



JUNE FY23/24

Monthly Fiscal Performance

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Department of Macroeconomic Policy

Executive Summary

This bulletin is prepared on monthly basis. It contains information on Government revenues and expenditure. It is prepared based on data generated from the Integrated Financial Management System (IFMIS) of the Ministry of Finance and Development Planning as well as data from other agencies of government. In this report, fiscal year refers to the period from April 01 to March 31 the following year.

Government revenue is generated from tax, grants, other revenue (non-tax) and SACU revenue sources. Up to June 2023, 21 percent (M5,279.21 million) of total revenue target of M25,093.0 million had been achieved. During this period, the major driver of revenue between May and June was taxes, while total revenue collected in April, was driven mostly by SACU receipts, which are recorded at the beginning of each quarter.

Government expenditure on the other hand, is shown under two broad categories, that is, operating expenditure or recurrent expenditure and development expenditure. As of June 2023, total actual recurrent spending was 19 percent of the total recurrent budget estimates, while development spending was 7 percent of the development budget estimate.

Gross Operating Balance (GOB) is derived by deducting total recurrent expenses from total revenue which includes SACU and grants. By the end of June, GOB witnessed a deficit of M18.7 million. On the other hand, Net lending/borrowing or Overall Fiscal Balance (OFB) is derived by deducting total expenditure, - both recurrent and capital - from total revenue. This was registered at M406.1 million or 1.02 percent of GDP_i.

Government Revenues

Government revenue is influenced by the state of the economy, fiscal policy decisions, legislation, administrative effectiveness, taxpayer compliance, tax morality, and public confidence.

The following table shows revenue collection position up to June 2023 in relation to the same month of the last fiscal year.

Table1: Statement of Revenue (as of end June - 23) In Million LSL

	Apr-22 <i>Act.</i>	May-22 <i>Act.</i>	Jun-22 <i>Act.</i>	Apr-23 <i>Act.</i>	May-23 <i>Act.</i>	Jun-23 <i>Act.</i>
Revenue	2 318.6	960.8	1 123.7	3 347.1	983.1	949.0
Tax revenue	589.6	627.4	765.0	563.9	783.8	777.8
Taxes on income, profits, and capital gains	259.6	324.0	417.6	267.4	372.1	401.2
Taxes on goods and services	330.0	303.5	347.5	296.5	411.7	376.7
Value-added tax	282.2	259.3	298.7	256.80	309.27	299.50
Excise taxes	46.5	42.6	46.7	38.31	67.37	55.34
Motor Vehicle Assurance	1.1	0.9	0.9	-	0.90	0.96
Oil Levy	28.6	26.3	29.0	14.14	27.54	31.44
Petroleum Levy	2.4	2.1	2.2	14.92	15.53	3.09
Road Maintenance Levy	14.3	13.3	14.6	9.25	23.39	19.85
Profits on fiscal monopolies (Alcohol & Tobacco levies)	-	-	-	-	33.20	19.80
Taxes on specific services	1.3	1.6	2.1	1.3	1.9	2.0
Taxes on the use of goods	-	-	-	-	-	-
Taxes on international trade and transactions	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Grants	218.6	177.7	176.3	9.7	-	-
Other revenue	160.5	155.7	182.4	236.4	199.3	171.2
Property income	45.1	39.1	64.1	118.9	18.1	52.4
Dividends	-	23.2	3.9	59.9	-	0.5
Rent	45.1	10.9	60.0	54.1	18.1	51.9
Royalties (Mining)	44.9	10.9	60.0	53.98	18.12	51.92
Sales of goods and services	115.4	116.6	118.3	117.4	118.1	118.8
Electricity Muela	3.8	5.5	5.2	4.76	5.16	4.96
Water Royalties - LHDA	107.7	110.6	112.2	112.16	112.16	112.04
Administrative fees	-	-	-	-	-	-
Incidental sales by nonmarket establishments	4.0	0.5	0.9	0.53	0.83	1.80
Fines, and forfeits	-	-	0.0	-	-	-
Transfers not elsewhere classified	-	-	-	-	63.00	-
SACU receipts	1 349.9	-	-	2 537.13	-	-

Source: MoF&DP – Department of Economic Policy

Total Revenue was down by 3.5 percent in June 2023 compared with collection recorded in May 2023.

Revenue collection slowed by M43.1 million in June from M983.1 million to M949.0 million. Compared with the corresponding month of the previous fiscal year (2022/23), total revenue decreased by 16 percent (M174.7 million). The poor performance was observed in all categories of revenue sources (Tax revenue, grants, non-tax revenue and SACU*):

- Tax Revenue contracted by 0.8 percent in June 2023 relative to May of the same year but by 1.7 percent (M12.8 million) higher than that of the corresponding month of the previous fiscal year (2022/23). Better

collection of taxes on income, profits, and capital gains of M29.04 million from M372.1 million in May 2023 to M401.2 million in June 2023 was offset by poor performance in taxes on goods and services including excise taxes and profits on fiscal monopolies (alcohol and tobacco levy) collectively.

- Taxes on goods and services fell by 8.5 percent against May collection of M411.7 million of the review year but were 8.4 percent higher than the corresponding month of 2022/23. Value Added Tax, slowed by M9.8 million compared with May collection of M309.27 million but 0.3 percent higher than the corresponding month of 2022/23.
- Excise tax collection slowed to M55.3 million from M67.4 million realised during the previous month of the review period. This resulted from less collection of alcohol and tobacco levy which reduced by a staggering 40.4 percent against May collection. This comes no surprise as sin taxes are regressive in nature.

Then again, non-tax revenue performance including property income and sale of goods and services fell 14 percent (M28.4 million) short of last month's collection and 6 percent less than the same month of 2022 but higher than the pre-pandemic collections.

Figure 1: Revenue Monthly Performance by category

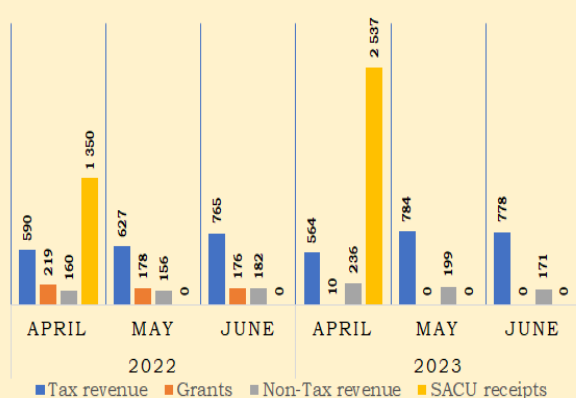
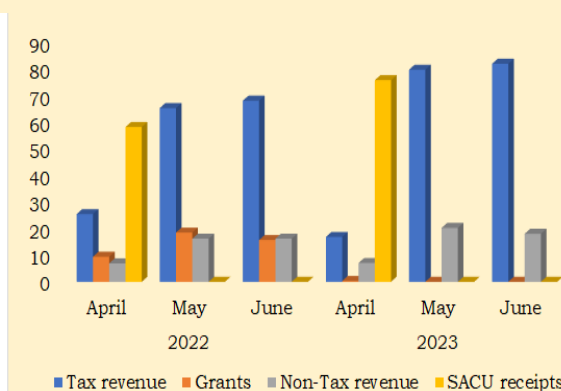


Figure 2: Revenue components to total



Source: MoF&DP – Department of Economic Policy

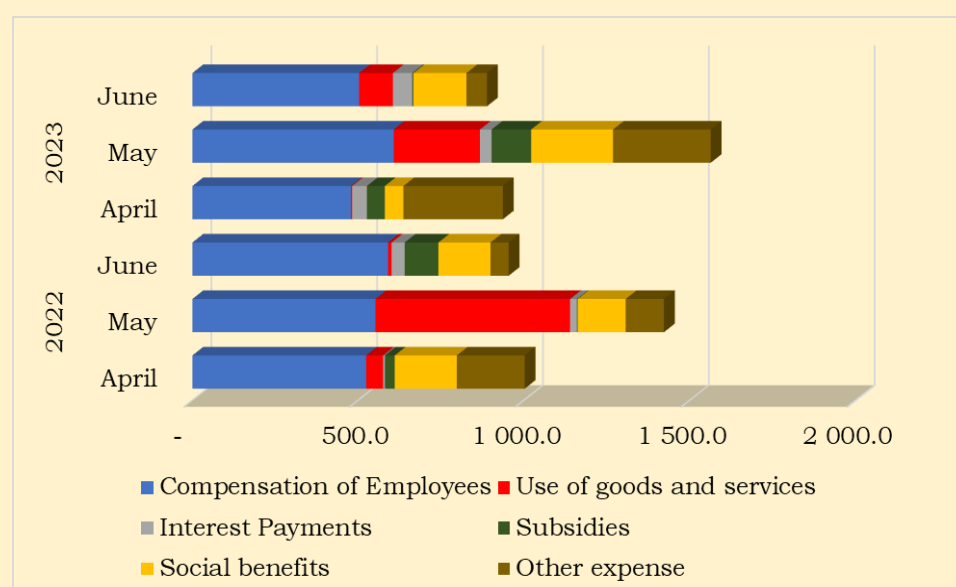
Public Spending

Government total budget consists of recurrent and capital budget. Recurrent budget covers day to day expenses of government such as, wages and salaries, travel expenses, food, and fuel etc. Operating budget is allocated to ministries and budgetary units through monthly or quarterly warrants. Development budget covers expenditures on government development projects in Health, Education, Infrastructure, and Agriculture sectors to name a few. The budgets are allocated to all ministries and budgetary units for implementation of

different projects with specific Requests to Incur Expenditure (RIEs). Total spending recorded for month of June was M967.8 million, out of which, 52 percent was spend on compensation of employees while 11 percent was spend on use of goods and services. The remaining 37 percent was used to pay for interest on loans (domestic and foreign), social benefits and other operating expenses.

Both recurrent and capital spending were lower compared with the corresponding month of the last fiscal year. However, capital spending for June was higher compared with May 2023 outlays, while recurrent spending was lower in the month of June, supported by slowdown in compensation of employees which normalised after April salaries arrears were paid in full in May. Compensation of employee's growth represent cost of living adjustment of 2.5 percent stated in the 2023/24 budget speech plus regulated notch increase of the same rate (2.5%). Use of goods and services was also down by 60 percent against last month slowed during the review month but 48 percent higher than spending recorded for the same month of 2022/23.

Figure 2: Recurrent Spending by category



Source: MoF&DP – Department of Economic Policy

Table 3: Statement of Expenditure (as of end May 2023) In Million LSL

	Apr-22 Act.	May-22 Act.	Jun-22 Act.	Apr-23 Act.	May-23 Act.	Jun-23 Act.
Expense	1 352.4	1 452.9	1 050.1	1 023.0	1 425.8	967.8
Compensation of Employees	524.0	552.1	590.0	477.8	607.1	502.9
Wages and salaries	483.0	504.1	533.8	477.8	508.3	502.8
Use of goods and services	51.2	586.7	-10.6	3.6	259.7	101.7
Interest Payments	5.4	20.8	39.6	44.8	35.4	58.51
To nonresidents	3.7	18.5	15.2	3.8	28.8	22.40
To residents other than general government	1.7	2.3	24.4	41.0	6.6	36.11
Subsidies	29.5	2.1	101.6	53.9	119.2	3.4
Grants	350.5	31.0	117.7	86.7	451.9	79.6
To foreign governments	-	-	-	-	-	-
To international organizations	-	-	51.0	-	-	-
To other general government units	350.5	31.0	66.7	86.7	451.9	79.6
Social benefits	187.0	144.8	156.9	56.1	247.0	160.0
Other expense	204.8	115.5	54.9	300.0	-294.6	61.8
Student Grants	200.0	-	54.1	300.00	- 300.00	-
Gross Operating Balance	966.1	-492.1	73.6	2 324.1	-442.6	-18.7
Nonfinancial Assets	-235.4	-393.3	-449.0	-39.7	-5.7	-387.4
Expenditure	-1 587.9	-1 846.3	-1 499.1	-1 062.7	-1 431.4	-1 355.2
Net lending (+) / Net borrowing (-)	730.7	-885.4	-375.4	2 284.4	-448.3	-406.1
Financing	835.0	-911.5	-760.5	2 469.0	-888.9	186.4
Transactions in Financial assets	849.9	-900.2	-527.3	2 451.1	-789.6	-133.0
Domestic	849.9	-900.2	-527.3	2 451.1	-789.6	-133.0
Debt securities						
Loans - onlending	-0.0	1.5	-7.5	7.5	-	-
Disbursements (policy lending)	6.0	-6.0	-	-	-	-
Amortization (policy lending)	6.1	-7.5	7.5	7.5	-	-
Other						
Transactions in Liabilities	14.9	11.3	233.1	17.9	-99.3	319.40
Domestic	-	55.4	66.7	-	-13.9	400.00
Currency and Deposits						
Debt securities	-	-	54.8	-	-	400.00
Loans	-	55.4	11.9	-	-13.9	-
Foreign	14.9	-44.1	166.4	17.9	-85.4	-80.6
Debt securities	-	-	-	-	-	-
Loans	14.9	-44.1	166.4	17.9	-85.4	-80.6
Disbursements	40.5	20.6	215.2	39.7	4.9	-
Amortization	-25.6	-64.7	-48.8	-21.8	-90.3	-80.6

Source: MoF&DP – Department of Economic Policy

Operating Surplus/Deficit

Tables above shows that the government financing is consist of domestic revenue including grants and SACU and borrowing. Revenue including grants declined by 3.5 percent measured against last month. Similarly, recurrent expenditure decreased by 32 percent and interest payment increased by 65 percent as compared with May of the review year. As a result, the Government recorded an operating deficit of M18.7 million against M442.6 million realised in May. To the recorded operating deficit, capital spending of M387.4 million was incurred resulting into an overall fiscal deficit of M406.1 million which is 9 percent lower than May deficit of M448.3 million.

Table 4: Totals for June 2023

	2022			2023		
	April	May	June	April	May	June
Revenue	2 318.6	960.8	1 123.7	3 347.1	983.1	949.0
Less: Expense	1 352.4	1 452.9	1 050.1	1 023.0	1 425.8	967.8
Gross Operating Balance	966.1	-492.1	73.6	2 324.1	-442.6	-18.7
Less: Nonfinancial Assets	235.4	393.3	449.0	39.7	5.7	387.4
Expenditure	1 587.9	1 846.3	1 499.1	1 062.7	1 431.4	1 355.2
Overall Fiscal Balance	730.7	-885.4	-375.4	2 284.4	-448.3	-406.1

Source: MoF&DP – Department of Economic Policy