

Monthly Fiscal Report

(October - February 2016)

Revenue

- **In February 2016**, government collected revenue at 154,068 million Baht, below the target by 12,369 million Baht or 7.4 percent because the collection of Value Added Tax (VAT) was below the target by 6,381 million baht or 10.3 percent. This results from VAT from imported contents was below the target due to the decrease in Dubai's crude oil price and the contraction of import values. The decrease in Dubai's crude oil price also affected the revenue from petroleum concessions and petroleum tax collection which were 4,457 and 3,367 million Baht or 28.0 and 44.3 percent below the target respectively. However, excise tax revenues from beer, spirits, and petroleum products were above the target by 1,231 1,013 and 923 million Bath or 17.8 17.6 and 6.7 percent respectively and the remittance of State Own Enterprises were above the target by 1,897 million Bath or 28.8 percent.
- **During the first 5 month of fiscal year 2016 (October 2015 – February 2016)**, government revenue collection amounted to 898,061 million Baht above the target by 43,876 million Baht or 5.1 percent, which mainly result from other government agencies' revenue collection and Remittance of State Own Enterprises' revenue that were above the target by 54,201 and 1,244 million Baht or 70.3 and 3.0 percent. Whereas, tax collection by Customs Department was below the target by 1,548 million Baht or 3.1 percent.

Expenditure

- **In February 2016**, government budget was disbursed at 160,598 million Baht. The disbursement comprises current year expenditure of 138,643 million Baht (current expenditure of 108,860 million Baht and capital expenditure of 29,783 million Baht) and carry-over expenditure of 21,955 million Baht.
- **During the first 5 month of fiscal year 2016 (October 2015 – February 2016)**, the government expenditure was disbursed at 1,311,425 million Baht. The disbursement comprises current year expenditure of 1,187,273 million Baht or 43.6 percent of total budget (current expenditure of 1,069,307 million Baht and capital expenditure of 117,966 million Baht) and carry-over expenditure of 124,152 million Baht.
- After included disbursement of investment under Thai Kem-Kang 2012 Project (TKK 2012) of 951 million Baht, loans under Water Resource Management Decree of 235 million Baht, Water Management and Road Construction Urgent Projects of 33,167 million Baht and foreign loans of 1,251 million Baht and, **the total government spending was 1,347,029 million Baht.**

Fiscal Balance

- **Government Fiscal Balance under Cash Basis:** During the first 5 month of fiscal year 2016 (October 2015 – February 2016), the government revenue was 882,435 million Baht while government budget disbursement was 1,311,425 million Baht. As a result, the budgetary balance was in a deficit of 428,990 million Baht. After accounted for a deficit in the non-budgetary balance of 44,118 million Baht, the overall government cash balance was in a deficit of 473,108 million Baht.
- **The treasury reserve** at the end of February 2016 was at 266,097 million Baht.
- **Government Fiscal Balance under Government Finance Statistics (GFS) Basis:** During the first 5 month of fiscal year 2016 (October 2015 – February 2016), government revenue was 945,012 million Baht, while expenditure amounted to 1,293,413 million Baht, resulting in a budgetary deficit of 348,401 million Baht. After including a surplus from extra-budgetary funds' operation of 104,240 million Baht and taking into account the expenditure from Management and Road Construction Urgent Projects, investment under TTK 2012, the expenditure from Development Policy Loan (DPL), Water Resource Management Decree and foreign loans of 33,167 1,118 951 235 and 133 million Baht respectively, the total government fiscal balance was in a deficit of 279,765 million Baht.

Local Administrative Organization (LAO) Fiscal Balance

- During the first quarter of fiscal year 2016 (October – December 2015), Local Administrative Organization (LAO)'s total revenue was 170,612 million Baht (LAO own collection revenue of 6,935 million Baht, government tax sharing of 70,083 million Baht, and government grant of 93,594 million Baht). With an estimated LAO's expenditure disbursement at 150,363 million Baht¹, LAO's fiscal balance was in a surplus of 20,249 million Baht.

Public Debt

- At the end of January 2016, the outstanding public debt stood at 5,980,661 million Baht or 44.1 percent of GDP. Domestic public debt accounted for 94.1 percent while 5.9 percent was in foreign debt. By instrument, the debt comprises long-term debt of 95.1 percent and short-term debt 4.9 percent. By maturity date, the debt comprises a long-term debt of 85.7 percent and a short-term debt of 14.3 percent.

¹ The calculation of LAO expenditure was based on the banking system's net claim on local government collected by the Bank of Thailand and the LAO's deposit account in the treasury.

Fiscal Sustainability (60 – 15 – 0 – 25)

- Ministry of Finance has set up a fiscal sustainability framework which comprises
(1) Outstanding public debt to GDP not more than 60 percent (2) Total debt service to government budget not exceed 15 percent (3) Medium-term budgetary balance and
(4) Capital expenditure to government budget at least 25 percent.
 - Medium Term Fiscal Sustainability Framework (Fiscal Year 2016-2020) :
 - **Public debt to GDP ratio** is estimated at 45.5 percent of GDP by the end of fiscal year 2016 and expected to increase to 51.4 percent of GDP by the end of fiscal year 2020.
 - **Debt service to government budget ratio** is anticipated at 7.4 percent in fiscal year 2016 and expected to increase to 11.6 percent in fiscal year 2020.
 - **Budget deficit reduction** from 400 billion Baht in fiscal year 2012 to 250 billion Baht in fiscal year 2016. Nevertheless, in order to continue the effect of global economic slowdown, government has decided to pursue the budget deficit policy until economic situation has been recovered. After that, the balance budget policy will be adopted.
 - **Capital expenditure to government budget ratio** is estimated at 17.9 percent on average during fiscal year 2016-2020, which is lower than the framework. This results from high current expenditure due to the increasing loan repayment and the “undo” government pension fund measure since the beginning of fiscal year 2016. Nevertheless, government has been investing on infrastructure projects through Public Private Partnership (PPP) during 2017 to 2019 and has set up Thailand Future Fund to help reduce fiscal burden, which will raise capital expenditure towards a fiscal sustainability framework.
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