Budget Glossary – MFEM Website

This glossary explains the budget and public finance terms used in Vanuatu Government documents, in plain language. It is written for the public, journalists, students, and staff of ministries and agencies who read the Budget Policy Statement, the Budget Book, the Budget Speech, and the Citizen's Budget.

All amounts are in Vatu (VT). Terms are listed from A to Z. Where a term comes from the Public Finance and Economic Management (PFEM) Act [CAP 244], the section is noted. A full acronym list follows the terms.

Terms A–C

Actuals – The amounts the Government really received or spent, as opposed to the amounts planned in the budget. Reports compare actuals with the budget to show where results differ.

Annual Business Plan – A ministry's yearly plan showing how its budget will be used to deliver the objectives in its Corporate Plan. The format is set by the Public Service Commission.

Appropriation – The legal authority in Parliament gives the Government to spend public money, for a stated purpose and amount, each year. Spending above the appropriate amount is not allowed unless Parliament approves more (see Supplementary Appropriation).

Appropriation Act – The law, passed by Parliament each year, sets out the approved spending of each ministry and agency. The Budget is not final until this Act is passed.

Budget – The Government's plan for the year ahead: how much revenue it expects to collect, how much it will spend, and how any gap will be financed.

Budget Book – The set of published volumes presenting the Government's budget for the year, including the estimates for each ministry and agency. The 2026 Budget Book is published in three volumes on the MFEM website.

Budget Policy Statement (BPS) – A statement, required by the PFEM Act, setting out the Government's economic and fiscal objectives, its strategic priorities for the coming budget and its fiscal targets. It guides how ministries prepare their budget proposals.

Budget Speech – The speech by the Minister of Finance and Economic Management presenting the Budget to Parliament, explaining the Government's priorities and the main figures.

Budget Support – Money from a development partner paid into the Government's own budget, rather than to a specific project, so the Government can use it for its own priorities.

Business Plan – See Annual Business Plan.

Capital Expenditure – Spending on assets that last more than one year, such as roads, wharves, schools and clinics. It is different from Recurrent Expenditure.

Chart of Accounts – The standard list of codes used to record every kind of revenue and spending in the Government's financial system, so that figures can be grouped and compared across ministries.

Citizen's Budget – A short, plain-language summary of the Budget for the public, showing in simple terms where money comes from and how much each ministry receives.

Commitments – Spending the Government has already agreed to, for example, through a signed contract or order, but has not yet paid.

Corporate Plan – A ministry's medium-term plan (for example 2026–2030) setting out its vision, values and objectives. Annual Business Plans are drawn from it.

Cost Centre – A unit within a ministry or agency, such as a department, to which budget and spending are assigned and reported.

Terms D–L

Debt (Public Debt) – The total amount the Government owes to lenders, inside and outside Vanuatu. It is often shown as a percentage of GDP.

Deficit (Budget Deficit) – The amount by which spending is greater than revenue in a year. A deficit has to be financed, for example by borrowing or by using savings.

Development Partner – A foreign government or international organization that provides grants, loans or technical support to Vanuatu.

Expenditure – Money the Government spends. It is usually split into recurrent expenditure and capital expenditure.

Financial Delegation – The authority given to an officer to approve purchases and spending up to set limits, under the Financial Regulations.

Financial Regulations – Rules made under the PFEM Act that set out how public money must be handled, approved, spent and recorded by ministries and agencies.

Financing – How a deficit is paid for, such as borrowing, grants received for the budget, or drawing down cash reserves.

Fiscal Policy – The Government's decisions about taxes, spending and borrowing, used to support economic stability and growth.

Fiscal Year (Budget Year) – The 12-month period the Budget covers. In Vanuatu this is the calendar year, 1 January to 31 December.

Grant – Money given to the Government that does not have to be repaid.

Gross Domestic Product (GDP) – The total value of goods and services produced in the country in a year. It is used to measure the size of the economy and to compare figures such as debt and deficit.

Imprest – A sum of money advanced to a ministry or an officer to meet expenses at a later date, for which the officer must account for.

Inflation – The rate at which the general level of prices rises over time. It is commonly measured by the Consumer Price Index (CPI).

Loan – Money borrowed by the Government that must be repaid, usually with interest.

Terms M–P

Medium-Term Debt Strategy (MTDS) – The Government's plan for how much it will borrow and on what terms over several years, so that debt stays at a level the country can afford.

Medium-Term Expenditure Framework (MTEF) – A multi-year view of the Government's spending plans, usually covering the budget year and the following years, so that today's decisions are checked against what the Government can afford later.

Mid-Year Economic and Fiscal Outlook (MYEFO) – A report published part-way through the year updating the economic forecast and the budget position, including how revenue and spending are tracking against the Budget.

Ministerial Economic Committee (MEC) – The committee of Ministers that considers economic and fiscal policy matters, including budget decisions, before they go to the Council of Ministers.

National Sustainable Development Plan (NSDP) – Vanuatu 2030: The People's Plan, the country's long-term development plan. It is the guiding policy document for the annual budget.

New Policy Proposal (NPP) – A request by a ministry for funding for a new activity or an expanded service that is not already covered by its existing budget. Proposals must be costed and are assessed against the Government's priorities.

Operational Budget – Money allocated for the day-to-day running costs of a ministry or agency, apart from salaries and capital projects, such as supplies, travel and utilities.

Payroll (Personnel) Budget – Money allocated to pay the salaries and allowances of staff in a ministry or agency.

Principles of Responsible Fiscal Management – Principles set out in section 22 of the PFEM Act that the Government must follow when making fiscal policy, and which the Budget Policy Statement must be consistent with.

Program Budget Narrative – The part of a ministry's budget documents that explains, program by program, what the money will be used for, what will be delivered, and how results will be monitored.

Public Finance and Economic Management (PFEM) Act [CAP 244] – The main law governing how the Government plans, manages, spends and reports on public money. It was passed in 1998 and also sets out the role of the Director-General of MFEM.

Public Fund – The Government's main pool of public money, from which spending is paid once Parliament has appropriated it.

Terms R–Z

Recurrent Expenditure – Regular, ongoing spending needed to run government services, such as salaries and operating costs. It is different from Capital Expenditure.

Revenue – Money the Government collects, mainly from taxes and duties, but also from fees, charges and other sources. Grants from development partners are often shown separately.

Statement of Appropriation – A table in a ministry's annual report showing the amount of Parliament appropriated, the amount spent, and the difference.

Supplementary Appropriation – Extra spending authority given after the Budget has been passed, when a ministry needs more money than it was originally given, or new funds become available. Sections 34, 34A and 34C of the PFEM Act cover these additions and the transfer of funds between agencies, and the amounts are set out in a Supplementary Appropriation Act or Bill.

Surplus – The amount by which revenue is greater than spending in a year. It is the opposite of a deficit.

Tax Revenue – Money collected through taxes and duties, such as value added tax, import duties and excise.

Treasury – The part of the Ministry that manages the Government's cash and accounts, prepares the budget, and monitors spending against it.

Value Added Tax (VAT) – A tax charged on most goods and services at each stage of production and sale, and a major source of government revenue.

Acronyms

Acronym	Meaning
BPS	Budget Policy Statement
COM	Council of Ministers
CPI	Consumer Price Index
GDP	Gross Domestic Product
MEC	Ministerial Economic Committee
MFEM	Ministry of Finance and Economic Management
MTDS	Medium-Term Debt Strategy
MTEF	Medium-Term Expenditure Framework
MYEFO	Mid-Year Economic and Fiscal Outlook
NPP	New Policy Proposal
NSDP	National Sustainable Development Plan (Vanuatu 2030: The People's Plan)

Acronym	Meaning
PFEM Act	Public Finance and Economic Management Act [CAP 244]
PFMIR	Public Financial Management Improvement Roadmap
VAT	Value Added Tax
VT	Vatu, the national currency

Notes for the web team

The terms below should be confirmed by MFEM's Budget Section before the glossary goes live.

- **Fiscal year:** defined here as the calendar year (1 January to 31 December).
- **Supplementary Appropriation:** the roles of sections 34, 34A and 34C are described in general terms from the Supplementary Appropriation Acts. Please check the wording against the current Act.
- **Proposed amendment:** a 2025 Bill to amend the PFEM Act would change the 2 percent figure in subsection 34(1A) to 10 percent. Its current status is not confirmed, so it is not described in the glossary.
- **Public Fund, Operational Budget, Payroll Budget:** descriptions are plain-language summaries. Budget line codes (for example OVER and PAYR) are not explained and could be added if wanted.
- **MEC and Council of Ministers:** the described role of the committee is general and should be checked.
- **Languages:** Vanuatu's official languages are English, French and Bislama. The glossary is in English only; French and Bislama versions can be added.

Sources consulted

- MFEM Annual Report 2025, acronyms list
- MFEM Publications and About MFEM
- Annual Business Plans (DoFT)
- Budget Section (DoFT)
- Public Finance and Economic Management Act (Cap 244), PacLII
- Financial Regulations Order No. 27 of 2000
- Budget Policy Statement 2025
- Supplementary Appropriation (2013) Act No. 2 of 2013
- 2019 Citizens Budget