

5. Public Finance of the Central Government

For the year 2015, central government revenue increased by 9.2%, whereas central government expenditure slightly expanded by 2.3%, causing the overall central government deficit to markedly decrease to NT\$11.0 billion from NT\$127.1 billion in 2014.

Significant Increase in Central Government Revenue

In 2015, central government revenue grew by NT\$158.9 billion to NT\$1,885.3 billion. Of its various components, tax revenue remained the major source, with a share of 77.7% of the total revenue, exhibiting robust growth of NT\$121.7 billion or 9.1% from the previous year and registering a record-high level. This positive result was principally attributable to the rising profits of enterprises and higher salaries for individuals in 2014, resulting from a steady domestic economic recovery in that year.

Surpluses of public enterprises and public utilities, accounting for 12.6% of the total revenue, slightly decreased by NT\$3.4 billion or 1.4% in 2015. Fees, fines and indemnities increased by NT\$36.6 billion or 43.7%, primarily owing to the fees that the national treasury received from the 4G mobile-phone service license auction.

Total Revenue and Expenditure of the Central Government

Unit: NT\$ Billion

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Total Revenue	1,546.4	1,635.5	1,640.9	1,553.7	1,497.4	1,671.3	1,668.3	1,730.5	1,726.4	1,885.3
(Ratio to GDP : %)	12.2	12.2	12.5	12.0	10.6	11.7	11.4	11.4	10.7	11.3
Total Expenditure	1,529.8	1,552.0	1,617.7	1,714.8	1,654.4	1,734.4	1,882.4	1,855.9	1,853.5	1,896.3
(Ratio to GDP : %)	12.1	11.6	12.3	13.2	11.7	12.1	12.8	12.2	11.5	11.4
Surplus/Deficit	16.6	83.5	23.2	-161.1	-157.0	-63.1	-214.1	-125.4	-127.1	-11.0
(Ratio to GDP : %)	0.1	0.6	0.2	-1.2	-1.1	-0.4	-1.5	-0.8	-0.8	-0.1
Debt Repayment	65.0	6.0	65.0	65.0	66.0	66.0	94.0	77.0	64.0	66.0
Financing:	63.9	0.0	41.8	226.1	224.2	129.1	308.1	202.4	191.7	77.0
Debt Financing	63.9	0.0	0.0	164.5	224.2	129.1	288.1	202.4	191.7	77.0
Surplus of Previous Fiscal Years	0.0	0.0	41.8	61.6	0.0	0.0	20.0	0.0	0.0	0.0
Memorandum:										
Tax Dependency Ratio (%)**	71.5	77.9	76.8	61.3	65.4	69.4	64.9	65.6	72.5	77.3
Debt Dependency Ratio (%)***	4.2	0.0	0.0	9.6	13.6	7.4	15.3	10.9	10.3	4.1

Notes: * The figures for 2014 and the previous years are final audit accounts; the figures for 2015 are final accounts.

** Tax dependency ratio is defined as the ratio of annual tax revenue to total expenditure.

*** Debt dependency ratio is defined as the ratio of annual revenues from government bonds and borrowing from banks to total government expenditure.

Sources: 1. Department of Statistics, MOF.

2. DGBAS, Executive Yuan.

Modest Growth in Central Government Expenditure

Central government expenditure rose by NT\$42.8 billion to NT\$1,896.3 billion. In terms of share in total expenditure, social welfare, and education, science & culture remained the largest two categories, accounting for 23.2% and 20.0%, respectively. In addition, national defense and economic development made up shares of 16.1% and 13.6%, respectively.

Social welfare expenditure expanded by NT\$28.0 billion or 6.8%, mainly because the government set aside expenditures to address the 2013 and 2014 shortfall of its mandatory outlay for the national health insurance program and to supplement insufficient funds for the national pension fund in 2014. Meanwhile, expenditure on education, science & culture increased by NT\$15.1 billion or 4.1%, mostly related to the disbursement of more capital to the National Science and Technology Development Fund. Furthermore, national defense expenditure grew by NT\$14.0 billion or 4.8%, whereas economic development expenditure declined by NT\$10.4 billion or 3.9%.

Total Revenue and Expenditure of the Central Government by Category

Unit: NT\$ Billion

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Total Revenue	1,546.4	1,635.5	1,640.9	1,553.7	1,497.4	1,671.3	1,668.3	1,730.5	1,726.4	1,885.3
Taxes	1,094.3	1,208.7	1,243.0	1,051.6	1,082.4	1,203.4	1,222.1	1,218.0	1,343.4	1,465.1
Surpluses of Public Enterprises and Public Utilities	289.1	271.5	253.4	318.7	264.8	264.7	262.5	251.0	241.0	237.6
Fees, Fines and Indemnities	79.0	81.1	83.1	78.1	81.6	81.0	108.2	197.3	83.7	120.3
Proceeds from Sales of Properties and Recalled Capital	58.5	51.3	40.0	53.7	46.7	64.0	60.1	52.3	43.7	49.3
Others	25.5	22.9	21.4	51.6	21.9	58.2	15.4	11.9	14.6	13.0
Total Expenditure	1,529.8	1,552.0	1,617.7	1,714.8	1,654.4	1,734.4	1,882.4	1,855.9	1,853.5	1,896.3
General Administration	167.3	168.2	170.8	168.8	170.2	176.4	176.2	172.7	174.2	177.2
National Defense	237.1	256.7	282.4	291.2	276.8	284.2	303.4	289.0	291.4	305.4
Education, Science & Culture	303.1	308.7	310.3	326.4	342.7	356.2	358.9	355.7	364.6	379.7
Economic Development	197.0	193.3	203.6	244.4	194.5	217.1	263.9	258.3	269.0	258.6
Social Welfare	303.3	305.1	298.4	320.2	327.4	348.5	420.1	438.9	411.7	439.7
Community Development & Environmental Protection	20.4	19.4	13.5	21.4	9.0	6.6	15.9	15.9	16.1	15.9
Retirement & Compassionate Aid	134.7	134.6	133.8	133.4	134.5	138.5	138.3	132.8	134.6	138.4
Interest Payments	125.2	124.0	117.4	116.7	109.8	111.8	114.5	117.4	115.1	111.7
General Subsidies and Other Expenditure	41.7	42.0	87.5	92.3	89.5	95.1	91.2	75.2	76.8	69.7

Note: * The figures for 2014 and the previous years are final audit accounts; the figures for 2015 are final accounts.

Sources: 1. Department of Statistics, MOF.

2. DGBAS, Executive Yuan.

Reduction in Fiscal Deficit

The fiscal deficit, defined as expenditure minus revenue, decreased to NT\$11.0 billion in 2015. This, combined with debt repayment, represented that the central government needed to finance NT\$77.0 billion for 2015.

Rising Tax Dependency and Lessening Debt Dependency

The tax dependency ratio, defined as the ratio of annual tax revenue to total central government

expenditure, rose from 72.5% in 2014 to 77.3% in 2015, indicating that tax revenue grew faster than central government expenditure.

With respect to the debt dependency ratio, defined as the ratio of revenues from government bonds and borrowing to total central government expenditure, it reduced significantly from 10.3% in the previous year to 4.1% in 2015, primarily reflecting the decrease in demand for debt financing in line with the shrinkage of the fiscal deficit.

Lower Debt-to-GDP Ratio

The total outstanding debt of the central government grew by NT\$21.8 billion to a record-high level of NT\$5,302.4 billion at the end of 2015. However, the ratio of outstanding central government debt to GDP decreased from 32.8% in 2014 to 31.7% in 2015, reflecting higher growth in domestic production.

Public Debt of the Central Government

Unit: NT\$ Billion

End of Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Outstanding Debt	3,622.7	3,718.2	3,778.3	4,126.9	4,537.1	4,755.3	5,001.0	5,151.2	5,280.6	5,302.4
(Ratio to GDP : %)	28.7	27.7	28.7	31.8	32.1	33.2	34.1	33.8	32.8	31.7

Note: * The figures for 2014 and the previous years are final audit accounts; the figures for 2015 are final accounts.

Sources: 1. Department of Statistics, MOF.

2. DGBAS, Executive Yuan.