.6
NOB	Net operating balance (1-2+NOBz) ^{c/}	745.3	827.6		827.6
	% of GDP		1.0%		
	TRANSACTIONS IN NONFINANCIAL ASSETS:				
A31	Net Acquisition of Nonfinancial Assets	251.8	8.9	4%	8.9
A311	Fixed assets	251.8	8.9	4%	8.9
A312	Change in inventories	-	-	-	-
A313	Valuables	-	-	-	-
A314	Nonproduced assets	-	-	-	-
NLB	Net lending / borrowing (1-2+NOBz-31)	493.5	818.7		818.7
	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES (FINANCING):				
A32	Net acquisition of financial assets	0.0	818.7	0%	818.7
A321	Domestic	0.0	818.7	0%	818.7
A322	Foreign	-	-	-	-
A323	Monetary gold and SDRs	-	-	-	-
A33	Net incurrence of liabilities	(493.5)	-	0%	-
A331	Domestic	-	-	0%	-
A332	Foreign	(493.5)	-	-	-
	Vertical check: Difference between net lending/borrowing and financing (1-2-31=32-33-NLBz=0)	0.0	0.0		0.0

Annex 4: Summary of Revenue and Expense by Ministry*

Expenditure by Ministry						
Code	Ministry	2013 Draft Budget	Actual to Date	Actual as a % draft Budget	2012 Actual	2011 Actual
M01	Constitutional Agencies	1,139,949,689	149,625,434	13	1,411,109,376	1,138,515,505
M02	Prime Ministers Ministry	521,410,719	57,943,253	11	220,366,420	205,700,764
M03	Ministry of Education	4,091,861,597	695,006,789	17	4,056,725,565	3,993,083,562
M04	Ministry of Internal Affairs	1,425,550,641	226,287,913	16	1,486,514,301	1,405,034,308
M05	Ministry of Finance and Economic Management	4,344,377,391	319,835,299	7	3,527,441,757	3,267,269,104
M06	Ministry of Commerce, Industry and Tourism	303,842,470	21,491,455	7	376,589,452	268,432,950
M07	Ministry of Health	1,609,839,563	215,335,712	13	1,562,163,380	1,688,803,707
M08	Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity	442,058,749	48,418,448	11	424,697,837	432,170,049
M09	Ministry of Lands, Geology and Mines	283,082,048	33,334,069	12	280,016,668	310,536,332
M10	Ministry of Infrastructure and Public Utilities	1,217,203,657	96,931,428	8	1,119,385,193	1,187,974,600
M12	Ministry of Foreign Affairs and External Trade	313,264,861	29,659,904	9	307,018,527	308,721,916
M13	Ministry of Cooperatives and Ni-Vanuatu Business Development Services	96,539,137	11,826,963	12	98,826,459	110,181,818
M15	Ministry of Justice and Social Welfare	311,506,036	37,307,584	12	364,229,901	294,996,121
M19	Ministry of Civil Aviation, Meteorology and Postal Services	225,508,951	23,024,436	10	168,539,110	165,225,469
Total for all Ministries		16,325,995,509	1,966,028,687	12	15,403,623,946	14,776,646,205
Revenue by Ministry						
Code	Ministry	2013 Draft Budget	Actual to Date	Actual as a % draft Budget	2012 Actual	2011 Actual
M01	Constitutional Agencies		6,026,701	0	47,194,963	43,366,044
M02	Prime Ministers Ministry	0	0	0	1,000,000	0
M03	Ministry of Education	3,675,000	492,256	13	2,427,806	1,228,625
M04	Ministry of Internal Affairs	479,775,000	144,548,753	30	784,896,942	469,860,967
M05	Ministry of Finance and Economic Management	12,586,106,960	2,046,570,909	16	13,472,117,145	13,483,137,442
M06	Ministry of Commerce, Industry and Tourism	0	2,432,258	0	19,634,528	18,571,388
M07	Ministry of Health	10,830,000	2,352,126	22	16,608,079	17,243,587
M08	Ministry of Agriculture, Livestock, Forestry, Fisheries and Biosecurity	221,800,000	70,415,090	32	290,619,692	256,042,603
M09	Ministry of Lands, Geology and Mines	791,496,674	57,847,086	7	806,709,269	644,294,013
M10	Ministry of Infrastructure and Public Utilities	446,356,750	89,046,811	20	583,426,172	323,908,373
M12	Ministry of Foreign Affairs and External Trade	0	63,197	0	525,990	303,588
M13	Ministry of Cooperatives and Ni-Vanuatu Business Development Services	2,573,125	344,575	13	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	3,774,964	40	11,626,770	11,288,232
Total for all Ministries		14,585,645,509	2,423,914,726	17	16,040,274,714	15,859,432,370

*Vision report 25/1/13, includes VAT paid by Departments