

Monthly Fiscal Report

(October 2017 – May 2018)

Revenue

- **In May 2018**, the government net revenue totaled 275,188 million baht, 3,284 million baht or 1.2 percent lower than the target (increasing by 2.8% from a year earlier), as resulted by the revenue from state-owned enterprises lower than the target by 4,815 million baht or 27.5 percent (decreasing by 50.6% from a year earlier) mainly because of early remittances from the Government Savings Bank and the Government Housing Bank in April. In contrast, the revenue from other government agencies higher than the target by 5,542 million baht, or 117.3 percent (increasing by 69.0% from a year earlier), as a result of remittances of the National Broadcasting and Telecommunications Commission (NBTC).
- **During the first 8 months of fiscal year 2018 (October 2017 – May 2018)**, the government net revenue collection amounted to 1,571,788 million baht (increasing by 4.7% from a year earlier). This was mainly because of the revenue from the state-owned enterprises and other agencies exceeding the target by 28,887 and 25,629 million baht, or 25.7 and 25.6 percent respectively.

Expenditure

- **In May 2018**, the government budget was disbursed at 189,574 million baht. The disbursement comprised current year expenditure of 172,405 million baht (current expenditure of 142,717 million baht and capital expenditure of 29,688 million baht) and carry-over expenditure of 17,169 million baht.
- **During the first 8 months of fiscal year 2018 (October 2017 – May 2018)**, the government expenditure was disbursed at 2,034,150 million baht. The disbursement comprised current year expenditure of 1,879,585 million baht (current expenditure of 1,643,764 million baht and capital expenditure of 235,821 million baht) or 61.6 percent of total budget (3,050,000 million baht) and carry-over expenditure of 154,565 million baht.
- After including the disbursement from loans under Water Management and Road Construction Urgent Projects of 1,827 million baht, **total government expenditure was at 2,036,376 million baht.**

Fiscal Balance

- **Government Fiscal Balance under Cash Basis:** During the first 8 months of fiscal year 2018 (October 2017 – May 2018), the government net revenue was at 1,490,389 million baht while expenditure amounted to 2,034,150 million baht. As a result, the budgetary balance was in a deficit of 543,761 million baht. After accounting for non-budgetary deficit of 24,486 million baht, the overall government cash balance was in deficit of 206,592 million baht. Therefore, the treasury reserve at the end of May 2018 was at 317,166 million baht.
- **Government Fiscal Balance under Government Finance Statistics (GFS) Basis:** During the first 8 months of fiscal year 2018, the government revenue was at 1,720,096 million baht, while the expenditure amounted to 2,107,691 million baht, resulting in a budgetary deficit of 387,595 million baht. After including a surplus from extra-budgetary funds' operation of 152,915 million baht, and excluding the expenditures from Water Management and Road Construction Urgent Projects of 1,826 million baht and Development Policy Loan (DPL) of 400 million baht, as a result, total government fiscal balance was in a deficit of 236,905 million baht.

Local Administrative Organization (LAO) Fiscal Balance

- **During the second quarter of fiscal year 2018** (January – March 2018), Local Administrative Organization (LAO)'s total revenue was at 130,462 million baht (LAO's own revenue collection of 25,941 million baht, government tax sharing of 82,513 million baht, and government grants of 22,008 million baht). With an estimated LAO's expenditure disbursement at 130,440 million baht¹, LAO's fiscal balance was therefore in a surplus of 22 million baht.

Public Debt

- **At the end of April 2018**, the outstanding public debt stood at 6,486,712 million baht or 41.04 percent of GDP. Domestic public debt accounted for 95.9 percent while 4.1 percent was foreign currency debt. By instrument, the debt comprised 97.3 percent long-term debt and 2.7 percent short-term debt. By maturity date, the debt comprised 90.5 percent long-term debt and 9.5 percent short-term debt.

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

Fiscal Sustainability (60 – 15 – 0 – 25)

- The Ministry of Finance has established the fiscal sustainability framework which comprises (1) outstanding public debt to GDP ceiling of 60 percent (2) total debt service to government budget ceiling of 15 percent (3) medium-term budgetary balance and (4) capital expenditure to government budget of at least 25 percent.
- Medium-Term Fiscal Sustainability Framework (Fiscal Year 2018 – 2022) :
 - **Public debt to GDP ratio** is estimated at 42.6 percent of GDP by the end of fiscal year 2018 and expected to increase to 46.0 percent of GDP by the end of fiscal year 2022.
 - **Debt service to government budget ratio** is set at 8.6 percent in fiscal year 2018 and expected to increase to 10.8 percent in fiscal year 2022.
 - **Balanced budget** : Due to recent economic developments, the Thai economy is still affected by global economic volatility. Therefore, the government's role in implementing expansionary fiscal policy to ensure continued and stable economic growth remains pivotal. However, once the economy returns to normality, the Ministry of Finance will pursue a balanced budget as per the fiscal sustainability framework.
 - **Capital expenditure to government budget ratio** is estimated at 20.8 percent on average during fiscal year 2018 – 2022, below the target set in the framework as current expenditure continues its upward trend. Nevertheless, the government will invest in infrastructure projects through both Public Private Partnership (PPP) and Thailand Future Fund. In addition, the investment of state-owned enterprises has been established with a view to supplement capital expenditure. Adding it all up, the final result will be in line with the target specified in the fiscal sustainability framework.

Bureau of Fiscal Policy

Fiscal Policy Office