



## **MINISTRY OF ECONOMY**

### **GOVERNMENT'S FIRST QUARTER FISCAL PERFORMANCE 2017-2018 (Provisional)**

Government recorded a net surplus position of \$159.8 million, equivalent to 1.5 percent of GDP at the end of the first quarter (August to October 2017) of the Fiscal Year ('FY') 2017-2018. The total revenue collection stood at \$904.5 million compared to an expenditure level of \$744.7 million.

Table 1 below provides the summary of Government's fiscal position for the first quarter of FY 2017-2018 compared to the same period last financial year.

**Table 1: Summary of Fiscal Position**

Description	Quarter 1 2017-2018 (\$M)	Quarter 1 2016-2017 (\$M)	Variance (\$M)	Variance (%)
Total Revenue	904.5	715.1	189.4	26.5
<i>Tax Revenue</i>	757.5	638.1	119.4	18.7
<i>Non-Tax Revenue</i>	147.0	77.0	70.0	90.9
Total Expenditure	744.7	598.4	146.3	24.5
<i>Operating Expenditure</i>	535.5	462.5	73.0	15.8
<i>Capital Expenditure</i>	202.0	128.5	73.5	57.2
<i>SEG 13 VAT</i>	7.2	7.4	(0.2)	(2.7)
Net Deficit	159.8	116.8		
% of GDP	1.5	1.1		
Nominal GDP	10,989.6	10,276.9		

*Source: Ministry of Economy*

Total revenue receipt of \$904.5 million represents around 23.5 percent of total revenue projected for the FY 2017-2018. The revenue collection has increased compared to the same period last financial year by 189.4 million or 26.5 percent. This strong increase in revenue collection is in line with the positive business and consumption activity in the economy. Some of the major categories of revenue that has increased compared to the same period last year include income taxes (up by 40.1 percent), water resource tax (up by 24.8 percent), service turnover tax (up by 17.1 percent), VAT (up by 15.1 percent) and customs duties (up by 7.8 percent).

Total spending by end of first quarter amounted to \$744.7 million representing around 17.1 percent of the total budget. The spending level has increased compared to the same period last year by 24.5 percent. Capital expenditure has also increased compared to the same period last year by around 57.2 percent. The increase in Government expenditure, in particular, capital spending augurs well for investment activities in the economy.

The operating expenditure to capital expenditure mix at the end of first quarter was 73:27 compared to 78:22 in the same period in the last financial year. The increase in the proportion of Government's spending towards investment activities indicates the efficient use of financial resources towards productive expenditures.

In terms of the debt position, Government had a total debt of \$4,771.4 million equivalent to 43.4 percent of GDP at the end of October 2017. Of this, 70.3 percent comprised of domestic debt and remaining 29.7 percent was dominated in foreign currency. The total debt position has reduced from 45.9 percent from end of FY 2016-2017 to 43.4 percent by the end of first quarter FY 2017-2018.

Overall, the fiscal position for the first quarter of the financial year augurs well for the Government in remaining within its budgeted net deficit target of 4.5 percent of GDP for FY 2017-2018.

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# Annex 1: Government's Cashflow Statement (excluding SEG 13 VAT)

<i>(\$million)</i>	Cumulative Quarter 1 2016-2017	Cumulative Quarter 1 2017-2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Receipts</b>		
Direct Taxes	192.5	245.9
Indirect Taxes (excluding Government VAT)	438.2	504.5
Fees, Fines & Charges	30.1	18.7
Grants in aid	3.1	8.9
Dividends from Investments	21.6	101.9
Reimbursement & Recoveries	8.7	5.7
Other Revenue & Surpluses	10.2	8.9
<b>Total operating receipts</b>	<b>704.5</b>	<b>894.4</b>
<b>Payments</b>		
Personnel	224.1	216.8
Transfer payments	116.3	184.3
Supplies and consumables	39.2	46.8
Purchase of outputs	14.0	17.1
Interest paid	69.2	70.5
Other operating payments	0.0	0.0
<b>Total operating payments</b>	<b>462.9</b>	<b>535.5</b>
<b>Net cash flows from operating activities</b>	<b>241.5</b>	<b>358.9</b>
<i>As % of GDP</i>	<b>2.4%</b>	<b>3.3%</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Receipts</b>		
Sale of Government Assets	2.4	0.3
Interest from Bank Balance	0.0	0.4
Interest on Term Loans	0.4	0.2
Return of Surplus Capital from Investment	0.5	2.0
<b>Total investing receipts</b>	<b>3.2</b>	<b>2.9</b>
<b>Payments</b>		
Loans	17.6	36.2
Transfer Payments	91.2	134.8
Purchase of physical non-current assets	19.3	31.0
<b>Total investing payments</b>	<b>128.0</b>	<b>202.0</b>
<b>Net cash flows from investing activities</b>	<b>-124.8</b>	<b>-199.1</b>
<i>As a % of GDP</i>	<b>-1.2%</b>	<b>-1.8%</b>
<b>Net (Deficit)/Surplus</b>	<b>116.8</b>	<b>159.8</b>
<b>% of GDP</b>	<b>1.1%</b>	<b>1.5%</b>
<b>GDP at Market Prices</b>	<b>10,276.9</b>	<b>10,989.6</b>