



Ministry of Finance & Development Planning
Monthly Fiscal Bulletin

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August FY23/24

Monthly Fiscal Performance

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Executive Summary

This bulletin, which is produced monthly, provides data on government revenue and expenditures for the month of August 2023/24 relative to the preceding month and the corresponding month of the past fiscal year. It is set based on data generated from Integrated Financial Management System (IFMIS) of the Ministry of Finance and Development Planning. In this report, fiscal year refers to the period from April 01 to March 31 the following year.

Depending on statistical domains, regular revisions may be carried out on a monthly or quarterly basis. During these revisions preliminary data is replaced with final data and estimated values are replaced with actual data, consistency between monthly and quarterly data is performed, reclassifications are implemented, errors are corrected. Revision depth is limited to a maximum of four last years.

During the month of August, non-SACU fiscal deficit touched M1,920.0 million (4.8% of GDP) at the back of reduced revenue against accelerated public spending. This compares with a fiscal deficit of M547.6 million (1.4% of GDP) in the same period of previous year (Table 2).

Government Revenues

Government revenue fell in August, highlighting the risk of continued dependence on SACU revenue. Total revenue plunged by about 6.5 percent of GDP (M2,562.7 million) in August - from M3,547.4 million (8.9% of GDP) in July of the same year to M984.6 million. Measured against the same month a year ago, it slowed by 3.7 percent, influenced by poor performance in grants and non-tax revenue.

In the review month, tax revenue increased by 0.2 percentage point of GDP to M719.7 million from M658.2 million in the same month of the previous year, but 2.2 percent (M16.23 million) lower compared to the previous month of same fiscal year. The acceleration in tax revenue collection relative to last year was contributed by strong growth of both taxes on income and taxes on goods & services which grew by 12.9 percent and 6.4 percent respectively.

Taxes on income benefited from strong growth of mining sector as well as tourism sector. Taxes on goods and services benefited mostly from excise taxes which gained from alcohol and tobacco levy. However, VAT underperformed during the month reflecting reduced household spending witnessed by 13.5 percent GDP contraction of wholesale and retail trade.

In the interim, non-tax revenue which contributes 17 percent to total revenue fell by 12.0 percent from M188.6 million in July to M166.0 million in August, contributed by nosedive in mining royalties and water royalties from LHDA which both fell by 42.4 percent and 3.0 percent respectively in relation to the same period of last month year. Compared with last month's performance, mining royalties fell by 32 percent to M30.9 million from M45.4 million, while only 1.5 percent of revenue from LHDA water royalties was lost.

There was no SACU payment in August since this revenue type is only remitted by the manager of the pool at the beginning of each quarter. To date, M5,074.26 million has be credited to Government.

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

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

	2022/23	2023/24				
	Aug	Apr	May	Jun	Jul	Aug
Revenue	1 023.1	3 394.1	1 036.6	1 007.3	3 547.4	984.6
Tax revenue	658.2	562.6	783.0	775.5	736.0	719.7
Taxes on income, profits, and capital gains	294.0	267.4	370.1	401.2	341.5	332.1
Taxes on goods and services	364.2	295.1	412.9	374.3	394.4	387.6
Value-added tax	319.9	256.80	309.27	299.50	320.15	311.94
Excise taxes	42.8	38.31	70.98	54.38	53.14	54.95
Motor Vehicle Assurance	0.8	-	4.52	-	1.34	2.66
Oil Levy	25.4	14.14	27.54	31.44	28.89	29.22
Petroleum Levy	2.0	14.92	15.53	3.09	3.85	3.82
Road Maintenance Levy	14.6	9.25	23.39	19.85	19.07	19.24
Alcohol and tobacco	-	-	32.60	20.40	18.15	20.74
Grants	176.3	54.9	45.2	45.2	98.9	98.9
Other revenue	188.6	239.6	208.4	186.7	175.4	166.0
Property income	54.9	118.9	18.1	52.4	45.7	37.5
Dividends	-	59.9	-	0.5	-	6.6
Rent	54.3	54.1	18.1	51.9	45.4	30.9
Royalties (Mining)	53.7	53.98	18.12	51.92	45.41	30.91
Sales of goods and services	133.7	120.6	127.3	134.2	129.7	128.5
Electricity 'Muela	4.8	4.8	5.2	5.0	4.8	5.7
Water Royalties - LHDA	126.3	115.4	121.3	127.5	124.3	122.4
Incidental sales by nonmarket establishments	2.6	0.53	0.83	1.80	0.67	0.43
SACU receipts	-	2 537.13	-	-	2 537.13	-

Source: MoF&DP – Department of Economic Policy

Figure 1: Revenue Monthly Performance by category

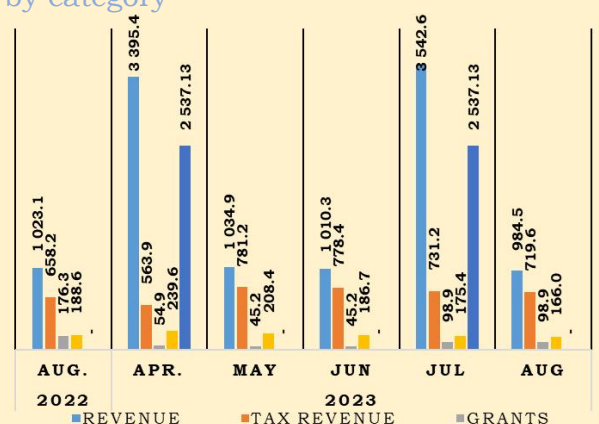
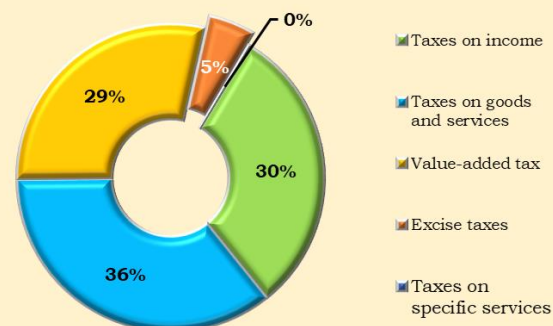


Figure 2: Revenue components to total



Source: MoF&DP – Department of Economic Policy

Public Spending

Total government expenditure in October 2023/24 amounted to M2,904.7 million. This was against an expenditure of M1,570.7 million in the same month of last year, implying that expenditure has increased by 3.4 percent of GDP and grown by 85 percent. Measured against July outlays, an increment of 3.2 percent of GDP (M1,266.1 million) was achieved. Both expenditure on recurrent items and development projects were higher than relative to the same month last year and the preceding month of the current year.

Recurrent spending was M2,077.9 million (5% of GDP) which is 100 percent higher relative to the same month of last year and 55 percent higher compared with last month. Supportive to the strong growth of the recurrent expenditure was 0.47 percent of GDP increase in compensation of employees which grew by 9.2 percent measured against the same period of last year. This followed a significant increase in employer social contribution, while wages and salaries in cash contracted reflecting hiring freeze implemented earlier in the year. In addition, spending on use of goods and services accelerated by 0.6 percent of GDP to M296.6 million compared with M67.8 million of the same period of last year, while interest payment grew by 41.7 percent.

For the same reason, expenditure on development projects accelerated to M826.7 million and average 2.1 percent of GDP. This is almost double the amount spent for the same month of last year and over hundred percent of the previous month of the current year as Government sought to increase execution of development projects.

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

	2022/23	2023/24				
	Aug	Apr	May	Jun	Jul	Aug
Expense	1 034.7	1 030.4	1 419.0	1 089.3	1 337.3	2 077.9
Compensation of Employees	584.0	504.3	645.0	530.7	581.7	637.9
Social Contributions	50.8	-	98.8	0.0	55.6	105.7
Use of goods and services	67.8	2.3	213.6	108.9	111.9	296.6
Interest Payments	40.5	48.0	35.4	61.0	35.9	57.2
To nonresidents	19.6	3.8	28.8	22.4	19.2	21.4
To residents other than general government	20.9	44.2	6.6	38.6	16.7	35.8
Subsidies	13.9	53.9	118.9	41.9	3.9	135.8
To public corporations	11.9	39.0	103.3	38.9	-	132.0
On products	2.0	14.9	15.5	3.1	3.9	3.8
Grants	185.5	77.4	135.3	116.3	385.5	229.1
To other general government units	185.3	77.4	135.3	62.9	384.6	228.0
Social benefits	142.1	44.5	266.4	171.0	216.7	199.8
Social assistance benefits	84.9	-	181.5	109.6	139.7	112.5
Social assistance benefits in cash	68.9	-	149.8	76.7	91.7	82.3
Old Age Pension	68.4	-	148.12	74.17	76.19	75.40
School Feeding Program	-	-	-	10.00	48.02	-
Child Grants	-	-	-	-	-	30.14
Employer social benefits	57.2	44.5	84.9	61.3	77.0	87.3
Other expense	1.0	300.0	4.5	59.5	1.8	521.5
Transfers not elsewhere classified	1.0	300.0	4.5	59.5	1.8	521.5
Gross Operating Balance	-11.6	2 363.7	-382.4	-82.0	2 210.1	-1 093.3
Nonfinancial Assets	536.0	159.6	167.5	546.5	301.2	826.7
Expenditure	1 570.7	1 190.0	1 586.5	1 635.8	1 638.6	2 904.7
Net lending (+) / Net borrowing (-)	-547.6	2 204.1	-549.8	-628.5	1 908.8	-1 920.0
Financing	-870.0	2 579.8	-735.5	332.7	1 189.8	-176.7
Transactions in Financial assets	-673.1	2 487.2	-737.9	-100.6	1 366.8	-368.0
Domestic	-673.1	2 487.2	-737.9	-100.6	1 366.8	-368.0
Currency and Deposits	-726.4	2 443.5	-789.6	-133.0	1 334.8	-437.7
Central Bank	-723.8	2 214.0	-704.6	-482.2	1 759.9	-1 105.7
Commercial Banks	-2.6	229.5	-85.1	349.1	-425.1	668.0
Other accounts receivable	53.3	51.2	51.8	32.5	33.6	69.7
Transactions in Liabilities	196.9	92.6	2.4	433.3	-176.9	191.3
Domestic	111.7	-	-28.8	400.0	-175.1	131.2
Debt securities	111.7	-	-	400.0	-175.1	166.6
Other accounts payable	-	-	-	-	-	-35.4
Foreign	85.2	92.6	31.2	33.3	-1.8	60.1
Loans	85.2	92.6	31.2	33.3	-1.8	60.1
Disbursements	115.9	114.4	121.5	113.9	112.7	88.6
Amortization	-30.7	-21.8	-90.3	-80.6	-114.5	-28.5
Statistical Discrepancy	322.4	-375.7	185.6	-961.2	719.0	-1 743.4

Source: MoF&DP – Department of Economic Policy

Operating Surplus/Deficit

Revenue including grants and SACU contracted by 3.7 percent measured against the same month of last year. On the contrary, recurrent expenditure expanded by 100.8 percent. As a result, the Government recorded a gross operating surplus of M1,093.3 million against M11.6 million realised in August last year. To the recorded primary surplus, capital spending of M826.7 million was incurred, resulting into an overall fiscal deficit of M1,920.0 million an equivalent of 4.8 percent of GDP.

Table 4: Totals for July 2023

	2022/23	2023/24				
	Aug	Apr	May	Jun	Jul	Aug
Revenue	1 023.1	3 394.1	1 036.6	1 007.3	3 547.4	984.6
Current Expenses	1 034.7	1 030.4	1 419.0	1 089.3	1 337.3	2 077.9
Gross Operating Balance	-11.6	2 363.7	-382.4	-82.0	2 210.1	-1 093.3
Transactions in Nonfinancial Assets	536.0	159.6	167.5	546.5	301.2	826.7
Total Expenditure	1 570.7	1 190.0	1 586.5	1 635.8	1 638.6	2 904.7
Net lending (+) / Net borrowing (-)	-547.6	2 204.1	-549.8	-628.5	1 908.8	-1 920.0

Source: MoF&DP – Department of Economic Policy